



CORPORATE GOVERNANCE POLICY

Document No: CG02
*All Sites

STANDING FINANCIAL INSTRUCTIONS

TITLE	Standing Financial Instructions
Version:	4
Final Approval by: Board of Directors Date:	2 November 2021
Author/lead responsible for policy:	Chairman and Chief Executive
Date issued:	November 2021
Review date:	November 2024
Target audience:	Board Members Trust Senior Staff
Amendments and Additions	Revision of financial approval limits Updates to job titles
Replaces/supersedes:	Version 3
Associated Policies:	Standing Orders of the Board – CG01

Issued by:

Chief Executive

Standing Financial Instructions

Contents

1. Introduction
2. Definition
3. Roles and responsibilities
4. Audit
5. Business planning, budgets and budgetary control
6. Annual accounts and reports
7. Banking arrangements
8. Income, fees and charges and security of cash, cheques and other negotiable instruments
9. Contracting for provision of services
10. Terms of service and payment of directors and employees
11. Non-pay expenditure
12. External borrowing and investments
13. Capital and asset management
14. Stores and receipt of goods
15. Disposals and condemnations, losses and special payments
16. Information management and technology
17. Patients property
18. Funds held on trust
19. Retention of documents
20. Risk management and assurance

1. Introduction

1.1 General

NHS Improvement sets the terms of authorisation for South Tees Hospitals NHS Foundation Trust (the Trust), that require compliance with the principles of best practice applicable to corporate governance within the NHS/Health Sector, relevant codes of practice and guidance issued by NHS Improvement .

- 1.1.1 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.
- 1.1.2 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including trading units. These are **not** detailed procedural advice notes. These standards should therefore be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.
- 1.1.3 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer **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.
- 1.1.4 Failure to comply with Standing Financial Instructions and Standing Orders is a disciplinary matter that could result in dismissal.

1.2 Overriding standing Financial Instructions

If for any reason the Standing Financial Instructions are not complied with, full details of the non-compliance, 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. All members of the Board of Directors, known as the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

2. Definitions

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

Trust	South Tees Hospitals NHS Foundation Trust
Board	The Board of Directors of the South Tees Hospitals NHS Foundation Trust.
Budget	A resource, expressed in financial terms, sanctioned by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
Budget holder	The Director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
Chief Executive	The Accountable Officer of the Trust.
Chief Finance Officer	Chief Finance Officer of the Trust.
Executive Director	A person appointed as a director in accordance with the constitution with day-to-day operational responsibility for the Trust. Executive Directors are voting members of Board.
Funds held on Trust	Funds held in the name of the Charity separately from the Trust arising from donations, gifts, legacies and endowments which have been made in line with charitable legislation. These funds are managed in accordance with the objectives of the fund.
Legal adviser	A person qualified in law and appointed by the Trust to provide legal advice.
NHS Improvement	The independent regulator of NHS Foundation Trusts (Monitor merged with the TDA and the merged bodies is called NHS Improvement from April 2016).

2.2 Wherever the title Chief Executive, Chief Finance Officer, or other nominated employee is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them.

2.3 Wherever the term “employee” is used, and where the context permits, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

3. Roles and Responsibilities (Duties)

Role	Responsibilities
<p>Chief Executive</p>	<p>a) Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board and as the Accountable Officer to NHS Improvement. The Chief Executive is accountable for ensuring that the Board meets its obligation within the available financial resources.</p> <p>b) The Chief Executive has overall executive responsibility for the Trust’s activities; is responsible to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust’s system of internal control.</p> <p>c) The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.</p> <p>It is a duty of the Chief Executive to ensure that members of the Board and employees are notified of and understand their responsibilities within these instructions.</p>
<p>Board of Directors</p>	<p>The Trust shall at all times remain a going concern (assessment that the Trust will continue in operation for the foreseeable future and not go into liquidation and cease trading) as defined by the relevant accounting standards in force. The Board exercises financial supervision and control by:</p> <p>a) formulating the financial strategy;</p> <p>b) requiring the submission and approval of the Annual Plan;</p> <p>c) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation;</p> <p>d) Developing strong budgetary control, cash and treasury management procedures.</p> <p>The Board has resolved that certain powers and decisions may only be exercised by a formal session of the Board. These are set out in the decisions reserved to the Board document.</p>

<p>Contractors and their employees</p>	<p>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.</p> <p>For any directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.</p>
---	---

4. Audit

4.1 Audit Committee

4.1.1 In accordance with Standing Orders, the Board has formally established an Audit Committee, of a minimum of three non-executive directors to monitor the exercise of the financial auditor's function, with clearly defined terms of reference, which will provide an independent and objective view of internal control by:

- a overseeing internal audit, external audit and counter fraud services;
- b reviewing financial and information systems, monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
- c 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;
- d monitoring compliance with Standing Orders and Standing Financial Instructions;
- e reviewing schedules of losses and compensations and making recommendations to the Board;
- f Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

The Board shall satisfy itself that at least one member of the Audit Committee is a qualified accountant with a recognised CCAB professional body with recent and relevant financial experience.

4.1.2 Where the Audit Committee considers there is evidence of an inappropriate transaction, 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 NHS Improvement (unless there are

counter fraud or criminal issues (see section 15), the matter should be raised with the Chief Finance Officer before Board).

- 4.1.3 It is the responsibility of the Chief Finance Officer to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when an Internal Audit service provider is changed.

4.2 **Fraud and corruption**

- 4.2.1 In line with their responsibilities, the Chief Executive and Chief Finance Officer will monitor and ensure compliance with Secretary of State directions on fraud, bribery and corruption which are replicated in the Department of Health's base model contract for Foundation Trusts.
- 4.2.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Anti-Fraud Manual and guidance.
- 4.2.3 The LCFS shall report to the Chief Finance Officer and shall work with NHS Protect staff as required, in accordance with the NHS Protect Anti-Fraud Manual.

4.2.4 **Security management**

- a The Chief Executive will monitor and ensure compliance with directions issued by the Secretary of State for Health on NHS security management.
- b 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 and the NHS Security Management Manual.
- c The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- d The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated by the Chief Executive to the Director of Estates, Facilities and ICT responsible for security management and the appointed (LSMS).

4.3 **Chief Finance Officer**

- 4.3.1 the Chief Finance Officer is responsible for:
- a ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function and the coordination of other assurance arrangements;
 - b ensuring that the Internal Audit function is adequate and meets the Audit Code for NHS Foundation Trusts;
 - c deciding at what stage to involve the police in cases of misappropriation and other irregularities;

- 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 statement on the effectiveness of internal control;
- 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 3 years; and
- vi a detailed plan for the coming year.

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

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

4.4 **Role of Internal Audit**

4.4.1 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 Independently verify the assurance statements in accordance with guidance from the Department of Health or NHS Improvement.

- f Reporting on the standards for better health in accordance with guidance from the Care Quality Commission (CQC).

4.4.2 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 Chief Finance Officer must be notified immediately.

4.4.3 A Director from the provider of Internal Audit services will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust. The Director of Internal Audit services shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Director of Internal Audit services. 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.

4.5 External Audit

4.5.1 The External Auditor is appointed by the governing body and paid for by the Trust.

4.5.2 The Trust's Constitution section 35 to 37 provides details on External Audit services and their appointment. Condition 22 of the terms of authorisation outlines the Trust's responsibilities under the Audit Code.

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

- a The Trust shall comply with the Audit Code

- b the auditor shall comply with the Audit Code

4.5.4 In the event of the external auditor issuing a public interest report the Trust shall forward a report to NHS Improvement within 30 days (or such shorter period that NHS Improvement may specify) of the report being issued. The report shall include details of the Trust's response to the issues raised within the public interest report.

4.5.5 The external audit manager will normally attend Audit Committee meetings.

5. Business planning, budgets and budgetary control

5.1 Preparation and approval of business plans and budgets

5.1.1 The Chief Executive will compile and submit to the Board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual 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.

- 5.1.2 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- a be in accordance with the aims and objectives set out in the annual business plan and the commissioners' local delivery plan (LDP);
 - b accord with workload and workforce plans;
 - c be produced following discussion with appropriate budget holders;
 - d be prepared within the limits of available funds;
 - e identify potential risks; and
 - f be based on reasonable and realistic assumptions.
- 5.1.3 The Chief Finance Officer shall monitor current financial performance, providing a forecast to the end of the financial year with a comparison against budget to date and full year as detailed in the business. Further updates are provided on cash, the capital programme and on working capital. Any significant variances should be reported by the Chief Finance Officer as soon as they come to light and the Board shall be advised of appropriate actions required to resolve resultant issues in respect of such variances.
- 5.1.4 All budget holders must sign up to their allocated budgets at the commencement of each financial year and must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 5.1.5 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

5.2 **Budgetary delegation**

- 5.2.1 The Chief Executive will delegate the management of a budget to permit the performance of a defined range of activities. This delegation is 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 achievement of planned levels of service; and
 - e the provision of regular reports.
- 5.2.2 The chief executive and delegated budget holders must not exceed the budgetary total set by the Board.
- 5.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

- 5.2.4 Non-recurring budgets should not be used to finance recurring expenditure without authority in writing from the Chief Finance Officer, acting on behalf of the Chief Executive.

5.3 **Budgetary control and reporting**

- 5.3.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:

- a Financial reports to each scheduled Board meeting.
- b The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible.
- c Investigation and reporting of variances from financial and workload budgets;
- d Monitoring of management action to correct variances; and
- e Arrangements for the authorisation of budget transfers.
- f Advising the Chief Executive and the Board of the consequences of changes in policy, pay awards and other events and trends affecting budgets and the provision of advice on the economic and financial impact of future plans and projects
- g Review of the bases and assumptions used to prepare the budgets.

In the performance of these duties the Chief Finance Officer will have access to all budget holders and budget managers on budgetary matters and shall be provided with such financial and statistical information (including information on Service Line Optimisation (SLR) and from Patient Level Information Costing Systems (PLICS) as is necessary.

- 5.3.2 Each Budget Holder is responsible for ensuring that:

- a any planned or known overspending or reduction of income which cannot be met by authorised virement is not incurred without the prior consent of the Board;
- b officers shall not exceed the budget limit set;
- c the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised; and
- d no permanent employees are appointed without the approval of the Chief Executive or Chief Finance Officer other than those provided for in the budgeted establishment as approved by the Board.

- 5.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the annual business plan and financial sustainability.

5.4 **Role of Resources Committee**

5.4.1 The role of the Committee is to maintain robust financial management by monitoring financial performance and making recommendations to the Trust Board as appropriate. The Resources Committee is a sub-committee of the Board.

5.4.2 The major duties of the Committee include:

- a monitor Income and Expenditure year to date and forecast position, progress in delivering the Cost Improvement Programme, monitor Trust activity linked to income and the Trust's financial risk profile;
- b review Commissioning and Contracting, specifically key performance targets, contractual framework updates, contractual performance and make recommendations for action to the Board where appropriate;
- c approve and monitor cash and treasury management and capital expenditure reporting; and
- d receive and approve the Financial Plan for ratification by Board, receive and approve key financial policies and make recommendations to Board for individual business cases with an investment value greater than £2,000,000.

5.5 **Investment expenditure**

5.5.1 The general rules applying to delegation and reporting shall also apply to expenditure on investments. (The particular applications relating to investment are contained in chapter 12).

5.6 **Monitoring returns**

5.6.1 The Chief Finance Officer is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation within the specified time-scales

6. **Annual accounts and reports**

6.1 **Accounts**

6.1.1 The Chief Finance Officer, on behalf of the Trust, will in accordance with section 41 of the Trust constitution:

- a Prepare financial returns in accordance with the trust's accounting policies, guidance given by NHS Improvement and International Financial Reporting Standards (IFRS); and
- b Prepare and submit annual financial returns to NHS Improvement each financial year certified in accordance with current guidelines and in line with the prescribed timetable.

6.1.2 In accordance with section 40 of the Trust's constitution, the Trust's audited annual accounts must be presented to a general meeting of the Board.

6.1.3 The Trust shall:

- a Lay a copy of the annual report and accounts, and any report of the auditor on them, before Parliament; and
- b Once it has done so, send copies of those documents to NHS Improvement.
- c Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the Accounting Officer.

6.2 Annual reports

6.2.1 The Chief Executive will, on behalf of the Trust, publish an Annual Report in accordance with the Constitution and present it to a general meeting of the Board, Council of Governors and Annual General Meeting/Annual Members Meeting. The document and its submission requirements will be in compliance with the NHS Improvement's Annual Reporting Manual.

7. Banking arrangements

7.1 General

7.1.1 The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by NHS Improvement and the Trusts Treasury Management Policy.

7.1.2 The Board shall approve the banking arrangements.

7.2 Government Banking Service and other bank accounts

7.2.1 The Chief Finance Officer is responsible for:

- a Government Banking Service (GBS) accounts and other bank accounts; including forms of working capital facilities that may be available from the Department of Health.
- b establishing separate bank accounts for the Trust's funds held on trust; and
- c ensuring payments made from the Trust's bank accounts do not exceed the amount credited to the Trust's accounts except where arrangements have been made.

7.2.2 All accounts should be held in the name of the Trust. No officer other than the Chief Finance Officer shall open any account in the name of the Trust or for the purpose of furthering Trust activities.

7.3 Banking procedures

7.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of the Trust's bank accounts which must include:

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

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

7.3.3 Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate. All cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

7.4 Tendering and review

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

7.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board.

7.5 Electronic transfers of funds

7.5.1 All electronic transfers of funds must only be made under secure arrangements approved by the Chief Finance Officer.

8. Income, fees and charges and security of cash, cheques and other negotiable instruments

8.1 Income systems

8.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding (both in terms of accounting and in terms of activity to maximise income) of all monies due.

8.1.2 All such systems shall incorporate, where practicable, the principles of internal check and separation of duties

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

8.2 Fees and charges

8.2.1 The Trust shall follow the Department of Health's advice in the NHS Costing Manual in setting prices for non-commercial contracts with NHS organisations other than those covered by the Trust Agency Purchase Contract and non-NHS organisations.

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

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

8.3 Private healthcare

8.3.1 The Trust shall ensure that the proportion of total income of the Trust in any financial year derived from private patient charges shall not be greater than the percentage set out under the Health and Social Care Act 2012.

8.4 Debt recovery

8.4.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts. This will include the use of alternative providers for the provision of debt services and external debt recovery services, where appropriate.

8.4.2 Income not received should be dealt with in accordance with losses and special payments procedures.

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

8.5 Security of cash and cheques

8.5.1 The Chief Finance Officer is responsible for:

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

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

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

8.5.4 Any loss or shortfall of cash, cheques or other negotiable instruments shall be reported in accordance with the procedure for losses and special payments.

8.5.6 Where there is evidence of fraud or corruption this should be dealt with in line with the Trust's Fraud and Corruption Response Plan and the guidance provided by the Counter Fraud and Security Management Service.

9. Contracting for provision of services

9.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with Standing Orders, Standing Financial Instructions, the Scheme of Delegation and be managed through the Trust's Procurement Department.

9.2 **Legislation and guidance governing public procurement**

The Trust shall also comply with the General Data Protection Act 2018 and with the Public Contracts Regulations 2015 (PCR 2015) and any relevant EC Directives and all requirements binding on the Trust derived from the EU Treaty relating to procurement by the Trust on the process to be applied when awarding all forms of contract. Such legislation shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

The Trust shall comply with all requirements and directives stipulated by NHS Improvement, including compliance with the requirements outlined in Section 42.

9.3 **Capital investment**

The Trust shall comply as far as is practicable with the requirements of the guidance published on capital investment and protection of assets – guidance for NHSFTs in respect of capital investment and estate and property transactions.

9.4 **Formal competitive tendering**

Formal tendering will apply to all aggregated expenditure that exceeds, or is likely to exceed, £25,000. The only circumstances in which this can be waived are outlined in paragraph 9.4.3.

9.4.1 **General applicability**

The Trust shall ensure that competitive tenders are invited for:

- a the supply of goods, materials and manufactured articles;
- b the rendering of services including all forms of management consultancy services.
- c For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens);
- d Disposals of any tangible or intangible property (including equipment, land and intellectual property).

9.4.2 **Health care services (and other services as outlined in Schedule 3 of the PCR 2015)**

Where the Trust has a requirement to procure healthcare services (and/or other services listed in Schedule 3 of the Public Contracts Regulations 2015, whether by way of subcontract or otherwise) the Trust shall consider its duties under the EU Treaty and whether such service requirement should be advertised. Where the Trust considers that the circumstances require it to advertise for the supply of healthcare services, the Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure, although at all times the Trust should consider its duties under paragraph 9.2 above.

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

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

- a the estimated expenditure or income does not, or is not reasonably expected to, exceed £25,000;
- b the supply can be obtained under a framework agreement that has itself been procured in compliance with the duties set out at paragraph 9.2 above and where the Trust is entitled to access such framework agreements.

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

- c in very exceptional circumstances where the Chief Finance Officer / Managing Director 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;
- d where the requirement is covered by an existing contract;
- e where national or regional procurement agreements are in place and have been approved by the Board;
- f 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;
- g where the timescale genuinely precludes competitive tendering and when supplies are deemed clinically urgent;
- h where specialist expertise is required and is available from only one source;
- i when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- j there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- k for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The Chief Finance Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

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

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and reported to the Audit Committee meetings scheduled to consider the waiver of requirements to competitively tender. In the event of a waiver being approved for the supply of goods or

services, the Trust should agree to carry out a tender process to support future requirements.

9.4.4 Fair transparent and adequate competition

Except where the exceptions set out in SFI No 9.4.3 apply and allow the use of single tender action, the Trust shall ensure that invitations to tender whether regulated by the Public Contracts Regulations 2015 or not that the tendering process adopted is fair and transparent. Where a tendering process is conducted the Trust shall, in order to assure that best value is obtained invite tenders from a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than 3 firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required. All tender activity must be conducted in line with Department of Health Best Practice guidance, as updated from time to time.

9.4.5 Building and engineering construction works

Competitive tendering cannot be waived for building and engineering construction works and maintenance without Departmental of Health approval. In the event that Interim Support is required to fund works, the P21+ Procurement Framework must be used unless otherwise agreed with NHS Improvement. Construction works relating to PFI assets on the James Cook site are procured in compliance with the variation procedure and/or the capital works procurement agreement with the concessionaire.

9.4.6 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in the authorisation documentation, usually a Single Tender Waiver .

9.5 Contracting/tendering procedure

9.5.1 Invitation to tender

- a All formal tender activity must be conducted electronically via the Trust's e-procurement system. This includes submission of notices, publication of documents, interaction with potential providers and notification of outcomes. Only in exceptional circumstances, and with the prior approval of the Chief Executive, can hardcopies tenders be accepted.
- b Every tender for goods, materials, services or disposals shall contain and comprise appropriate terms and conditions regulating the conduct of the tender and shall contain appropriate terms and conditions on which the contract is to be awarded and shall be substantively based to regulate the provision of the goods, materials, services to be provided or in relation to the disposal.
- c Every tender for building or engineering works shall contain terms and conditions on which the contract to be awarded shall be substantively based; that 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 ; 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 (in minor respects only), to cover special features of individual projects.

9.5.2 Receipt and safe custody of tenders

The Chief Finance Officer or his nominated representative will be responsible for the receipt, endorsement and safe custody of the electronically held submissions until the appointed opening time.

9.5.3 Opening tenders and Register of tenders

A register shall be maintained by the Chief Finance Officer, or a person authorised by him / her, to show for each set of competitive tender invitations despatched:

- i the name of all firms individuals invited;
- ii the names of firms from which tenders have been received;
- iii the date the tenders were opened;
- v the price shown on each tender;
- vi 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. 9.5.5 below).

9.5.4 Admissibility

- a If for any reason the designated officers are of the opinion that the tenders received are not 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.
- b Where only one tender is sought and/or received, the Chief Finance Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust. Evidence of this must be recorded in the authorisation documentation

9.5.5 Late tenders

- a 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 / her nominated officer decides that there are exceptional circumstances.

- b While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential.

9.5.6 Acceptance of formal tenders

- a 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.

- b 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:

- i experience and qualifications of team members;
- ii understanding of client's needs;
- iii feasibility and credibility of proposed approach;
- iv 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 (if payment is to be made by the Trust) or the highest (if payment is to be received by the Trust) clearly stated.

- c 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 or through delegation to the Chief Finance Officer.
- d The use of these procedures must demonstrate that the award of the contract was:
 - i not in excess of the going market rate / price current at the time the contract was awarded;
 - ii that best value for money was achieved;
 - iii All tenders should be treated as confidential and should be retained for inspection in line with the Trust Retention Policy.

9.6 Quotations: competitive and non-competitive

9.6.1 General position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended aggregated expenditure or income exceeds £10,000 but is not greater than £25,000.

9.6.2 **Competitive quotations**

- a Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- b All quotations should be treated as confidential and should be retained for inspection.
- c The Chief Finance Officer / Managing Director 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 then the choice made and the reasons why should be recorded in a permanent record.

9.6.3 **Non-competitive quotations**

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

- a the supply of goods or manufactured articles of any kind which are required for reasons of clinical urgency and are not obtainable under existing contracts;
- b where the goods or services are for emergency building and engineering maintenance by the responsible works manager.

9.6.4 **Quotations to be within financial limits**

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

9.7 **Authorisation of tenders and competitive quotations**

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

General Managers in association with Procurement	up to £10,000
Service Managers in association with procurement	up to £25,000
Chief Finance Officer	up to £250,000
Chief Executive	over £250,000

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

Formal authorisation must be put in writing.

9.8 **Instances where formal competitive tendering or competitive quotation is not required**

The exceptions where formal competitive tendering does not need to be applied are covered in section 9.4.3.

9.9 **Private Finance Initiatives (PFI) and Finance Leases for capital procurement**

When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

9.9.1 The Chief Executive shall demonstrate that the use of private finance represents value for money as against a public sector comparator and genuinely transfers risk to the private sector.

9.9.2 The Trust must seek all applicable approvals and the requirements of all guidance by the regulator including risk evaluation for investment decisions by NHS Foundation Trusts.

9.9.3 The proposal must be specifically agreed by the Board.

9.9.4 The selection of a contractor and or finance company must be on the basis of competitive tendering or quotations.

9.10 **Compliance requirements for all contracts**

The Board may only enter into contracts on behalf of the Trust within the statutory powers of the Trust.

9.11 **Personnel and agency or temporary staff contracts**

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

Contracts for Agency Personnel shall be approved in line with the requirements of price caps imposed by NHS Improvement.

9.12 **Disposals**

The disposal of trust property, equipment and stores should be in line with the Trust's procedures relating to the management of medical devices and information governance policies relating to personal liability and data protection.

9.13 **In-house services**

9.13.1 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 that periodically and as specified in paragraph 9.2, that in-house services should be market tested by competitive tendering.

9.13.2 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 Project group, comprising the Chief Executive or nominated officer/s and specialist support.
- b Evaluation team, comprising normally a specialist officer, a procurement officer and a Chief Finance Officer representative.

9.13.3 The evaluation team shall make recommendations to the Board.

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

9.14 **Applicability of SFIs on tendering and contracting to funds held in Trust**

These Instructions shall not only apply to expenditure from exchequer funds but also to works, services and goods purchased from charitable funds.

10. **Terms of service and payment of directors and employees**

10.1 **Remuneration and terms of Service (see overlap with SO No. 6)**

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

10.1.2 The Committee will:

- a decide the appropriate remuneration and terms of service for the Chief Executive, other executive directors and senior leadership not on agenda for change, 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 determine the terms of service of executive directors (and other senior employees) to ensure they are fairly rewarded based on the market position for their individual contributions to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate;
- c monitor and evaluate the performance of individual executive members (and other senior employees);
- d review the Trust's policies and procedures in relation to reward, performance management, retention, recruitment and redundancy.

10.1.3 The Committee shall report in writing to the Board on an annual basis on how it has discharged its duties.

10.1.4 The Council of Governors, at a general meeting will decide the remuneration and allowances, and the other terms and conditions of office of the non-executive directors following recommendations from the Nominations Committee.

10.2 **Funded establishment**

10.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.

10.2.2 The funded establishment of any department may not be varied without the approval of the Chief Finance Officer and Director of Human Resources or individual nominated within the relevant section of the Scheme of Delegation.

10.3 Staff appointments

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

- a unless authorised to do so by the chief executive;
- b within the limit of their approved budget and funded establishment.

10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc., for employees.

10.4 Processing payroll

10.4.1 The Chief Finance Officer is responsible for ensuring that the provision of the payroll service, however that may be provided (as of 1 April 2015 this is an outsourced service) with adequate internal controls, audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies. This service has been outsourced with effect from 1 April 2015 and the Chief Finance Officer is responsible for ensuring that processes are in place to manage the contract, key indicators are in place to manage performance and the contract is regularly reviewed in terms of cost and service.

10.4.2 The payroll provider is responsible for the provision of service and the issue of instructions including:

- a making payment on agreed dates using the agreed method of payment;
- b specifying timetables for submission of properly authorised time records and other notifications;
- c the final determination of pay and allowances; including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
- d verification and documentation of data;
- e the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- f maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- g security and confidentiality of payroll information;
- h checks to be applied to completed payroll before and after payment;
- i authority to release payroll data under the provisions of the data protection act;
- j methods of payment available to various categories of employee and officers;
- k procedures for payment by cheque, bank credit, or cash to employees and officers;
- l procedures for the recall of cheques and bank credits;

- m maintenance of regular and independent reconciliation of pay control accounts;
- n separation of duties of preparing records and handling cash; and
- o a system to ensure the recovery from leavers of sums of money and property due by them to the trust.
- p provision of key performance information.

10.4.3 Appropriately nominated managers have delegated responsibility for:

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

10.5 **Contracts of employment**

10.5.1 The Board shall delegate responsibility to the Director of Human Resources 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 and health and safety legislation;
- b dealing with variations to, or termination of, contracts of employment.

10.6 **Redundancy Payments**

10.6.1 Authorisations for the payment of redundancy / voluntary severance and comprise agreements will be authorised by both the Director of Human Resources and Chief Finance Officer for payments totalling less than £100,000. Payments above this value must be countersigned by the Chief Executive, approved by Remuneration Committee on behalf of the Board.

10.6.2 Payback and Value for Money for such payments should be considered.

11. **Non-pay expenditure**

11.1 **Delegation of authority**

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

11.1.2 The Chief Executive will set out:

- a the list of managers who are authorised to place requisitions for the supply of goods and services; and should be updated and reviewed on an on-going basis and annually by the Chief Finance Officer.
- b where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system.
- c the maximum level of each requisition and the system for authorisation above that level.

11.2 Choice, requisitioning, ordering, receipt and payment for goods and services

11.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser, The Head of Procurement, on supply shall be sought.

11.2.2 System of payment and payment verification

The Chief Finance Officer shall be responsible for the prompt payment of properly authorised accounts and claims in accordance with the Better Payment Practice Code (BPPC). Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance. This will be applicable subject to the availability of sufficient cash balances.

11.2.3 The Chief Finance Officer will:

- a advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- b be responsible for the timely payment of all properly authorised accounts and claims subject to the availability of cash balances;
- c be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - i A list of directors/employees authorised to approve or incur expenditure. Where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system
 - ii Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;

- work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
- iii A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts cashflow permitting, subject to accounts requiring early payment and cash discounts..
- iv Instructions to employees regarding the handling and payment of accounts within the Finance department.

11.2.4 Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No 11.2.5 below.

11.2.5 **Prepayments**

Prepayments outside of normal commercial arrangements, for example fully comprehensive maintenance contracts, rental, insurance are only permitted where exceptional circumstances apply. In such instances:

- a Prepayments are only permitted where the financial advantages outweigh the disadvantages for cash flow purposes providing financial benefits i.e discounts.
- b The Head of Procurement as part of the authorisation process must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- c The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- d The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate director or Chief Executive if problems are encountered.

11.2.6 Official orders

Official orders must:

- a include a unique identifiable number;
- b be in a form approved by the Chief Finance Officer;
- c state the trust's terms and conditions of trade;
- d only be issued to, and used by, those duly authorised by the Chief Executive.

11.2.7 Duties of managers and officers

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

- a all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- b contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- c where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and NHS Improvement regarding spend levels;
- 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;
- e no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
- f all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash or on purchasing cards;
- 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 directors/employees authorised to certify invoices are notified to the Chief Finance Officer;
- k purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
- l petty cash records are maintained in a form as determined by the Chief Finance Officer;
- m orders are not required to be raised for suppliers that are included on the exemptions list. Financial Management are responsible for managing and reviewing this list. Payments must be authorised in accordance with the delegated limits set for non-pay;

11.2.8 The Chief Executive and Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within 'NHS Improvements protection of assets. The technical audit of these contracts shall be the responsibility of the Director of Estates Facilities and ICT.

11.2.9 Under no circumstances should goods be ordered through the Trust for personal or private use.

11.3 **Joint finance arrangements with local authorities and voluntary bodies**

Payments to local authorities and voluntary organisations made under the powers of the NHS Act shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts.

12. **External borrowing and investments**

12.1 **External borrowing**

External borrowing includes loans to fund capital investment, working capital facilities, interim revenue support and interim capital support through the Department of Health and financing arrangements that includes the PFI agreement and finance leases. The costs of funding these arrangements are included within the Debt Service Cover ratio that forms part of the Financial Sustainability Ratings as set by NHS Improvement.

The Chief Finance Officer will advise the Board concerning the trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing, in line with agreements agreed with and approved by the Department of Health and NHS Improvement. The Chief Finance Officer is also responsible for reporting periodically to the Board on:

- i Public Dividend Capital dividend;
- ii Debt service cover ratio and compliance with Financial Sustainability Ratings; and
- iii updates on all working capital facilities.

Any application for a loan, overdraft, working capital facilities, interim revenue support or interim capital support will only be made by the Chief Finance Officer or by

an employee so delegated by him/her. The use of any such facilities will only be undertaken through NHS Improvement and the Department of Health.

The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans, overdrafts, working capital facilities, interim revenue support and interim capital support.

All borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised in accordance with the Treasury Management Policy.

All long term borrowing must be consistent with the plans outlined in the current Annual Business Plan.

12.2 **Public Dividend Capital**

On authorisation as a Trust the Public Dividend Capital (PDC) held immediately prior to authorisation continues to be held on the same conditions.

The draw-down of additional PDC should be authorised in accordance with the mandate held by the Department of Health Provider Finance Team, and is subject to approval by the Secretary of State. Any application for PDC will only be made by the Chief Finance Officer or by an employee through delegation and be supported by detailed instructions.

The Trust shall be required to pay annually to the Department of Health a dividend on its PDC at a rate, currently equating to 3.5%, determined from time to time, by the Secretary of State.

12.3 **Working Capital Facility**

The Trust has a working capital facility, in accordance with guidelines and approval from NHS Improvement which can be used to help manage the Trust's cash position. Further support is approved on an annual basis through the Department of Health and the Chief Finance Officer is responsible for liaising with NHS Improvement and the Department of Health where this is a requirement.

The Trust will only draw down against this facility in respect of true working capital needs to cover annual liquidity requirements in the Recovery Plan. Utilisation will be in accordance with the terms and conditions of the facilities.

12.4 **Investments**

12.4.1 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Board.

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

12.4.3 The Chief Finance Officer will prepare detailed procedural instructions on investment operations and on the records to be maintained. The Trust's Treasury Management Policy will incorporate guidance from NHS Improvement as appropriate.

12.5 Shares

12.5.1 The investment by the Trust in shareholdings in other companies is only permitted when authorised by the Board following FIC recommendation.

12.5.2 The Chief Finance Officer is responsible for advising the Board on share purchase and sale. He/ she is responsible to update the Board on the performance of such investments periodically.

13. Capital and asset management

13.1 Investment

13.1.1 The Chief Executive, through delegation to the Chief Finance Officer:

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

13.1.2 For capital expenditure proposals the chief executive shall ensure:

- a that a business case is produced setting out:
 - i the purpose for the case with full risk analysis;
 - ii an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - iii the involvement of appropriate trust personnel, external organisations and key commissioners;
 - iii appropriate project management, details of key performance management indicators and arrangements for the review of deliverables;
 - iv that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.

All individual business cases must proceed through the appropriate scrutiny and approval process which include Finance, Collaborative Boards, Resources Committee and Board (if the annual investment is greater than £2,000,000).

13.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Finance Officer will issue procedures for their management, incorporating the recommendations of 'NHS Improvement's Protection of Assets – Guidance for NHS Trusts'.

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

13.1.5 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure. Any deferral in the capital programme to the following year would be approved at Finance and Investment committee, up to the value of £250,000, in line with the capital approval limits set in the Scheme of Delegation (appendix 3 – section 4 : Investments). The Trust will look to minimise the deferral of capital expenditure in the programme.

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

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

- a specific authority to commit expenditure;
- b authority to proceed to tender;
- c approval to accept a successful tender.

13.1.7 The Chief Executive will issue a Scheme of Delegation for capital investment management in accordance with 'NHS Improvement's Protection of Assets – Guidance for NHS Trusts and the Trust's Standing Orders.

13.1.8 The Chief Finance Officer, or through appropriate delegation, shall introduce procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

These procedures will:

- a be designed to ensure that each project stays within estimated budgeted costs at each key milestone;
- b involve project managers and other employees involved in capital projects; and

- c Incorporate simple checklists and review processes designed to ensure that important requirements are complied with on each project.

13.2 Asset registers

13.2.1 The Chief Executive is responsible for the maintenance of registers of assets, with delegated responsibility to the Chief Finance Officer to verify the form of any register and the method of updating, and arranging for a sample physical check of assets against the asset register to be conducted once a year.

13.2.2 The Trust shall maintain an asset register recording all relevant assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by NHS Improvement.

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

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

13.2.4 Where capital assets are sold, scrapped, lost or otherwise disposed of (see section 9.12), their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

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

13.2.6 The value of each asset shall be adjusted to current values in accordance with methods specified in the Annual Reporting Manual issued by NHS Improvement.

13.2.7 The value of each asset shall be depreciated using methods and rates as specified in the Annual Reporting Manual issued by NHS Improvement and in line with the Trust's Accounting Policies.

13.2.8 In the event that the Trust was at risk of no longer being a going concern (see Section 3), NHS Improvement would place restrictions on the Trust to prevent disposal of relevant assets without appropriate written consent.

13.2.9 As required by the Terms of Authorisation Trusts must make the Asset Register available for inspection by the general public, and may charge a reasonable fee for access to this information.

13.3 Security of Assets

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

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

- a Recording managerial responsibility for each asset;
- b Identification of additions and disposals;
- c Identification of all repairs and maintenance expenses;
- d Physical security of assets;
- e Periodic verification of the existence of, condition of, and title to, assets recorded;
- f Identification and reporting of all costs associated with the retention of an asset; and
- g Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

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

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

13.3.6 Where practical, assets should be marked as trust property.

14. Stores and receipt of goods

14.1 General position

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

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

14.2 **Control of stores, stocktaking, condemnations and disposal general position**

14.2.1 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Finance Officer; the control of any pharmaceutical stocks shall be the responsibility of a designated pharmaceutical officer; the control of any fuel by a designated estates manager.

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

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

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

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

14.2.6 The designated manager shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see Chapter 14, 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.

14.3 **Receipt of goods**

14.3.1 A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. All goods received shall be

checked, by the appropriate department, as regards quantity and or weight and inspected as to quality and specification. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.

14.3.2 All goods received shall be entered onto an appropriate goods received or stock record on the day of receipt. Further where the goods received are found to be unsatisfactory, or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately.

14.3.3 For goods supplied via the NHS Supply Chain, the Head of Procurement shall identify those authorised to requisition and accept goods from the store. The authorised persons shall check receipt against the delivery note to satisfy themselves that the goods have been received. Any discrepancies should be raised with the Materials Management Team within 3 days of receipt. Goods supplied by NHS Supply Chain are not electronically booked into the Trust's "Purchase to Pay" system. The Trust currently relies on the end user identifying discrepancies which require reporting to the supplier within 3 days (the invoice payment system for these goods is a manual sign off of the presented invoice).

14.4 Issue of stocks

14.4.1 The issue of stocks shall be supplied by an authorised requisition note and a receipt for the stock issued shall be returned to the designated officer. Where a 'topping up' system is used, a record shall be maintained as approved by the Chief Finance Officer. Regular comparisons shall be made of the quantities issued to wards and departments and an explanation recorded of significant variances.

14.4.2 All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Chief Finance Officer.

15. Disposals and condemnations, losses and special payments

15.1 Disposals and condemnations

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

15.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate. All steps should be taken to ensure that such assets are appropriately decontaminated and that all patient identifiable information is erased.

15.1.3 All unserviceable articles shall be:

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

15.1.4 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 Chief Finance Officer who will take the appropriate action.

15.2 Losses and special payments

15.2.1 The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Chief Finance Officer must also prepare a Counter Fraud Policy and a response plan that sets out the action to be taken both by the employees detecting a suspected fraud and those responsible for investigating it.

15.2.2 When any kind of loss is discovered or suspected, the matter must be reported immediately to the head of department, the Chief Finance Officer and the Chief Executive, in accordance with the Trust's Anti-Fraud policy.

15.2.3 In cases of fraud and corruption, the Chief Finance Officer must immediately inform the relevant LCFS and both the internal and external auditors.

15.2.4 Where a criminal offence is suspected involving theft or arson, such cases will be reported to management, and the police will be informed in accordance with the Trust's security policy.

15.2.5 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, where the value is in excess of £10,000, the Chief Finance Officer must immediately notify:

- a the Board;
- b the external auditor; and
- c the Director of the Internal Audit provider.

15.2.6 The Board shall approve the writing-off of losses and special payments in accordance with the Scheme of Delegation.

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

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

15.2.9 The Chief Finance Officer shall maintain a losses and special payments register in which write-off action is recorded.

15.2.10 All losses and special payments must be reported annually to the Audit Committee.

16. Information management and technology

16.1 Responsibilities and duties of the Chief Finance Officer

16.1.1 The Chief Finance Officer is responsible for the accuracy and security of the computerised financial data of the Trust and compliance with the General Data Protection Act 2018 and the Computer Misuse Act 1990. The Chief Finance Officer shall:

- a devise and implement any necessary procedures to ensure adequate protection of the Trust's financial data within programs, networks and computer hardware from:
 - i accidental or intentional disclosure to unauthorised persons;
 - ii deletion or modification; and
 - iii theft or damage.
- b ensure that adequate 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 Head may consider necessary are being carried out.

16.1.2 The Chief Finance Officer must 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.

16.1.3 The Director of Communications shall 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. Information routinely published will be managed by the individual divisions and directorates.

16.2 **Responsibilities and duties of other directors and officers in relation to computer systems of a general application**

All proposed or upgrades to computer systems, including shared or outsourced solutions, must be in consultation with the Digital Director for approval in accordance with the ICT Strategy.

16.3 **Contracts for computer services with other health bodies or outside agencies**

The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties as per the General Data Protection Act 2018 to ensure clear lines of accountability including 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.

Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall ensure that adequate controls are in operation.

16.4 **Risk Assessment**

The Director of Estates, Facilities and ICT, as the senior information risk owner for the organisation (SIRO), shall ensure that information 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 business continuity and disaster recovery plans.

The Deputy Chief Executive, as the Caldecott Guardian, is responsible for protecting the confidentiality of patient's health and care information and appropriate action taken to mitigate or control risk

16.5 **Requirements for Computer Systems, which have an impact on corporate financial system**

16.5.1 Where computer systems have an impact on corporate financial systems the Digital Director shall need to be satisfied that:

- a systems acquisition, development and maintenance are in line with corporate policies;

- b data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- c Chief Finance Officer staff have access to such data;
- d such computer audit reviews as are considered necessary are being carried out.
- e Appropriate pseudonymisation controls are applied to the secondary use of patient level data.

17. Patients property

- 17.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 17.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets; (notices are subject to sensitivity guidance)
 - hospital admission documentation and property records;
 - the oral advice of administrative and nursing staff responsible for admissions, and that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and an official copy of a patients' property record is obtained as a receipt.
- 17.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 17.4 Where Department of Health or NHS Improvement instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Chief Finance Officer.
- 17.5 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.

- 17.6 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.
- 17.7 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.

18. Funds held on trust

18.1 Introduction

18.1.1 Charitable funds are those funds which are held in the name of the Charity separately from other funds and which arise principally from gifts, donations, legacies and endowments made under the relevant charities legislation. They are administered by the Board acting as the corporate trustee.

18.1.2 Standing Orders identify the Trust's responsibilities as a corporate trustee for the management of charitable funds held and defines how those responsibilities are to be discharged. They explain that management processes may overlap with those of the organisation of the Charity.

18.1.3 The Chief Executive shall ensure that each fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements, and administered by the named fund holders.

18.2 Corporate trustee

18.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held and to the Secretary of State.

18.2.2 The schedule of matters reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Board members and Trust officers must take account of that guidance before taking action.

18.3 Applicability of standing financial instructions to funds held on trust

18.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held in the Charity.

18.3.2 The over-riding principle is that the integrity of each fund must be maintained and statutory and Charity obligations met. Materiality must be assessed separately from Trust activities and charitable funds.

18.4 Receipts

18.4.1 All gifts and donations accepted shall be received and held in the name of the Charity and administered in accordance with the Charity's policy, subject to the terms of the specific charitable funds. As the Charity can accept gifts or donations only for the purposes relating to the NHS, employees shall in cases of doubt, consult the Chief Executive or Chief Finance Officer before accepting such receipts. Any gifts, donations or proceeds of fund raising activities should be banked immediately upon receipt.

18.4.2 In respect of fund-raising the Chief Executive shall deal with all arrangements for fund-raising by, and on behalf of, the Charity and be empowered to liaise with other organisations or persons raising funds for the Charity and providing them with an adequate discharge.

18.4.3 In respect of investment income, the Chief Finance Officer shall be responsible for the appropriate treatment of all dividends, interest and receipts from this source.

18.5 Expenditure

18.5.1 All expenditure from charitable funds, with the exception of legitimate expenses of administering and managing those funds must be for the benefit of patients and staff.

18.5.2 Expenditure of any charitable funds shall be conditional upon the goods and services being within the terms of the appropriate charitable fund and upon the proviso that the expenditure does not result in further payments by the Charity which have not been agreed and funded.

18.5.3 All expenditure on charitable funds in excess of £5,000 will be approved by the Additional Resources Committee.

18.6 Investments

18.6.1 Charitable funds shall be invested by the Chief Finance Officer in accordance with the Treasury Management Policy and statutory requirements.

18.6.2 In managing the investments the Trust shall take due account of the written advice received from its duly appointed investment advisor.

18.7 Records and reporting

18.7.1 The Chief Finance Officer shall be responsible for the maintenance of written financial instructions covering all aspects of transactions involving charitable funds.

18.7.2 The Chief Finance Officer shall maintain such accounts and records as are necessary to record and protect all transactions and funds of the Charity as

corporate trustee of the charitable funds. These accounts and records shall be maintained in accordance with the requirements of the Charity Commission and other legislative requirements, including any directions of the Secretary of State.

18.7.3 New charitable funds must only be opened where the wishes of benefactors cannot be accommodated within existing funds and in all cases must comply with the requirements of the Charity Commission.

19. Retention of documents

19.1 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with Department of Health guidelines, the General Data Protection Act 2018 and the Freedom of Information Act 2000.

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

19.3 Records held in accordance with 19.1 above shall be retained for at least the retention periods indicated in the guidance and only be destroyed at the express instigation of the Chief Executive. Details shall be maintained of records so destroyed.

19.4 The methods used for the destruction of confidential records should ensure that their confidentiality is fully maintained. Normal destruction should be by incineration or shredding.

20. Risk Management and Assurance

20.1 Programme of Risk Management

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

20.1.2 The programme of risk management shall include:

- a a process for identifying and quantifying risks and potential liabilities;
- b engendering among all levels of staff a positive attitude towards the control of risk;
- c management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d contingency plans to offset the impact of adverse events;

- e audit arrangements including; Internal Audit, clinical audit, health and safety review;
- f a clear indication of which risks shall be insured;
- g arrangements to review the Risk Management programme.

20.1.3 The existence, integration and evaluation of the above elements will provide a basis to make an annual governance statement within the annual report and accounts as required by the NHS Trust Annual Reporting Manual.

20.1.4 The Chief Finance Officer and Company Secretary shall ensure that, where appropriate, adequate insurance arrangements exist in accordance with the risk management programme.

20.2 **Insurance: risk pooling schemes administered by NHSLA**

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.

20.3 **Insurance arrangements with commercial insurers**

20.3.1 NHS Foundation Trusts are not prohibited from purchasing commercial insurance. The Board shall ensure that when entering into commercial insurance, cover is appropriate and is incorporated into the overall risk management programme.

The Chief Finance Officer will review existing commercial insurance cover on an annual basis to ensure that it is still appropriate. Existing commercial policies include:

- a Insuring motor vehicles owned and used for Trust purposes including insuring third party liability arising from their use;
- b where the Trust is involved with a consortium in a PFI contract and the other consortium members require that commercial insurance arrangements are entered into; and
- c 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

20.4 Arrangements to be followed by the Board in agreeing insurance cover

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

20.4.2 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 Chief Finance Officer shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

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