

<b>TRUST BOARD IN PUBLIC</b>	<b>Date: 25<sup>th</sup> July 2013</b>	
	<b>Agenda Item: 4.3</b>	
<b>REPORT TITLE:</b>	<b>Amendments to Corporate Governance Manual - (Standing Orders, Standing Financial Instructions &amp; Scheme of Reservation and Delegation of Powers)</b>	
<b>EXECUTIVE SPONSOR:</b>	Paul Simpson Chief Finance Officer	
<b>REPORT AUTHOR:</b>	Majid Bhatti (Head of Financial Accounts)	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)	Audit and Assurance Committee 2.7.13	
<b>Purpose of the Report and Action Required:</b>		(√)
The Board is asked to approve the current amendments to the Standing Orders and the Scheme of Delegation	<b>Approval</b>	√
	<b>Discussion</b>	
	<b>Information/Assurance</b>	
<b>Summary: (Key Issues)</b>		
<p>This paper presents amendments to the Corporate Governance Manual, Standing Orders and the Standing Financial Instructions and Scheme of Reservation and Delegation of Powers (SO's &amp; SFIs)</p> <p>The changes mainly relate to ensuring that the Trust processes and procedures conform to relevant new legislation, new NHS guidance and also to the new NHS structure. Additionally, where internal procedures have changed (such as removal of tender limits) then these have also been updated.</p> <p>Committee TOR's and also The "Rules of Procedure" are scheduled to be updated for the September 2013 Board meeting.</p> <p>The Anti Fraud and Corruption Policy &amp; Response Plan is an update to the previous policy. This has not yet been approved. The Board may want to approve the policy as part of its approval of the SFI's or chose to have the policy approved by the AAC.</p> <p>An updated Corporate Governance Manual (totalling 187 pages) is included as an embedded data file to save paper - Board members may ask for printed copies. All amendments are outlined in this paper.</p>		
<b>Relationship to Trust Corporate Objectives &amp; Assurance Framework:</b>		
This paper supports delivery of all Trust objectives, but links specifically to Objective 4: Become a sustainable, effective organisation.		
<b>Corporate Impact Assessment:</b>		
<b>Legal and regulatory implications</b>	NHS Trusts are governed by Act of Parliament Most health legislation made since 1977 has been summarised within the following Acts of Parliament: The Health & Social Care Act	

	<p>2012; The National Health Service Act 2006; The National Health Service (Wales) Act 2006; and the National Health Service (Consequential Provisions) Act 2006.</p> <p>The functions of the Trust are conferred by this legislation.</p> <p>As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.</p> <p>The Trust also has statutory powers under the legislation to fund projects jointly planned with local authorities, voluntary organisations and other bodies.</p>
<b>Financial implications</b>	This report outlines the standards by which the Trust manages its financial responsibilities.
<b>Patient Experience/Engagement</b>	N/A
<b>Risk &amp; Performance Management</b>	The SFI and SO's are essential to good governance performance and the management and mitigation of risk.
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	N/A
<b>Attachments:</b>	
Corporate Governance Manual (updated)	

**Summary of Amendments to the SO's & SFI's:**

List of general and key (table below) changes to the SFI's as well as to the Standing Orders are included as below as well as the updated version of the full set of SOFI's.

In general the SFI's have been updated for the following changes:

1. arising from the new NHS structure (such as the replacement of PCTs with CCG's);
2. arising from new NHS regulation, new legislation and any other NHS guidance (for example LINKs is replaced by the new consumer champion Healthcare);
3. to officers with new responsibilities and also to their title (for example the Chief Financial Officer is now the Chief Finance Officer).

The table below lists specific changes made to the SFI's:

Section	Contents	Nature / reasons for change
<b>Standing Orders - Section B</b>		
1.1.3	Introduction	Added new Act: The Health and Social Care Act 2012 which provides a source of legislation which the Trust adheres to.
2.1.2	Composition of the Membership of the Trust Board	Replaced "NHS Appointments Commission" with "Trust Development Authority" as being the authority to make key appointments to the Trust.
2.6	Healthwatch	Replaced this section on Local Involvement Networks (LINKs) with details relating to the new consumer champion "Healthwatch"
4.8(1)AAC	Committees established by the Trust Board	Replaced Chief Nurse with Director of Corporate Affairs.
4.8(2)SQC	Committees established by the Trust Board	Changed meeting frequency from monthly to bi-monthly
4.8(4)	Committees established by the Trust Board – Nomination and Remuneration Committee	Changed "Nomination and Remuneration Committee" to the "Remuneration Committee". Also removed appointment and dismissal powers of this committee as it cannot action that.
4.8(5)	Committees established by the Trust Board – Charitable Funds Committee	Replaced IWC with CFC.
7.4.1	Standards of Business Conduct	NHS Guidance on 'Standards of Business Conduct makes reference to the 'Prevention of Corruption Acts 1889 - 1916' which has been superseded by the 'Bribery Act 2010'.
<b>Standing Financial Instructions - Section C</b>		
11.3.7	Audit	New paragraph added to explain that external audit meets with internal audit meet to confirm reliance placed on their work.

11.5.3	Fraud and Corruption	Inserted new paragraph 11.5.3 informing staff that they need to be aware of Bribery Act 2010.
13.2.1 (f)	Bank Accounts	New paragraph added to control the use of Trust Credit Cards within authorised limits and for sole purpose of Trust business.
13.3.1	Bank Accounts	Replacement of banking providers “OPG - Office of Paymaster General” with “GBS – Government Banking Service”.
14.4.1	Security of negotiable instruments	Added paragraph to ensure secure housing and correct use of Trust credit cards.
15.2	Income - NHS contracts for provision of services	The NHS national contract replaced by the NHS Standard Contract. The e-mail reference to this document has also been changed from www.dh.gov.uk to <a href="http://www.england.nhs.uk/nhs-standard-contract/">www.england.nhs.uk/nhs-standard-contract/</a>
17.4	Tendering and Contracting	Added references to supplements to the Capital Investment Manual and other Department of Health Guidance.
17.5.3	Tendering and Contracting	17.5.3 (d) Added that formal tendering need not be applied where the expenditure is for maintenance and the only supplier available is the original equipment manufacturer. 17.5.3 (m) Changed timing of waivers being presented to AAC to being presented periodically.
17.5.5 and 17.6.8	Tendering and Contracting	Removed references to list of approved firms as in practice tenders are open to all firms.
17.5.6/7	Tendering and Contracting	Removed references to non-relevant estates guidance (such as Concode and Estmancode).
17.6.8(a) i)	Tendering and Contracting	Removed paragraph as the Trust does not use lists of approved firms.
17.6.9	Tendering and Contracting	Removed paragraph as the Trust does not use lists of approved firms.
17.7.3	Tendering and Contracting	Non-Competitive Quotations - Added reference to section G that waiver procedures still apply
17.8	Tendering and Contracting	Table “Authorisation of Tenders and Competitive Quotations” - Changed various responsibilities. Also, tender limit greater than £1m now merged for capital and revenue.
19	Non-Pay Expenditure	Added controls and processes around the purchase of goods and services from internet organisations.
23	Financial Framework	Removed as no longer required.
24	Capital Investments	Added requirements for a proforma to be completed for capital expenditure less than £75k and above this limit to complete a business case in line with TDA guidance.
25	Stores and Receipt of Goods	Changed “NHS Logistics” to “NHS supply Chain”.
26.2.4	Disposals and Condemnations, Losses and Special Payments	NHS guidance removes requirement to implement delegated limits. Instead the Chief Finance Officer will inform the Board of losses written off and special payments authorised by officers.
26.2.8	Disposals and Condemnations, Losses and Special Payments	NHS guidance requires only novel, contentious or repercussive cases to be referred to DH for approval and also those cases which would be of interest to others should be informed to the DH.

33	Risk Management and Insurance	SIC now replaced with AGS.
<b>Scheme of delegation and Reservation - Section D</b>		
Capital Expenditure	Delegated Limits	Changes made to the committees who can approve capital expenditure and also to the delegated limits bandings which require different hierarchy of approvals. Additionally, the deputy CFO has been delegated CFO limits in his absence.
<b>Codes of Accountability and Conduct &amp; for NHS Boards – Section E</b>		
Appendix 1		In addition to Nolan Principles added requirement to adhere to new standards for NHS Leaders
<b>Anti-Fraud and Corruption Policy &amp; Response Plan – Section F</b>		
Anti Fraud Policy		Updated previous policy – not as yet approved.
<b>Trust Tendering and Waiver Procedures – Section G</b>		
1.3	Tender Procedures	Removal of £20k limit as no limits exist for tenders. Also change in process to receipt and opening of tenders and master schedule.
2.1	Invitation to tender	Removal of 2.1(b) as no special tender envelope sent to prospective tenderers.
2.3	Invitation to tender	Deletion of out of date estates guidance.
3.2	Initiation and specification of tenders.	Same change as for section 1.3.
3.3	Initiation and specification of tenders.	Paragraph removed as no minimum limit for tenders and change to process where tender documents are controlled within procurement and not by the Trust Board Secretary.
9	Tenders – Post acceptance	Changes made to reflect that procurement will retain original tender master schedule.
Table 1.2	Tender Master Schedule	Tender Master Schedule now updated with new template.
Table 1.3	Tendering procedure table	Tendering Procedure Table has been updated to coincide with table in 17.8. Changes made to responsibilities for tender process (initiation to acceptance) and also for tender limits.

# Corporate Governance Manual

**STANDING ORDERS  
STANDING FINANCIAL INSTRUCTIONS  
SCHEME OF RESERVATION AND DELEGATION of POWERS**

**Codes of Accountability and Conduct for Boards  
Anti Fraud and Corruption policies  
Tendering and Waiver Procedures**

**July 2013**

Applies to 2013/14 Financial year onwards  
Review due July 2014  
Amended July 2013

**Document History**

First Draft	Paul Simpson, Chief Finance Officer	Date	September 2011
Board	Endorsed by the Board	Date:	24 November 2011
Review draft	Paul Simpson, Chief Finance Officer	Date	15 February 2011
Board	Changes to SOs and minor changes to SFIs Endorsed by the Board	Date:	23 March 2012
Published	Trust website, publicly available document under the FOI Act through Trust Publication Scheme		
Replaces	January 2010 document (amended)		
Replaces	March 2012 document (amended)		
Review and update	Various responsible managers	Date	June 2013
New Anti- Fraud Policy	Local Counter Fraud Services	Date	July 2013

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- Section A:** Interpretation and definitions for Standing Orders and Standing Financial Instructions
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- Section D:** Scheme of Delegation and Reservation
- Section E:** Codes of Accountability and Conduct & Openness for NHS Boards
- Section F:** Anti-Fraud and Corruption Policy Statement and Procedure & Anti-Fraud and Corruption Policy Code of Conduct for Employees
- Section G:** Tendering and Waiver Procedures
- Section H:** Procedures for the Production of Board Papers

*Note: each section has its own contents listing*

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The manual is also available on the Trust internet [www.surreyandsussex.nhs.uk](http://www.surreyandsussex.nhs.uk)

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## SECTION A

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

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Secretary to the Board).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Trust**" means the Surrey and Sussex Healthcare NHS Trust.
- 1.2.3 "**Board**" means the Board of Directors – the Chairman, officer and non-officer members of the Trust collectively as a body.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.5 "**Budget holder**" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or Trust)**" is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Chairman of the Trust" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chief Executive**" means the chief officer of the Trust. The Chief Executive is the Trust's accountable officer.
- 1.2.8 "**Safety and Quality Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the safety and quality of healthcare for which the Surrey and Sussex Healthcare NHS Trust has responsibility.
- 1.2.9 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services either by clinical Commissioning groups, the National Commissioning Board, the Trust itself or others. Can sometimes be referred to as "purchasing" or "procuring" healthcare. .
- 1.2.10 "**Committee**" means a committee or sub-committee created and appointed by the Trust.
- 1.2.11 "**Committee members**" means persons formally appointed by the Board or delegated body to sit on or to chair specific committees.



- 1.2.12 **"Contracting and procuring"** means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 1.2.13 **"Chief Finance Officer"** means the Director with responsibility for oversight of Trust finances (and other areas as defined in their specific job description).
- 1.2.14 **"Funds held on trust"** shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- 1.2.15 **"Member"** means officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.16 **"Associate Member"** means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- 1.2.17 **"Membership, Procedure and Administration Arrangements Regulations"** means NHS Membership and Procedure Regulations (SI1990/2024) and subsequent amendments.
- 1.2.18 **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.19 **"Non-officer Member"** means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.
- 1.2.20 **"Officer"** means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.21 **"Officer Member"** means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member).
- 1.2.22 **Secretary** means a person or a person who is undertaking the duties of Board Secretary appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.23 **"SFIs"** means Standing Financial Instructions.
- 1.2.24 **"SOs"** means Standing Orders.
- 1.2.25 **"SOFIs"** means Standing Orders and Standing Financial Instructions.
- 1.2.26 **"Vice-Chairman"** means the non-officer member appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

Section B  
**Standing Orders**

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Corporate Governance Manual 2013/14 onwards

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**The manual is also available on the Trust internet site**  
[www.surreyandsussex.nhs.uk](http://www.surreyandsussex.nhs.uk)

## SECTION B – STANDING ORDERS

### 1. INTRODUCTION

#### 1.1 Statutory Framework

- 1.1.1 The Surrey and Sussex Healthcare NHS Trust (the Trust) is a statutory body which came into existence on 1<sup>st</sup> April 1998 under The Surrey and Sussex Healthcare NHS Trust (Establishment) Order 1998 No 651, (the Establishment Order).
- 1.1.2 The principal place of business of the Trust is East Surrey Hospital, Canada Avenue, Redhill, Surrey RH1 5RH.
- 1.1.3 NHS Trusts are governed by Act of Parliament. Most health legislation made since 1977 has been summarised within three Acts of Parliament. They received Royal Assent on 8 November 2006 and came into effect on 1 March 2007 (subject to a few exceptions).
- i. The new Acts are:
- The National Health Service Act 2006;
  - The National Health Service (Wales) Act 2006
  - The National Health Service (Consequential Provisions) Act 2006
- ii The consolidation repeals and re-enacts in its entirety the National Health Service Act 1977, which was itself a consolidation. It also incorporates provisions from:
- Health and Social Care Act 2012
  - Health Act 2006
  - Health and Social Care (Community Health and Standards) Act 2003
  - National Health Service Reform and Health Care Professions Act 2002
  - Health and Social Care Act 2001
  - Health Act 1999
  - Primary Care Act 1997
  - Health Authorities Act 1995
  - National Health Service and Community Care Act 1990
- 1.1.4 The functions of the Trust are conferred by this legislation.
- 1.1.5 As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.
- 1.1.6 The Trust also has statutory powers under the legislation to fund projects jointly planned with local authorities, voluntary organisations and other bodies.
- 1.1.7 The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- 1.1.8 The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

## **1.2 NHS Framework**

- 1.2.1 In addition to the statutory requirements the Secretary of State through the Department of Health issues further directions and guidance. These are normally issued under cover of a circular or letter.
- a) The Operating Framework (and other relevant relevant guidance) for the NHS in England is issued annually by the Department (available on the DoH website [www.dh.gov.uk](http://www.dh.gov.uk))
  - b) This sets out:  
  
The health and service priorities for the year ahead;  
The reform levers and enabling strategies;  
The financial regime;  
The business processes.
- 1.2.2 The Code of Accountability requires that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members.
- 1.2.3 The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS. The Freedom of Information Act 2000 which came into effect on 1 January 2005 supersedes the Code of Practice on Access to Government Information 1997 (The Code of Practice). [The Trust has in place its policy and procedures for the management of Freedom of Information requests].

## **1.3 Delegation of Powers**

- 1.3.1 The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions (SO 5) the Trust is given powers to "make arrangements for the exercise, on behalf of the Trust of any of their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 4 or by an officer of the Trust, in each case subject to such restrictions and conditions as the Trust thinks fit or as the Secretary of State may direct". Delegated Powers are covered in a separate document (Reservation of Powers to the Board and Delegation of Powers). (See Section 1.8 and Appendix 2 of the Corporate Governance Framework Manual.) This document has effect as if incorporated into the Standing Orders. Delegated Powers are covered in a separate document entitled – 'Schedule of Matters reserved to the Board and Scheme of Delegation' and have effect as if incorporated into the Standing Orders and Standing Financial Instructions.

## **1.4 Integrated Governance**

- 1.4.1 Governance describes the processes the Trust uses to ensure it:
- is led and managed properly;
  - delivers what it is expected and required to, and;
  - manages risks that might prevent that delivery.
- 1.4.2 At the heart of these processes is decision making informed by intelligent information covering the full range of performance against objectives and targets for corporate, financial, clinical, service, information and research functions. The processes themselves are integrated into the way the Trust

operates and define its internal control, which in turn is reported on as a formal statement in the annual accounts (the statement of internal control).

- 1.4.3 Guidance from the Department of Health on integrated governance is incorporated in the Trust's Governance Strategy (and is set out in the Departmental "Integrated Governance Handbook" 2006). Integrated governance better enables the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.
- 1.4.4 At the centre of the governance framework for the Trust are the assurance framework (which is a document tabled at public Board meetings) and risk management strategy (available on the Trust's website [www.surreyandSussex.nhs.uk](http://www.surreyandSussex.nhs.uk)).

## **2. THE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS**

### **2.1 Composition of the Membership of the Trust Board**

- 2.1.2 In accordance with the Membership, Procedure and Administration Arrangements regulations the composition of the Board shall be:
- (a) The Chairman of the Trust (Appointed by the Trust development Authority;;
  - (b) Up to 5 non-officer members (appointed by the Trust development Authority);
  - (c) Up to 5 officer members (but not exceeding the number of non-officer members) including:
    - (d) the Chief Executive;
    - (e) the Chief Finance Officer;
- 2.1.3 The Trust shall have not more than 11 and not less than 8 members (unless otherwise determined by the Secretary of State for Health and set out in the Trust's Establishment Order or such other communication from the Secretary of State).

### **2.2 Appointment of Chairman and Members of the Trust**

- 2.2.1 Appointment of the Chairman and Members of the Trust - Paragraph 4 of Schedule 5A to the 1977 Act, as inserted by the Health Act 1999, provides that the Chairman is appointed by the Secretary of State, but otherwise the appointment and tenure of office of the Chairman and members are set out in the Membership, Procedure and Administration Arrangements Regulations.

### **2.3 Terms of Office of the Chairman and Members**

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

### **2.4 Appointment and Powers of Vice-Chairman**

- 2.4.1 Subject to Standing Order 2.4 (2) below, the Chairman and members of the Trust may appoint one of their numbers, who is not also an officer member, to be Vice-Chairman, for such period, not exceeding the remainder of his term as a member of the Trust, as they may specify on appointing him.
- 2.4.2 Any member so appointed may at any time resign from the office of Vice-Chairman by giving notice in writing to the Chairman. The Chairman and members may thereupon appoint another member as Vice-Chairman in accordance with the provisions of Standing Order 2.4 (1).

- 2.4.3 Where the Chairman of the Trust has died or has ceased to hold office, or where they have been unable to perform their duties as Chairman owing to illness or any other cause, the Vice-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes their duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Vice-Chairman.

## **2.5 Joint Members**

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

## **2.6 Healthwatch**

- 2.6.1 Healthwatch is the new consumer champion for both health and social care. It exists in two distinct forms – local Healthwatch, at local level, and Healthwatch England, at national level. Both are established by The Health and Social Care Act 2012.
- 2.6.2 Local Healthwatch - A local Healthwatch will be an independent organisation, able to employ its own staff and involve volunteers, so it can become the influential and effective voice of the public. It will have to keep accounts and make its annual reports available to the public. The aim of local Healthwatch will be to give citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality.
- 2.6.3 Local Healthwatch will:
- have a seat on the new statutory health and wellbeing boards, ensuring that the views and experiences of patients, carers and other service users are taken into account when local needs assessments and strategies are prepared, such as the Joint Strategic Needs Assessment (JSNA) and the authorisation of Clinical Commissioning Groups. This will ensure that local Healthwatch has a role in promoting public health, health improvements and in tackling health inequalities
  - enable people to share their views and concerns about their local health and social care services and understand that their contribution will help build a picture of where services are doing well and where they can be improved
  - be able to alert Healthwatch England to concerns about specific care providers
  - provide people with information about their choices and what to do when things go wrong; this includes either signposting people to the relevant provider, or itself providing (if commissioned by the local authority), support to individuals who want to complain about NHS services
  - provide, or signpost people to, information about local health and care services and how to access them
  - provide authoritative, evidence-based feedback to organisations responsible for commissioning or delivering local health and social care services

- can help and support Clinical Commissioning Groups to make sure that services really are designed to meet citizens' needs
- have to be inclusive and reflect the diversity of the community it serves. There is an explicit requirement in the Health & Social Care Act that the way in which a local Healthwatch exercises its functions must be representative of local people and different users of services, including carers.

2.6.4 Healthwatch England will be a national body that enables the collective views of the people who use NHS and social care services to influence national policy, advice and guidance. It will be a statutory committee of the Care Quality Commission (CQC) with a Chair who will be a non-executive director of the CQC. Healthwatch England will have its own identity within the CQC, but be able to use the CQC's expertise and infrastructure. Healthwatch England will be funded as part of the Department of Health's grant in aid to the CQC. It will:

- provide leadership, guidance and support to local Healthwatch organisations
- provide advice to the Secretary of State, NHS Commissioning Board, Monitor and the English local authorities and they must have regard to that advice
- be able to escalate concerns about health and social care services raised by local Healthwatch to the CQC
- be a requirement for the CQC to respond to advice from Healthwatch England
- have a strong principle of continuous dialogue with local Healthwatch, keeping communication lines open and transparent. This will facilitate Healthwatch England's responsibility to provide national leadership and support

The Secretary of State for Health will be required to consult Healthwatch England on the mandate for the NHS Commissioning Board be required to make an annual report to Parliament

2.6.5 The latest information on Healthwatch England can be found on the DH website

## **2.7 Role of Members**

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

### **(a) Executive Members**

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

### **(b) Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. He/she is the Accountable Officer for the Trust and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives.

### **(c) Chief Finance Officer**

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

**(d) Non-Executive Members**

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

**(e) Chairman**

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

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

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

**2.8 Corporate role of the Board**

- 2.8.1 All business shall be conducted in the name of the Trust.
- 2.8.2 All funds received in trust shall be held in the name of the Trust as corporate trustee.
- 2.8.3 The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 3.
- 2.8.4 The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

**2.9 Schedule of Matters reserved to the Board and Scheme of Delegation**

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

**2.10 Lead Roles for Board Members**

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

**3. MEETINGS OF THE TRUST**

**3.1 Calling meetings**

- 3.1.1 Ordinary meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.



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

### **3.2 Notice of Meetings and the Business to be transacted**

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

### **3.3 Agenda and Supporting Papers**

- 3.3.1 The Agenda will be sent to members **6 days** before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days (not working days) before the meeting, save in emergency.
- 3.3.2 There is no formal date for publication of Board papers on the Trust website (making the papers available publicly) but the Trust preference is for this to match the requirements of paragraph (3.3 (1)) above. Spare sets of papers will always be available on the day of the Board meeting.

### **3.4 Petitions**

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

### **3.5 Notice of Motion**

- 3.5.1 Subject to the provision of Standing Orders 3.7 'Motions: Procedure at and during a meeting' and 3.8 'Motions to rescind a resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.
- 3.5.2 The notice shall be delivered at least 5 clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **3.6 Emergency Motions**

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

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

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

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

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

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

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

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

- A motion for amendment shall not be discussed unless it has been proposed and seconded.
- Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.
- If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

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

a) Amendments

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

b) Substantive/original motion

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

#### **3.7.5 Withdrawing a motion**

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

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

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

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

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

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

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

- 3.8.1 Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the Trust Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.
- 3.8.2 When any such motion has been dealt with by the Trust Board it shall not be competent for any director/member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

### **3.9 Chairman of meeting**

- 3.9.1 At any meeting of the Trust Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Vice-Chairman (if the Board has appointed one), if present, shall preside.
- 3.9.2 If the Chairman and Vice-Chairman are absent, such member (who is not also an Officer Member of the Trust) as the members present shall choose shall preside.

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

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

### **3.11 Quorum**

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

### **3.12 Voting**

- 3.12.1 Save as provided in Standing Orders 3.13 - Suspension of Standing Orders and 3.14 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (i.e.: the Chairman of the meeting) shall have a casting vote.
- 3.12.2 At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- 3.12.3 If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- 3.12.4 If a member so requests, their vote shall be recorded by name.
- 3.12.5 In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- 3.12.6 A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.

3.12.7 A manager attending the Trust Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.

3.12.8 For the voting rules relating to joint members see Standing Order 2.5.

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

3.13.1 Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one member who is an Officer Member of the Trust and one member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.

3.13.2 A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the Trust.

3.13.3 No formal business may be transacted while Standing Orders are suspended.

3.13.4 The Audit and Assurance Committee shall review every decision to suspend Standing Orders.

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

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

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

### **3.15 Record of Attendance**

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

### **3.16 Minutes**

3.16.1 The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at it.

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

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

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

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

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

*Guidance should be sought from the NHS Trust's Freedom of Information Lead to ensure correct procedure is followed on matters to be included in the exclusion.*

### **3.17.2 General disturbances**

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

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

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

Matters to be dealt with by the Trust Board following the exclusion of representatives of the press, and other members of the public, as provided in (1) and (2) above, shall be confidential to the members of the Board.

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

### **3.17.4 Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings**

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

### **3.18 Observers at Trust meetings**

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

## **4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES**

### **4.1 Appointment of Committees**

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

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

### **4.2 Joint Committees**

Joint committees may be appointed by the Trust by joining together with one or more other Trust Development Authorities, or other Trusts consisting of, wholly or partly of the Chairman and members of the Trust or other health service bodies, or wholly of persons who are not members of the Trust or other health bodies in question.

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

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

The Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any committees established by the Trust. In which case the term "Chairman" is to be read as a reference to the Chairman of other committee as the context permits, and the term "member" is to be read as a reference to a member of other committee also as the context permits. (There is no requirement to hold meetings of committees established by the Trust in public.)

### **4.4 Terms of Reference**

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

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

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

### **4.6 Approval of Appointments to Committees**

The Board shall approve the appointments to each of the committees which it has formally constituted. Where the Board determines, and regulations permit, that persons, who are neither members nor officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board as defined by the Secretary of State. The Board shall define the powers of such appointees and shall

agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

#### **4.7 Appointments for Statutory functions**

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

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

The committees, sub-committees, and joint-committees established by the Board are:

##### **1. Audit and Assurance Committee (AAC)**

The requirements of the Audit and Assurance Committee are built on the work of the Cadbury Committee, Greenbury Reports and reports by Smith, Higgs and Turnbull (“Combined Code – Principles of Good Governance and Code of Best practice”) and subsequent guidance and best practice in the private and public sector. They reflect the growing role within the NHS of the committee in developing integrated governance arrangements and providing assurance that bodies are well managed across the whole range of their activities.

The Committee is a non-executive committee of the Board, consisting of not less than three non executives, one of which should have significant financial experience. Head of External and Internal Audit and Counter Fraud attend the Committee – it is normal in the Trust for the Chief Finance Officer and Director of Corporate Affairs (who has responsibility for corporate governance) and Chief Executive to attend regularly. It must meet at least four times a year.

The Committee is authorised to investigate any activity in its terms of reference, providing assurance to the Board in relation to the Board Assurance Framework, Governance, Risk Management and Internal Control. The Trust’s financial statements and annual report are reviewed by the AAC prior to submission to the Board. The Committee’s powers are described in its Terms of Reference which are detailed within the “Rules of Procedure” and in the Scheme of Reservation and Delegation. Please also see Section 11 of the SFIs for more detail on the requirements for the Trust Audit and Assurance Committee.

Minutes of the AAC are formally recorded and submitted to the main Trust Board.

##### **2. Safety and Quality Committee (SQC)**

The Safety and Quality Committee has delegated authority to ensure the ongoing development and delivery of the Trust’s Safety and Quality Strategy and that this drives the Trust’s overall strategy.

The Trust’s arrangements reflect the national drive for greater quality in healthcare, with a focus on safety, effectiveness and patient experience and reflect the reforms and principles set out in the July 2010 White Paper *Equity and excellence: Liberating the NHS*.

There is significant regulation in place for healthcare providers that is designed to ensure delivery of high quality and safe services and the Committee has responsibility for seeking assurance in respect of that and ensuring actions are taken in respect of corrective measures. The Committee has three non executive directors and five executives. It meets monthly.



In summary, the Committee undertakes a number of duties, including (this list is not exhaustive):

- Ensuring that accurate and appropriate returns are submitted in response to regulators' requirements;
- Ensuring the implementation, delivery and monitoring of the Trust's Safety and Quality Strategy;
- Ensuring the management of the safety of staff in line with legislation, standards and regulation.
- Seeking assurances that the quality of patient services is of the appropriate standard and that risks and safety issues are being managed appropriately.
- Seeking assurances that the Patient Experience and staff engagement Strategy is part of everyday business and that patient feedback and involvement is happening;
- Sign off the Trust's Quality Account.

The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the SQC are formally recorded and submitted to the main Trust Board.

### **3. Investment and Workforce Committee (IWC)**

The purpose of the Investment and Workforce Committee is to provide oversight of the Trust's business planning (including in particular strategic financial and workforce planning) and oversee investment (treasury/working capital management and capital projects) and financial sustainability. The Committee is responsible for the following key areas:

- Business planning, including strategic financial and workforce planning
- Approving investment decisions, including capital projects, treasury and working capital management, and;
- Monitoring delivery of significant projects and investments, and any potential business combinations.

The Committee provides assurance to the Board that the business plan and supporting strategies are in place and fit for purpose. It has three non executive directors and four executives, meeting bi-monthly.

The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the IWC are formally recorded and submitted to the main Trust Board.

### **4. The Remuneration Committee**

The Remuneration Committee's role is to, establish and monitor the level and structure of reward for executive directors, ensuring transparency, fairness and consistency. The Committee shall receive reports from the Chairman of the Board of Directors on the annual appraisal of the Chief Executive and from the Chief Executive on the annual appraisals of executive directors, as part of determining their remuneration.

The Committee, which will meet at least twice per year, is comprised of the Board Chair and all Non-Executive Directors. A minimum of three members should be present at meetings who are independent of management.

The Committee will report in writing to the Board at least once annually the basis for its decisions and recommendations.

## **5. Charitable Funds Committee**

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

The Surrey and Sussex Healthcare NHS Trust is the Corporate Trustee of the Charity governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 1993 and 2006. The Board has devolved responsibility for the on-going management of funds to the Charitable Funds Committee, which administers the funds on behalf of the Corporate Trustee. As such the Committee acts independently of the Board. Members of the Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee.

The Committee has three non executive directors and two executives, meeting at least 3 times a year.

The provisions of this Standing order must be read in conjunction with Standing Order 2.8 and Standing Financial Instruction 29. The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the CFC are formally recorded and submitted to the main Trust Board.

## **6. Other Committees**

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

### **4.9 Rules of Procedure**

The Trust has provided a document called "Rules of Procedure" which provides greater detail on the function and operation of the Board and its Committees. This is updated regularly, approved by the Board and complements the standing orders.

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

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

5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order 4, or by an officer of the Trust, or by another body as defined in Standing Order 5.1.2 below, in each case subject to such restrictions and conditions as the Trust thinks fit.

5.1.2 Legislation allows for regulations to provide for the functions of Trust's to be carried out by third parties. In accordance with The Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 the functions of the Trust may also be carried out in the following ways:

- (i) by another Trust;
- (ii) jointly with any one or more of the following: NHS trusts, Trust Development Authorities or Commissioners;

- (iii) by arrangement with the appropriate Trust or Commissioners, by a joint committee or joint sub-committee of the Trust and one or more other health service bodies;
- (iv) in relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more Trust Development Authorities,, NHS Trusts or Commissioners.

5.1.3 Where a function is delegated by these Regulations to another Trust, then that Trust or health service body exercises the function in its own right; the receiving Trust has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to committees, sub-committees or officers, the Trust delegating the function retains full responsibility.

## **5.2 Emergency Powers and urgent decisions**

The powers which the Board has reserved to itself within these Standing Orders (see Standing Order 2.9) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two non-officer members. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Trust Board in public session for formal ratification.

## **5.3 Delegation to Committees**

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

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

## **5.4 Delegation to Officers**

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

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.

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

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

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

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

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

## **6. OVERLAP WITH OTHER TRUST POLICY STATEMENTS / PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS**

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

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

### **6.2 Specific Policy statements**

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

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

### **6.3 Standing Financial Instructions**

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

### **6.4 Specific guidance**

Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

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

## **7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS**

### **7.1 Declaration of Interests**

#### **7.1.1 Requirements for Declaring Interests and applicability to Board Members**

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

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

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

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

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

Influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

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

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

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

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

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

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

During the course of a Trust Board meeting, if a conflict of interest is established, the Board member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 7.3)

## **7.2 Register of Interests**

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

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

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

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

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

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

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

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

- a) he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or
- b) he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.

iv) Exception to Pecuniary interests

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

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

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

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

- (i) Subject to the following provisions of this Standing Order, if the Chairman or a member of the Trust Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Trust Board at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (ii) The Secretary of State may, subject to such conditions as he/she may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him/her in the interests of the National Health Service that the disability should be removed. (See SO 7.3.3 on the 'Waiver' which has been approved by the Secretary of State for Health).
- (iii) The Trust Board may exclude the Chairman or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he/she has a pecuniary interest is under consideration.
- (iv) Any remuneration, compensation or allowance payable to the Chairman or a Member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this Standing Order.
- (v) This Standing Order applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Trust and applies to a member of any such committee or sub-committee (whether or not he/she is also a member of the Trust) as it applies to a member of the Trust.

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

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

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

#### (2) Definition of ‘Chairman’ for the purpose of interpreting this waiver

For the purposes of paragraph 7.3.3.(3) (below), the “relevant chairman” is –

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

#### (3) Application of waiver

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

It will apply to:

- (i) A member of the Surrey and Sussex Healthcare NHS Trust (“the Trust”), who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of –
  - (a) services under the National Health Service Act 2006; or
  - (b) services in connection with a pilot scheme under NHS legislationfor the benefit of persons for whom the Trust is responsible.
- (ii) Where the ‘pecuniary interest’ of the member in the matter which is the subject of consideration at a meeting at which he is present:-
  - (a) arises by reason only of the member’s role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
  - (b) has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:-
    - (i) are members of the same profession as the member in question,



- (ii) are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.
- (4) Conditions which apply to the waiver and the removal of having a pecuniary interest

The removal is subject to the following conditions:

- (a) the member must disclose his/her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) the relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (2) (b) above, except where that member is the Chief Executive;
- (c) **in the case of a meeting of the Trust:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - (ii) may not vote on any question with respect to it.
- (d) **in the case of a meeting of the Committee:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - (ii) may vote on any question with respect to it; but
  - (iii) the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

## **7.4 Standards of Business Conduct**

### **7.4.1 Trust Policy and National Guidance**

All Trust staff and members of must comply with the Trust's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' (the guidance contained within this document referring to the 'Prevention of Corruption Acts 1889 - 1916' has been superseded by the 'Bribery Act 2010') (see SO 6.2).

### **7.4.2 Interest of Officers in Contracts**

- i) Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or the Trust's Board Secretary as soon as practicable.
- ii) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.

- iii) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

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

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

#### **7.4.4 Relatives of Members or Officers**

- i) Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.
- ii) The Chairman and every member and officer of the Trust shall disclose to the Trust Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Trust Board any such disclosure made.
- iii) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.
- iv) Where the relationship to a member of the Trust is disclosed, the Standing Order headed 'Disability of Chairman and members in proceedings on account of pecuniary interest' (SO 7) shall apply.

### **8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS**

#### **8.1 Custody of Seal**

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

#### **8.2 Sealing of Documents**

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

#### **8.3 Register of Sealing**

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

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

Where any document will be a necessary step in legal proceedings (including the signing of contracts and agreements) on behalf of the Trust, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director. Directors should follow Trust procedures in the procurement or negotiations of contracts.

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

### **9. MISCELLANEOUS (see overlap with SFI No. 21.3)**

#### **9.1 Joint Finance Arrangements**

The Board may confirm contracts to purchase from a voluntary organisation or a local authority using its powers under Section 28A of the NHS Act 1977. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health related functions of local authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 28A of the NHS Act 1977, as amended by section 29 of the Health Act 1999.

See overlap with Standing Financial Instruction No. 21.3.

Section C  
**Standing Financial Instructions**

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Corporate Governance Manual 2013/14 onwards

Comments and enquiries concerning the manual may be sent to:

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The manual is also available on the Trust internet site  
[www.surreyandsussex.nhs.uk](http://www.surreyandsussex.nhs.uk)

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## Section C: Standing Financial Instructions

### SECTION C - STANDING FINANCIAL INSTRUCTIONS

#### 10. INTRODUCTION

##### 10.1 General

- 10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 10.1.2 These Standing Financial Instructions detail the financial responsibilities and policies adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.
- 10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.
- 10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief 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 (dealing with non financial aspects).
- 10.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 10.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit and Assurance Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

##### 10.2 Responsibilities and delegation

###### 10.2.1 The Trust Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);

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- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.

10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Matters Reserved to the Board' document above. All other powers have been delegated to such other committees as the Trust has established.

### 10.2.4 **The Chief Executive and Chief Finance Officer**

The Chief Executive and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

### 10.2.6 **The Chief Finance Officer**

The Chief Finance Officer is responsible for:

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

### 10.2.7 **Board Members and Employees**

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

## Section C: Standing Financial Instructions

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

### 10.2.8 **Contractors and their employees**

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

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

## 11. **AUDIT**

### 11.1 **Audit and Assurance Committee**

In accordance with Standing Orders (please see para 4.8.1), the Board shall formally establish an Audit Committee (this Trust has renamed it "Audit and Assurance Committee" to better describe its function), with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2011), which will provide an independent and objective review of assurances in respect of all Trust systems of control by:

- a) reviewing opinions and recommendations from Internal Audit, External Audit and also Local counter Fraud Services in recommending the adoption of financial and quality accounts
- b) considering views and opinions from other external regulatory bodies (for example the Care Quality Commission);
- c) reviewing the effectiveness and efficiency of financial, non financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- d) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's corporate objectives;
- e) monitoring compliance with Standing Orders and Standing Financial Instructions;
- f) reviewing schedules of losses and special payments and making recommendations to the Board;
- g) reviewing the arrangements in place to support the Board Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

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

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matter may need to be referred to the Department of Health. (To the Chief Finance Officer in the first instance).

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

### 11.2 Chief Finance Officer

11.2.1 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;
- (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- (c) deciding at what stage to involve the police, in conjunction with the LSMS, in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit and Assurance Committee [and the Board]. The report must cover:
  - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
  - (ii) major internal financial control weaknesses discovered;
  - (iii) progress on the implementation of internal audit recommendations;
  - (iv) progress against plan over the previous year;
  - (v) strategic audit plan covering the coming three years;
  - (vi) a detailed plan for the coming year.

11.2.2 The Chief 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 or employee of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- (d) explanations concerning any matter under investigation.

### 11.3 Role of Internal Audit

11.3.1 The responsibilities of internal audit are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA0 in the UK and Ireland). Internal Audit will essentially review and evaluate the risk management, control and governance arrangements that the organisation has in place, and also to appraise and report upon:

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- (a) the extent of compliance with, and the financial effect of relevant, established policies, plans and procedures;
  - (b) the adequacy and application of financial and other related management controls;
  - (c) the suitability of financial and other related management data;
  - (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
    - (i) fraud and other offences;
    - (ii) waste, extravagance, inefficient administration;
    - (iii) poor value for money or other causes.
  - (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health.
  - (f) The degree of implementation achieved in relation to recommendations agreed by management during the prior and current financial year are tracked every month by Internal Audit as well as the trust and presented to the AAC. This will serve to inform the adequacy of the trusts speed and efficiency in implementing control recommendations.
- 11.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance Officer and the LSMS must be notified immediately.
- 11.3.3 The Head of Internal Audit will normally attend Audit and Assurance Committee meetings and has a right of access to all Audit and Assurance Committee members, the Chairman and Chief Executive of the Trust.
- 11.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit and Assurance Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.
- 11.3.5 Internal audit will ensure that the level and quality of audit resource is appropriate and available given the level of assurance required.
- 11.3.6 Internal audit will also give consideration to government initiatives such as spending reviews and other austerity measures which impact upon the NHS and provision of health services where they can impact upon risk management, governance and internal controls.
- 11.3.7 Internal audit will meet with the Trust's External Auditors to confirm the scope of the work in the area of Internal Financial Control in order to ensure that they can continue to place their planned level of reliance on the work of internal audit.

### **11.4 External Audit**

- 11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit and Assurance Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor,

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then this should be raised with the External Auditor and referred on to the Audit Commission if the issue cannot be resolved.

### **11.5 Fraud and Corruption**

- 11.5.1 In line with their responsibilities, the Trust Chief Executive and Chief Finance Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 11.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Counter Fraud and Corruption Manual and guidance.
- 11.5.3 The Bribery Act 2010 replaces the "Prevention of Corruption Acts 1889 - 1916" with new corporate and individual offences as defined within Section 17 of these Standing Financial Instructions. All staff and contractors should be made aware of the Act to ensure compliance. Any breach of the Act may result in criminal proceedings.
- 11.5.4 The Local Counter Fraud Specialist shall report to the Trust Chief Finance Officer and shall work with staff in NHS Protect in accordance with the Department of Health Fraud and Corruption Manual.
- 11.5.5 The "Counter Fraud Policy and Response Plan" sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 11.5.6 The Local Counter Fraud Specialist will attend Audit & Assurance Committee meetings when necessary and has a right of access to all Audit & Assurance Committee members, the Chair and Chief Executive of the Trust.
- 11.5.7 The Local Counter Fraud Specialist shall be accountable to the Trust Chief Finance Officer. The reporting system for Counter Fraud services shall be agreed between the Chief Finance Officer, the Audit & Assurance Committee and the Local Counter Fraud Specialist. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Counter Fraud and Corruption Manual and guidance. The reporting system shall be reviewed at least every 3 years.
- 11.5.8 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

### **11.6 Security Management**

- 11.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 11.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 11.6.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.

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

### **12. ANNUAL ACCOUNTS AND REPORTS**

- 12.1 The Chief Finance Officer, on behalf of the Trust, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards;
  - (b) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
  - (c) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
- 12.2 The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.
- 12.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Manual for Accounts.

### **13. BANK ACCOUNTS**

#### **13.1 General**

- 13.1.1 The Trust will make changes to its banking arrangements in line with instructions provided by the Government Banking Service (GBS).
- 13.1.2 The Board shall approve the banking arrangements.

#### **13.2 Bank Accounts**

- 13.2.1 The Chief Finance Officer is responsible for:
- (a) commercial bank accounts and Government Banking Service accounts;
  - (b) establishing separate bank accounts for the Trust's non-exchequer funds;
  - (c) ensuring payments made from commercial bank or accounts do not exceed the amount credited to the account except where arrangements have been made;
  - (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
  - (e) monitoring compliance with DH guidance on the level of cleared funds.
  - (f) ensuring payments made from the Trust credit cards do not exceed the authorised limits assigned to each card and that the cards are used solely for the purposes of Trust business in line with Trust procedures.

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### **13.3 Banking Procedures**

- 13.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:
- (a) the conditions under which each commercial bank and account is to be operated;
  - (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 13.3.2 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

### **13.4 Tendering and Review**

- 13.4.1 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.
- 13.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board.

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

### **14.1 Income Systems**

- 14.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 14.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.

### **14.2 Fees and Charges**

- 14.2.1 The Trust shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.
- 14.2.2 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.
- 14.2.3 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.

### **14.3 Debt Recovery**

- 14.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.
- 14.3.2 Income not received should be dealt with in accordance with losses procedures.
- 14.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.



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

- 14.4.1 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 and negotiable securities on behalf of the Trust.
  - (e) ensuring that Trust credit cards are kept within a secure location and used appropriately in line with Trust procedures.
- 14.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 14.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.
- 14.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

## 15 INCOME - NHS CONTRACTS FOR PROVISION OF SERVICES

### 15.1 Introduction - commissioning healthcare in the NHS

- 15.1.1 These SFIs have been significantly revised to take account of the new national contract for commissioning healthcare services and the rules surrounding it. It is important to understand the principles of the contract to appreciate the instructions set out in these SFIs concerning work done in the Trust.
- 15.1.2 The main source of income to fund Trust services is from Contracts with Clinical Commissioning Groups (CCGs) as well as the National Commissioning Board (Commissioners). are expected to take the lead on behalf of the local population, seeking their views as well as assessing their needs, act as the catalyst for service improvement and commission the health care services they require.
- 15.1.3 The key mechanism in the way patients access NHS services in secondary care (e.g.: an acute trust) is the GP's role in referring people – the GP acts as the gatekeeper to secondary care services (as provided in an acute trust).
- 15.1.4 The NHS Operating Framework (and other relevant guidance) outlines ambitions to deliver world-class commissioning, in turn delivering better health outcomes, narrowing health inequalities and adding years to life.
- 15.1.5 GP Commissioning is central to these changes (providing the linkage to local communities and the drive to a more personalised health service) and sees the delegation of commissioning to GP Clinical Commissioning Groups this year.

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### 15.2 The NHS Standard contract

- 15.2.1 A national contract for CCGs as well as the National Commissioning Board commissioning of healthcare services is now mandatory. The contract is based upon principles of cooperation and competition and Commissioners must use it as the basis for all agreements with NHS acute trusts.

[The NHS Standard contract is available at: [www.england.nhs.uk/nhs-standard-contract/](http://www.england.nhs.uk/nhs-standard-contract/)]

### 15.3 Trust responsibilities to agree the contract with Commissioners

- 15.3.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Contracts with service commissioners for the provision of NHS services. They will be advised by the Chief Finance Officer.
- 15.3.2 A good contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

### 15.4 Contractual control and reports to Board

- 15.4.1 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract. These will in turn be the responsibility of the Chief Finance Officer.
- 15.4.2 Additionally, the Chief Finance Officer will devise and maintain systems of contractual control. These will include:
- (a) Monthly reconciliation of Trust activity data with the data used by Commissioners and the agreement of the figures used to confirm payment with the Commissioners;
  - (b) The monthly identification of any dispute that could lead to financial penalty and its escalation for speedy resolution;
  - (c) Monthly reports to the Board in a form approved by the Board;
  - (d) The issue of timely, accurate and comprehensible advice and activity reports to relevant budget holders and other key staff, covering the areas for which they are responsible;
  - (e) Investigation and reporting of variances from activity and income;
  - (f) Monitoring of management action to correct variances.

### 15.5 Work done that is not covered or restricted by the contract

- 15.5.1 Trust staff responsible for making decisions about healthcare procedures should not normally commit Trust resources for work/procedures that are either not covered by

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the contract or subject to specific restriction, unless there is reasonable justification to do so. It is expected that such instances are exceptional.

15.5.2 Staff making healthcare decisions must be aware of the contractual requirements for the provision of services for which they are responsible and the Chief Executive, through Trust Directors, has a responsibility to ensure systems are in place to enable that and support common sense management of any grey area.

15.5.3 Responsibilities to effect the above can be described as follows:

- (a) the Chief Finance Officer must ensure that the hierarchy of managers and clinicians overseeing healthcare decision making is clearly aware of what Commissioners are commissioning, provide this information at Divisional and specialty levels and to individual staff as necessary;
- (b) For areas where there is likely to be potential uncertainty (for example identification of previously unspecified healthcare needs related to an excluded procedure) the Chief Finance Officer is responsible for putting in place effective processes to deal with that eventuality (for example a pro forma approval process with the Commissioners);
- (c) Individual staff who carry responsibility for healthcare decision making should make themselves aware of the contractual requirements. This means that they are expected to involve themselves in business planning and operational management, liaise actively with Trust managers and access and read Trust communications (notably the intranet).
- (d) Where an issue arises that provides a conflict with clinical governance, individual staff have a responsibility to notify that through the Trust's integrated governance and risk management processes and seek a resolution.

It is explicitly acknowledged that this is a complex area. Healthcare is complex, individual and includes safety and clinical governance considerations whose specificity cannot be legislated for in every case, however good a contract document. Many decisions require on the spot judgements that may need to be made immediately. Trust staff should therefore follow these principles:

- (a) The patient's immediate needs and safety outweighs any other consideration;
- (b) If there is uncertainty over or a potential clash with contractual requirements and there is time to do so, the Commissioners should be contacted and asked to confirm in writing that a procedure can proceed;
- (c) If Trust guidance or instruction is incorrect, unclear or poorly considered it should be highlighted through Trust governance structures and resolved;
- (d) Trust guidance or instruction that is adequately validated, formally agreed and tested should only be ignored in very exceptional circumstances;
- (e) Persistent failure to follow formally notified Trust guidance or instruction is unreasonable and unacceptable.

15.5.4 In addition, any persistent and unreasonable failure to provide information necessary to secure payment from the Commissioners, and that results in financial loss, will also be taken as a breach of these SFIs.

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### 16 **ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

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

16.1.1 The Director of Corporate Affairs on behalf of the Chief Executive, will compile and submit to the Board a Business Plan which takes into account financial targets and forecast limits of available resources as advised by the Chief Finance Officer. The Business Plan will contain:

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

16.1.2 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit a Trust budget for approval by the Board. The budget will:

- (a) be in accordance with the aims and objectives set out in the Business Plan;
- (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.

16.1.3 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Board of major changes in workload, delivery of services or resources required to achieve the plan.

16.1.4 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled. The Chief Finance Officer should foster ownership of budgets by actively involving budget holders in the setting of budgets and savings plans.

16.1.5 All budget holders will sign up to their allocated budgets (including savings plans) at the commencement of each financial year. A budget holder who declines to do so cannot remain a budget holder, whatever the reason for their non acceptance of the budget.

#### 16.2 **Budget Holders**

16.2.1 The Chief Finance Officer is responsible for specifying the criteria allowing an individual to be a budget holder and may, without prior notification, withdraw that permission or restrict their delegated authority at any point if there is reasonable justification to do so.

16.2.2 The budget holder must have a specific objective in their annual objectives describing their responsibilities as a budget holder and their manager has a responsibility to ensure they carry out those responsibilities. The annual appraisal should record their performance in delivering this objective.

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- 16.2.3 The budget holder must make themselves aware of relevant Trust guidance, procedures and instructions on financial management – ignorance is not an excuse for failure to follow procedures or instructions.
- 16.2.4 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 successfully and the budget holder has a responsibility to attend that training and identify and use other development aids to help them be equipped to perform the budget holder function.
- 16.3 Budgetary Delegation**
- 16.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing (recorded on an authorised signatory pro-forma or through the electronic records of the Trust's financial systems) and be accompanied by a clear definition of:
- (a) the amount of the budget (from the budget statement);
  - (b) the purpose(s) of each budget heading (from the budget statement);
  - (c) individual and group responsibilities (from the local business plan and individual objectives);
  - (d) authority to exercise virement (from the authorised signatory pro-forma);
  - (e) achievement of planned levels of service (from the local business plan and individual objectives);
  - (f) the provision of regular reports (from the local business plan and individual objectives).
- 16.3.2 Budget holders are responsible for all expenditure against their budget and the use of Trust resources to deliver work outlined in their local business plans and in Commissioners contracts. In relation to the requirements of section 15.5 (work done that is not covered or restricted by the Commissioners contract) budget holders are responsible for taking all reasonable action to minimise the use of Trust resources for work that will not be paid for by the Commissioners.
- 16.3.3 The Chief Executive and delegated budget holders must not exceed the budgetary control total or virement limits set by the Board. The control total is the surplus/(deficit) position set in the Trust budget.
- 16.3.4 This allows for the incorporation of income increases and matching spend (a feature of payment by results) and the reallocation of under and over spending between different parts of the budget.
- 16.3.5 However, any single annual revenue expenditure budget (gross – not netted off by income) increase above the budgets approved by the Board at the start of the year that exceeds £1.0M must be approved by the Board. Amounts below this can be approved by the Chief Executive, but should be notified to the Board.
- 16.3.6 Budget managers wishing to secure additional budget should follow Trust procedures for the business case required. The business case will be used to make any decision and must identify the source of funding for the additional budget – be that income, virement from elsewhere or from additional savings.
- 16.3.7 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.
- 16.3.8 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance

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Officer. This includes things like the recruitment of permanent staff to cover maternity leave or other temporary staff absence.

### 16.4 Budgetary Control and Reporting

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

- (a) monthly financial reports to the Board in a form approved by the Board containing:
  - \* income and expenditure to date showing trends and forecast year-end position;
  - \* movements in working capital;
  - \* Movements in cash and capital;
  - \* capital project spend and projected outturn against plan;
  - \* explanations of any material variances from plan;
  - \* details of any corrective action where necessary and the Chief Executive's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;
- (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, activity, income, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

16.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement within the overall Trust income and expenditure budget control total is not incurred without the prior consent of the Chief Executive (as set out in Trust delegated procedures);
- (b) an action plan (appropriate to the materiality of the shortfall, but recorded) is provided to correct any overspending/under-collection of income in their budgets;
- (c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (d) any income included within their budget is subject to a formal written contractual agreement specifying the amount, services covered, notice period and other relevant information;
- (e) no permanent employees are appointed without the approval of the Chief Executive (as set out in Trust delegated procedures) other than those provided for within the available resources and manpower establishment as approved by the Board.

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- (f) Financial savings agreed in budgets at the start of the year are delivered and that any overspending elsewhere in the budget that reduces those savings is compensated by additional savings, virement or permission to overspend.

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

### 16.5 Capital Expenditure

16.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 24).

### 16.6 Monitoring Returns

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

## 17 TENDERING AND CONTRACTING

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

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

The Bribery Act 2010 replaces the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889-1916. This broadly defines the two sections below;

- Two general offences of bribery – 1) Offering or giving a bribe to induce someone to behave, or to reward someone for behaving, improperly and 2) requesting or accepting a bribe either in exchange for acting improperly, or where the request or acceptance is itself improper;
- The new corporate offence of negligently failing by a company or limited liability partnership to prevent bribery being given or offered by an employee or agent on behalf of that organisation.

All personnel involved in tendering and contacting activities must be aware of the Bribery Act 2010 and must ensure that all dealings with other organisations and their staff do not bring them in breach of the Act that could leave them open to criminal proceedings being commenced.

### 17.2 EU Directives Governing Public Procurement

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

### 17.3 Reverse eAuctions

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

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

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual", together with its supplementary guidance, and "Health Building Note 00-08Estate code in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "Agreement for the appointment of architects, surveyors and engineers for commissions in the National Health Service"; together with its supplementary annexure. Similarly the Department of Health guidance "Agreement for the appointment of project managers for commissions for construction projects in the National Health Service" will apply for project management consultancy.

### 17.5 Formal Competitive Tendering

#### 17.5.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

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

#### 17.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 15 and No. 20.

#### 17.5.3 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 £5,000;
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 25;
- (d) The expenditure is for maintenance and the only supplier available is the original equipment manufacturer. The equipment must have previously been through an appropriate procurement route.

Formal tendering procedures may be waived in the following circumstances:

- (e) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;



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- (f) where the requirement is covered by an existing contract;
- (g) where Government Procurement Service agreements are in place and have been approved by the Board;
- (g) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) 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;
- (k) 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;
- (l) 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.

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

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

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

### 17.5.4 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 17.1 and 17.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

### 17.5.5 Building and Engineering Construction Works

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Competitive Tendering cannot be waived for building and engineering construction works and maintenance subject to the provisions of clause 17.5.3 of these SFIs.

### 17.5.6 **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 an appropriate Trust record.

## 17.6 **Contracting/Tendering Procedure**

### 17.6.1 **Invitation to tender**

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
  - (a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - (b) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works except for maintenance work, shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building 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, or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

### 17.6.2 **Receipt and safe custody of tenders**

The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

### 17.6.3 **Opening tenders and Register of tenders**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior

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officers/managers designated by the Chief Executive and not from the originating department.

- (ii) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £20,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Finance Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The Trust's Board Secretary will count as a Director for the purposes of opening tenders.

- (vi) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (vii) A register shall be maintained by the Chief Executive, or a person authorised by them, to show for each set of competitive tender invitations despatched:
  - the name of all firms individuals invited;
  - the names of firms individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present.

A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

- (viii) 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. 17.6.5 below).

### 17.6.4 Admissibility

- i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (ii) Where only one tender is sought and/or received, the Chief Executive and 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.

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### 17.6.5 Late tenders

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

### 17.6.6 Acceptance of formal tenders (See overlap with SFI No. 17.7)

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

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

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

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

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

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- (v) All tenders should be treated as confidential and should be retained for inspection.

### 17.6.7 **Tender reports to the Trust Board**

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

### 17.6.8 **Firms who can tender**

#### (a) **Building and Engineering Construction Works**

- i) Tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- ii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

#### (b) **Financial Standing and Technical Competence of Contractors**

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

## 17.7 **Quotations: Competitive and non-competitive**

### 17.7.1 **General Position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5, 000 but not exceed £20,000.

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### 17.7.2 **Competitive Quotations**

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

### 17.7.3 **Non-Competitive Quotations**

Non-competitive quotations in writing may be obtained in the following circumstances (waiver procedures still apply refer to section G):

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

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

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

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### 17.8 Authorisation of Tenders and Competitive Quotations

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

<b>a. Up to £5,000, including VAT, quotations</b>	
i. initiated and specified by	Head Of Procurement or delegated officer and Originating Department
ii. organised and despatched by	Procurement Department
iii. received by	Procurement Department
iv. opened by	Procurement Department
v. evaluated and recommended by	Procurement Department and Originating department
vi. accepted by	Budget Holder
<b>b. £5,001 to £20,000 including VAT, minimum option three written quotes</b>	
i. initiated and specified by	Head Of Procurement or delegated officer and Originating Department
ii. organised and despatched by	Procurement Department
iii. received by	Procurement Department
iv. opened by	Procurement Department
v. evaluated and recommended by	Procurement Department and Originating department
vi. accepted by	Budget Holder
<b>c. Between £20,001 and EU limit including VAT, minimum three written tenders</b>	
i. initiated and specified by	Project Board / Originating Department supported by Head Of Procurement
ii. organised and despatched by	Procurement Department with support from Originating Department on request
iii. received by	Trust Board Secretary or relevant Administrator
iv. opened by	Two Executive Directors or one Executive Director and Deputy Chief Finance Officer
v. evaluated and recommended by	Project Board / Originating Department supported by Head Of Procurement and including senior Finance and Clinical leads as appropriate.
vi. accepted by	Chief Executive or Chief Finance Officer
<b>d. Between EU limit and £1m including VAT, minimum three written tenders</b>	
i. initiated and specified by	Project Board / Originating Department supported by Head Of Procurement and Senior Finance Representative
ii. organised and despatched by	Procurement Department with support from Originating Department/Project Board
iii. received by	Trust Board Secretary or relevant Administrator
iv. opened by	Trust Board Secretary or relevant administrator and Two Executive Directors or one Executive Director and Deputy Chief Finance Officer
v. evaluated and recommended by	Project Board / Originating Department supported by the Head Of Procurement and including senior representation from Finance and the relevant specialties
vi. accepted by	Chief Executive or Chief Finance Officer
<b>e Greater than £1m, minimum three written tenders (Revenue and Capital)</b>	
i. Initiated and specified by	Project Board / Originating Department supported by Head Of Procurement and Senior Finance Representative
ii. organised and despatched by	Procurement Department with Senior Finance Representative and Project Board support
iii. received by	Trust Board Secretary or relevant Administrator

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iv. opened by	Trust Board Secretary or relevant Administrator and Two Executive Directors or one Executive Director and Deputy Chief Finance Officer
v. evaluated and recommended by	Project Board / Originating Department supported by the Head Of Procurement or Contracts Manager and including senior representation from Finance and the relevant specialties
vi. accepted by	Trust Board

### Delegated administration is approved by the Board as

Deputy Chief Finance Officer  
 Head of Capital projects  
 Head of Procurement

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

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

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

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

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

### 17.10 Private Finance for capital procurement (see overlap with SFI No. 24)

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

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



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### 17.11 Compliance requirements for all contracts

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

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Project Management Procedure Manual
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

### 17.12 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.

- (a) All responsible officers entering into Off-Payroll contracts should ensure that these contracts comply with the Her Majesty's Tax arrangements for public sector appointees.
- (b) Where arrangements are entered into directly between the responsible officer and the consultancy then the officer must ensure that the Trust Consultancy service Agreement is completed accurately and completely.

### 17.13 Healthcare Services Agreements (see overlap with SFI No. 18)

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

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare.

### 17.14 Disposals (See overlap with SFI No. 26)

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;

## Section C: Standing Financial Instructions

- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

### **17.15 In-house Services**

- 17.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 17.15.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
  - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
  - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer representative. For services having a likely annual expenditure exceeding £10,000, a non-officer member should be a member of the evaluation team.
- 17.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 17.15.4 The evaluation team shall make recommendations to the Board.
- 17.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
- 17.16 **Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 29)**

These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

## **18. PAY EXPENDITURE**

### **18.1 Remuneration and Terms of Service (see overlap with SO No. 4)**

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. (See NHS guidance contained in the Higgs report.)

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- 18.1.1 The Committee will:
- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and:
    - (i) all aspects of salary (including any performance-related elements/bonuses);
    - (ii) provisions for other benefits, including pensions and cars;
    - (iii) arrangements for termination of employment and other contractual terms;
  - (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
  - (c) monitor and evaluate the performance of individual officer members (and other senior employees);
  - (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- 18.1.2 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members. Minutes of the Board's meetings should record such decisions.
- 18.1.3 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.
- 18.1.4 The Trust will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health. Subject to legal requirements all claims for additional pay (e.g. overtime) must be submitted within 3 months or the Trust can decline payment.

### **18.2 Funded Establishment**

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

The funded establishment of any department may not be varied without the approval of the Chief Executive.

### **18.3 Staff Appointments**

- 18.3.1 No officer or Member of the Trust Board or employee may engage, re-engage, or re grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Chief Executive;
  - (b) within the limit of their approved budget and funded establishment.

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

### 18.4 Processing Payroll

18.4.1 The Director of HR is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances;
- (c) making payment on agreed dates;
- (d) agreeing method of payment.

18.4.2 The Director of HR will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

18.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Chief Finance Officer's instructions and in the form prescribed by the Chief Finance Officer;

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- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

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

### 18.5 Expenses payable to staff

Expenses are non pay expenditure, but should be paid with salary and only exceptionally by any other means. Trust procedures for expense claims must be followed by all staff and it is each individual's responsibility to submit claims on a regular basis, which enables the Trust to monitor and control expenditure and provide payment. The Trust will withhold the payment of expenses claimed 3 months or more after they were incurred. In exceptional circumstances appeals can go to the Chief Finance Officer.

### 18.6 Contracts of Employment

The Board shall delegate responsibility to an officer for:

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

## 19. NON-PAY EXPENDITURE

### 19.1 Delegation of Authority

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.

The Chief Executive will set out:

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

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

### 19.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 17)

#### 19.2.1 Requisitioning

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

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### 19.2.2 Use of purchase orders

19.2.3 There is a trade off between security, cost and the administration necessary to buy items for the Trust. The aim is to make things as simple as possible while keeping the right balance between these considerations.

19.2.4 There are 4 key instructions, repeated in the detail that follows:

- a) Staff must use purchase orders (order forms based mainly on catalogues) to buy goods and services, unless the item cannot be purchased this way. This is a MANDATORY instruction.
- b) Staff must not buy items using petty cash unless it is absolutely unavoidable.
- c) If staff are unable to use a purchase order, any paperwork that comes back to the Trust after purchase must have the cost centre and subjective code written on them and signed and dated by the Budget Holder.
- d) The Purchasing Department's role is to improve the way we buy goods and services and obtain the best price - it saves the Trust substantial amounts of money and staff should make use of it rather than negotiate themselves.
- e) The use of purchase orders will not be required for purchases made from internet based suppliers.

### 19.2.5 System of Payment and Payment Verification

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

19.2.7 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) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;

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- 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 subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received.

### 19.3 Paying in advance – prepayments

- 19.3.1 The payment of goods/services in advance presents a financial risk for the Trust if the item being purchased is not delivered, or the company or organisation supplying the goods/services disappears or goes into liquidation or bankruptcy. As a result, the general rule is to avoid paying for anything in advance of delivery.
- 19.3.2 The exception to the above rule is for the following situations where it is generally accepted that payment is made before delivery of the goods/service:
- Training course or conference fees
  - Council Tax and Uniform Business Rates
  - Rent or Operating Lease Payments
  - Insurance premium payments
  - When the Trust agrees to pay something on behalf of a third party (for example, legal costs incurred by a member of staff and the invoice is made out to that third party).
  - Where purchases are made from a web based organisation in line with Trust procedures.
- 19.3.3 The majority of items in the list are paid under statutory (legal) requirements (Council Tax/Uniform Business Rates), or are supported by a legal contract (Rent or Lease Payments). In such situations, budget managers should arrange to pay these invoices where they exist.
- 19.3.4 Prepayments for any other item not listed above are only permitted where exceptional circumstances apply. In such instances:
- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).

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- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Chief 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.

### 19.4 Official orders

Official Orders must:

- (a) be consecutively numbered;
- (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.

### 19.5 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;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits;

**(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff") (the guidance contained within this document referring to the 'Prevention of Corruption Acts 1889 - 1916' has been superseded by the 'Bribery Act 2010');**



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- (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. Internet purchases are ordered by Procurement and recorded separately.
  - (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
  - (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
  - (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
  - (j) changes to the list of employees and officers authorised to certify invoices are notified to the Chief 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.
- 19.5.1 The Chief Executive, Chief Finance Officer and Director of Information & Facilities shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the relevant guidance contained. The technical audit of these contracts shall be the responsibility of the relevant Director.
- 19.6 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)**
- 19.6.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1).

## **20. TRUST COMMISSIONING OF HEALTHCARE SERVICES**

### **20.1 Role of the Chief Executive**

- 20.1.1 The Chief Executive as the Accountable Officer has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed in the Business Plan. This will involve ensuring Service Level Agreements (SLAs)/contracts are put in place with the relevant providers, based upon integrated care pathways.
- 20.1.2 SLAs/contracts are essential for different organisations to manage services provided between them. For healthcare they need to have a wide scope. The Chief Executive will need to ensure that all SLAs;
- Meet the standards of service quality expected;
  - Fit the relevant national service framework (if any);

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- Enable the provision of reliable information on cost and volume of services;
- Fit the NHS Operating Framework (and other relevant guidance);
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based upon cost-effective services;

20.1.3 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided (including as necessary to the Board) detailing actual and forecast expenditure and activity for each SLA.

20.1.4 Where the Trust makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accountable Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided. Before making any agreement with non-NHS providers, the Trust should explore fully the scope to make maximum cost-effective use of NHS facilities.

### **20.2 Role of Chief Finance Officer**

20.2.1 The Chief Finance Officer has responsibility for advising the Chief Executive on all contracting aspects and for maintaining a system of financial monitoring to ensure the effective accounting of expenditure under the SLA. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

## **21. BLANK**

## **22. EXTERNAL BORROWING**

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

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

22.1.3 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.

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

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

22.1.6 All long-term borrowing must be consistent with the plans outlined in the current LTFM and be approved by the Trust Board.

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### **22.2 INVESTMENTS**

- 22.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 22.2.2 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.
- 22.2.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

### **23. BLANK**

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

#### **24.1 Capital Investment**

- 24.1.1 The Chief Executive:
  - (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
  - (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
  - (c) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.
- 24.1.2 For every capital expenditure proposal the Chief Executive shall ensure:
  - (a) that where expenditure is less than £75k that a Capital investment proforma is completed and for investment programmes above £75k a business case is produced (in line with TDA guidance) setting out:
    - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
    - (ii) the involvement of appropriate Trust personnel and external agencies;
    - (ii) appropriate project management and control arrangements;
  - (b) that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.
- 24.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Capital Project Management Procedure Manual"
- 24.1.4 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.
- 24.1.5 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender ( see overlap with SFI No. 17.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 17.6).

The Chief Executive will delegate capital investment management in accordance with "Capital Project Management Procedure Manual" guidance and the Trust's Standing Orders to allow the above to operate effectively – this will be through the Executive Team, Investment and Workforce Committee, Transformation Delivery Group, and, as a sub committee of the Executive Team, the Capital Investment Group).

- 24.1.7 Approval of capital projects and the purchase of capital items must be made within the budget and programme agreed by the Trust Board within the delegated limits below:

- Capital Investment group will approve upto £250k;
- Management Board, Exec Team and TDG will approve upto £1m;
- Investment and Workforce Committee and Trust Board to approve over £1m;
- Over £5m business cases also need approval by the TDA.

- 24.1.8 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes issued by the Department of Health and the Trust Development Authority (describing organisational delegated limits).

### **24.2 Private Finance (see overlap with SFI No. 17.10)**

- 24.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

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

### **24.3 Asset Registers**

- 24.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 24.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual*.
- 24.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

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- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 24.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 24.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 24.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Capital Accounting Manual*.
- 24.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual*.
- 24.3.8 The Chief Finance Officer of the Trust shall calculate and pay capital charges as specified in the *Capital Accounting Manual*.

### **24.4 Security of Assets**

- 24.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 24.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset;
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 24.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 24.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

## Section C: Standing Financial Instructions

- 24.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 24.4.6 Where practical, assets should be marked as Trust property.

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

#### **25.1 General position**

- 25.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
  - (b) subjected to annual stock take;
  - (c) valued at the lower of cost and net realisable value.

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

- 25.2.1 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 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 oil and coal of a designated estates manager.
- 25.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 25.2.3 The Chief Finance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 25.2.4 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.
- 25.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 25.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## Section C: Standing Financial Instructions

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

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

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

### **26.1 Disposals and Condemnations**

#### **26.1.1 Procedures**

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

- 26.1.2 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.

- 26.1.3 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.

- 26.1.4 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.

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

#### **26.2.1 Procedures**

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

- 26.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police and/or the LSMS, if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance

## Section C: Standing Financial Instructions

Officer must inform the relevant LCFS and and/or the AAFS, in accordance with Secretary of State for Health's Directions.

The Chief Finance Officer must notify NHS Protect, the Audit and Assurance Committee and the External Auditor of all frauds.

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

- (a) the Board,
- (b) the LSMS; and
- (c) the External Auditor.

The Chief Finance Officer will inform the Board of losses written off and special payments authorised by officers.

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

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

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

26.2.7 Any novel, contentious or repercussive cases should be referred to DH for approval. If any general losses emerge from a loss or special payment which would be of interest to others, then the Department of Health should be informed.

26.2.8 All losses and special payments must be reported to the Audit and Assurance Committee periodically..

## **27. INFORMATION TECHNOLOGY**

### **27.1 Responsibilities and duties of the Chief Finance Officer**

27.1.1 The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.



## Section C: Standing Financial Instructions

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

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

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

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

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

### **27.3 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 for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

### **27.4 Risk Assessment**

The Chief Finance Officer and the Director of Information and Facilities shall ensure that financial risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk..

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

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

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (c) Finance staff have access to such data;

## Section C: Standing Financial Instructions

- (d) such computer audit reviews as are considered necessary are being carried out.

### **28. PATIENTS' PROPERTY**

28.1 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.

28.2 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,

that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

28.3 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.

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

28.5 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.

28.6 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.

28.7 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.

### **29. FUNDS HELD ON TRUST**

#### **29.1 Corporate Trustee**

- (1) Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice. As corporate trustee of the Charitable funds, its responsibilities are governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 2006.

## Section C: Standing Financial Instructions

- (2) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- (3) The NHS Trust Board has devolved responsibility for the on-going management of charitable funds to the Charitable Funds Committee, which administers the funds on behalf of the Corporate Trustee. As such the Committee acts independently of the Board. Members of the Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee.

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

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

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

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

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 17.16).
- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

## **30. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 21.2.6 (d))**

The Chief Finance Officer shall ensure that all staff are made aware of the Trust Policy on the Standards of Business Conduct on the acceptance of gifts and other benefits in kind by staff. This Policy references the Bribery Act 2010 and the Counter Fraud and Bribery Policy and Response Plan and follows the guidance contained in the Department of Health circular HSG (93) 5 "Standards of Business Conduct for NHS Staff (the guidance contained within this document referring to the 'Prevention of Corruption Acts 1889 - 1916' has been superseded by the 'Bribery Act 2010'). It is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

Staff should make themselves aware of, and comply with, the Bribery Act 2010, the Code of Conduct for NHS Managers 2002, and the ABPI 'The Code of Practice for the Pharmaceutical Industry Second 2012 Edition' relating to hospitality/gifts from pharmaceutical / external industry.

## Section C: Standing Financial Instructions

### **31. PAYMENTS TO INDEPENDENT CONTRACTORS**

Not applicable to NHS Trusts

### **32. RETENTION OF RECORDS**

32.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health Records Management NHS Code of Practice Parts 1 and 2.

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

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

### **33. RISK MANAGEMENT AND INSURANCE**

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

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

The programme of risk management shall include:

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

The existence, integration and evaluation of the above elements will assist in providing a basis to make an Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health guidance.

#### **33.2 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.

## Section C: Standing Financial Instructions

### 33.3 Insurance arrangements with commercial insurers

33.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

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

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

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the 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.
- (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.
- (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.

Section D  
**Scheme of Reservation and  
Delegation**

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Corporate Governance Manual 2013/14 onwards

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## Section D: Scheme of Reservation and Delegation

### SECTION D - SCHEME OF RESERVATION AND DELEGATION

REF	THE BOARD	RESERVATION OF MATTERS RESERVED TO THE BOARD
	THE BOARD	<p><b>General Enabling Provision</b></p> <p>The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
	THE BOARD	<p><b>Regulations and Control</b></p> <ol style="list-style-type: none"> <li>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business.</li> <li>2. Suspend Standing Orders.</li> <li>3. Vary or amend the Standing Orders.</li> <li>4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with SO 5.2</li> <li>5. Approve a scheme of delegation of powers from the Board to committees.</li> <li>6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration.</li> <li>7. Require and receive the declaration of officers' interests that may conflict with those of the Trust.</li> <li>8. Approve arrangements for dealing with complaints.</li> <li>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.</li> <li>10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on.</li> <li>11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.</li> <li>12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.</li> <li>13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.</li> <li>14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property.</li> <li>15. Authorise use of the seal.</li> <li>16. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6.</li> <li>17. Discipline members of the Board or employees who are in breach of statutory requirements or SOs.</li> </ol>
	THE BOARD	<p><b>Appointments/ Dismissal</b></p> <ol style="list-style-type: none"> <li>1. Appoint the Vice Chairman of the Board.</li> <li>2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.</li> <li>3. Appoint, appraise, discipline and dismiss Executive Directors (subject to SO 2.2).</li> <li>4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies.</li> <li>5. Appoint, appraise, discipline and dismiss the Secretary (if the appointment of a Secretary is required under Standing Orders).</li> <li>6. Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee.</li> </ol>
	THE BOARD	<p><b>Strategy, Plans and Budgets</b></p> <ol style="list-style-type: none"> <li>1. Define the strategic aims and objectives of the Trust.</li> <li>2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State.</li> <li>3. Approve the Trust's policies and procedures for the management of risk.</li> <li>4. Approve Outline and Final Business Cases for Capital Investment.</li> <li>5. Approve budgets.</li> <li>6. Approve annually Trust's proposed organisational development proposals.</li> <li>7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.</li> <li>8. Approve PFI proposals.</li> </ol>



## Section D: Scheme of Reservation and Delegation

REF	THE BOARD	RESERVATION OF MATTERS RESERVED TO THE BOARD
		<ol style="list-style-type: none"> <li>9. Approve the opening of bank accounts.</li> <li>10. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £100,000 over a 3 year period or the period of the contract if longer.</li> <li>11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Chief Finance Officer (for losses and special payments) previously approved by the Board.</li> <li>12. Approve individual compensation payments.</li> <li>13. Approve proposals for action on litigation against or on behalf of the Trust.</li> <li>14. Review use of NHSLA risk pooling schemes (LPST/CNST/RPST).</li> </ol>
	THE BOARD	<p><b>Policy Determination</b></p> <ol style="list-style-type: none"> <li>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</li> <li>2. Policies so adopted shall be listed and appended to this document [by the Secretary]</li> </ol>
	THE BOARD	<p><b>Audit</b></p> <ol style="list-style-type: none"> <li>1. Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on the appointment. Approval of external auditors' arrangements for the separate audit of funds held on trust, and the submission of reports to the Audit and Assurance Committee meetings who will take appropriate action.</li> <li>2. Receive of the annual management letter received from the</li> <li>3. external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit and Assurance Committee.</li> <li>4. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit and Assurance Committee.</li> </ol>
	THE BOARD	<p><b>Annual Reports and Accounts</b></p> <ol style="list-style-type: none"> <li>1. Receipt and approval of the Trust's Annual Report and Annual Accounts.</li> <li>2. Receipt and approval of the Annual Report and Accounts for funds held on trust.</li> </ol>
	THE BOARD	<p><b>Monitoring</b></p> <ol style="list-style-type: none"> <li>1. Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated.</li> <li>2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and the Charity Commission shall be reported, at least in summary, to the Board.</li> <li>3. Receive reports from Chief Finance Officer on financial performance against budget and Local Delivery Plan.</li> <li>4. Receive reports from CE on actual and forecast income from SLA.</li> </ol>

## Section D: Scheme of Reservation and Delegation

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

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SO 4.8 SFI 11.1.1	AUDIT AND ASSURANCE COMMITTEE	<p><b>The Committee will:</b></p> <ol style="list-style-type: none"> <li>1. Advise the Board on internal and external audit services;</li> <li>2. The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;</li> <li>3. Monitor compliance with Standing Orders and Standing Financial Instructions;</li> <li>4. Review schedules of losses and compensations and making recommendations to the Board.</li> <li>5. Review the annual financial statements prior to submission to the Board.</li> <li>6. Review the adequacy and assurances behind risk and control declarations, including the Board Assurance Framework (BAF)</li> <li>7. investigate any activity within its terms of reference and seek any information it requires from any employee.</li> <li>8. Obtain outside legal or other independent professional advice and to secure the attendance of persons external to the Trust with relevant experience and expertise if it considers this necessary.</li> </ol>
SO 4.8 SFI 18.6.1	REMUNERATION COMMITTEE	<p><b>The Committee will:</b></p> <ol style="list-style-type: none"> <li>1. Investigate any activity within its terms of reference.</li> <li>2. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other senior employees including:               <ol style="list-style-type: none"> <li>i All aspects of salary (including any performance-related elements/bonuses);</li> <li>ii Provisions for other benefits, including pensions and cars;</li> <li>iii Arrangements for termination of employment and other contractual terms;</li> <li>iv Make recommendations to the Board on the remuneration and terms of service of executive directors and senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff;</li> <li>v Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advise on and oversee appropriate contractual arrangements for such staff;</li> </ol> </li> <li>3. The Committee shall report in writing to the Board the basis for its recommendations.</li> </ol>
SO 4.8	SAFETY AND QUALITY COMMITTEE	<p><b>The Committee will:</b></p> <ol style="list-style-type: none"> <li>1. oversee the ongoing development and delivery of the Trust's Safety and Quality Strategy;</li> <li>2. ensure the Trust has appropriate arrangements in place to deliver the highest standards of quality governance, including clear roles and accountabilities;</li> <li>3. advise of potential and actual risks to safety and quality (as described in more detail in the committee's terms of reference);</li> <li>4. promote a safety and quality focused culture throughout the Trust;;</li> <li>5. ensure the provision of appropriate safety and quality information;</li> <li>6. advise on all aspects of safety and quality and providing assurance that Trust policies reflect latest guidance and legislation;</li> <li>7. ensure that there are clearly defined, well understood processes for escalating safety and quality issues and managing performance;</li> <li>8. require all investigations into Serious Untoward Incidents (SUIs) to be conducted in an effective and timely manner and that their recommendations are acted upon;</li> <li>9. review the safety and quality impact of efficiency and other transformation programmes ;</li> <li>10. ensure that all recommendations of relevant national groups (like NICE) are considered and, if appropriate, implemented and that the Trust acts upon all relevant national safety alerts;</li> <li>11. receive information on trends and themes from clinical negligence claims, incident reporting and complaints;</li> <li>12. review the Trust's compliance with the Care Quality Commission's registration standards;</li> <li>13. at the time of its application for NHS foundation trust status to Monitor, advising the Board whether it should sign the self-certification on quality governance and sign-off</li> </ol>

## Section D: Scheme of Reservation and Delegation

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		<p>the Quality Account;</p> <ol style="list-style-type: none"> <li>14. assuring that effective action plans are developed and implemented following reviews or investigations into safety and quality by healthcare regulators, inspectorates or accrediting bodies;</li> <li>15. receive assurance that the Trust is participating in all relevant clinical audits and demonstrating that recommendations are being implemented;</li> <li>16. review the Trust's compliance with the attainment requirements for Information Governance including the Information Governance toolkit and data protection compliance;</li> <li>17. review the Trust's participation in clinical research;</li> <li>18. receive assurance from the Chiefs of Divisions that the CQUIN quality and safety improvement initiatives relevant to their Divisions are being delivered as set out in the Trust's contract with its commissioners.</li> </ol>
SO 4.8	CHARITABLE FUNDS COMMITTEE	<p><b>The Committee will:</b></p> <ol style="list-style-type: none"> <li>1. Be autonomous and act independently of the Trust Board but shall report to it for information (please see constitution).</li> <li>2. Delegate authority to give permission: <ol style="list-style-type: none"> <li>i to spend above £2,000 to the Chief Finance Officer and the Chair of the Committee;</li> <li>ii to establish new funds to the Chief Finance Officer subject to published procedures;.</li> <li>iii to perform day to day management and administrative functions, including changes to Fund Managers to the Head of Financial Accounts subject to published procedures</li> </ol> </li> <li>3. Oversee the management, investment and disbursement of charitable funds within the regulations provided by the Charities Commission and to ensure compliance with the laws governing charitable funds and according to the committee's terms of reference.</li> <li>4. Act on behalf of the trust in satisfying the duties and responsibilities of trustees in managing the funds</li> <li>5. Review legacies received and ensure that the Trust complies with the terms of the legacy.</li> <li>6. establish an investment strategy and monitor the performance of investments.</li> <li>7. agree the annual return and the annual accounts in line with the requirements of the Charities Commission and the laws governing charitable funds</li> </ol>
SO 4.8	INVESTMENT AND WORKFORCE COMMITTEE	<p><b>The Committee will:</b></p> <ol style="list-style-type: none"> <li>1. Investigate any activity within its terms of reference and seek any information it requires from any employee of the Trust in order to perform its duties;</li> <li>2. appoint external professional advisors, and commission or purchase any relevant reports, surveys or information which it deems necessary to fulfil its duties, within budgetary limits described in the SOFIs.</li> <li>3. provide oversight of the Trust's business planning and recommend to the Board the sign off of the integrated business plan and annual operating plans.</li> <li>4. approve: <ol style="list-style-type: none"> <li>i All relevant supporting strategies and policies, with the exception of the Clinical Strategy (which is signed off by the Board) – see below for workforce</li> <li>ii The business planning timetable</li> </ol> </li> <li>5. provide oversight of the Board's financial policies, management and reporting and will approve: <ol style="list-style-type: none"> <li>i the financial policies of the Trust annually and make appropriate recommendations to the Board of Directors;</li> <li>ii the Trust's medium and long-term financial strategy, in relation to both revenue and capital, including overseeing the development of financial plans for the Trust's foundation trust application;</li> <li>iii the Trust's annual financial targets; and</li> <li>iv the preparation of the annual budget prior to its submission to the Board of Directors.</li> </ol> </li> <li>6. provide oversight of the Board's workforce strategy, plans, management and will approve: <ol style="list-style-type: none"> <li>i the workforce strategy and relevant supporting policies that are relevant to the Committee (the Management Board will sign off most supporting policies)</li> <li>ii the organisational development strategy</li> <li>iii as part of the Trust's annual financial budget, the preparation of its</li> </ol> </li> </ol>

## Section D: Scheme of Reservation and Delegation

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		<p style="text-align: center;">establishment prior to the budget's submission to the Board of Directors.</p> <ol style="list-style-type: none"> <li>7. approve and review the Trust's investment strategy and policy and maintain oversight of the Trust's investments, ensuring compliance with the policy. The Committee shall:               <ol style="list-style-type: none"> <li>i establish the overall methodology, processes and controls which govern investments;</li> <li>ii ensure that robust processes are followed; and</li> <li>iii evaluate, scrutinise and monitor investments;</li> <li>iv approve and review the Trust's treasury management and working capital policy annually or as required;</li> </ol> </li> <li>8. approve proposals for major business cases with a capital value of over £1m or which require a revenue budget virement of over £1m. The Committee shall monitor the work of the Capital Group, which reports to the Management Board, for lower value investments (for the avoidance of doubt, the Committee can authorise spend with the same limits as the Board);</li> <li>9. approve the initiation of projects greater than £1m on the information provided in the Project Initiation Document and Project Plan and other key project documents;</li> <li>10. monitor implementation of major projects (&gt;£2.0m).</li> </ol>

## Section D: Scheme of Reservation and Delegation

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

REF	DELEGATED TO	DUTIES DELEGATED
7	CHIEF EXECUTIVE (CE)	Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources.
9	CE AND CFO (CHIEF FINANCE OFFICER)	Ensure the accounts of the Trust are prepared under principles and in a format directed by the SofS. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.
10	CHIEF EXECUTIVE	Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control.
12 & 13	CHIEF EXECUTIVE	Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers: <ul style="list-style-type: none"> <li>• "have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> <li>• have the information, training and access to the expert advice they need to exercise their responsibilities effectively."</li> </ul>
12	CHAIRMAN	Implement requirements of corporate governance.
13	CHIEF EXECUTIVE	Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities.  Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).
15	CHIEF FINANCE OFFICER	Operational responsibility for effective and sound financial management and information.
15	CHIEF EXECUTIVE	Primary duty to see that Chief Finance Officer discharges this function.
16	CHIEF EXECUTIVE	Ensuring that expenditure by the Trust complies with Parliamentary requirements.
18	CE and Chief Finance Officer	Chief Executive, supported by Chief Finance Officer, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
19	CHIEF EXECUTIVE	If CE considers the Board or Chairman is doing something that might infringe probity or regularity, he should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit and Assurance Committee to inquire and if necessary the Trust Development Authority and Department of Health.
21	CHIEF EXECUTIVE	If the Board is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Trust Development Authority and the DH. In such cases, and in those described in paragraph 24, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.

## Section D: Scheme of Reservation and Delegation

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

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.3.1.7	BOARD	Approve procedure for declaration of hospitality and sponsorship.
1.3.1.8	BOARD	Ensure proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.
1.3.1.9 & 1.3.2.2	ALL BOARD MEMBERS	Subscribe to Code of Conduct.
1.3.2.4	BOARD	Board members share corporate responsibility for all decisions of the Board.
1.3.2.4	CHAIR AND NON EXECUTIVE / OFFICER MEMBERS	Chair and non-officer members are responsible for monitoring the executive management of the organisation and are responsible to the SofS for the discharge of those responsibilities.
1.3.2.4	BOARD	<p>The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State:</p> <ol style="list-style-type: none"> <li>1. To ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</li> <li>2. To ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;</li> <li>3. to appoint, appraise and remunerate senior executives;</li> <li>4. to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them;</li> <li>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</li> <li>6. to ensure effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.</li> </ol>
1.3.2.4	BOARD	<p>It is the Board's duty to:</p> <ol style="list-style-type: none"> <li>1. act within statutory financial and other constraints;</li> <li>2. be clear what decisions and information are appropriate to the Board and draw up Standing Orders, a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these,</li> <li>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</li> <li>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</li> <li>5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;</li> <li>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.</li> </ol>
1.3.2.5	CHAIRMAN	<p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> <li>1. provide leadership to the Board;</li> <li>2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;</li> <li>3. ensure that key and appropriate issues are discussed by the Board in a timely manner,</li> <li>4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</li> <li>5. lead Non-Executive Board members through a formally-appointed Remuneration Committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other Executive Board members;</li> <li>6. appoint Non-Executive Board members to an Audit and Assurance Committee of the main Board;</li> <li>7. advise the Secretary of State on the performance of Non-Executive Board members.</li> </ol>

## Section D: Scheme of Reservation and Delegation

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.3.2.5	CHIEF EXECUTIVE	<p>The Chief Executive is accountable to the Chairman and Non-Executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship.</p> <p>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.</p>
1.3.2.6	NON EXECUTIVE DIRECTORS	<p>Non-Executive Directors are appointed by Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.</p>
1.3.2.8	CHAIR AND DIRECTORS	<p>Declaration of conflict of interests.</p>
1.3.2.9	BOARD	<p>NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.</p>

## Section D: Scheme of Reservation and Delegation

### SCHEME OF DELEGATION

SO REF	DELEGATE D TO	AUTHORITIES/DUTIES DELEGATED
1.1	CHAIRMAN	Final authority in interpretation of Standing Orders (SOs).
2.4	BOARD	Appointment of Vice Chairman
3.1	CHAIRMAN	Call meetings.
3.9	CHAIRMAN	Chair all Board meetings and associated responsibilities.
3.10	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
3.12	CHAIRMAN	Having a second or casting vote
3.13	BOARD	Suspension of Standing Orders
3.13	AUDIT AND ASSURANCE COMMITTEE	Audit and Assurance Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
3.14	BOARD	Variation or amendment of Standing Orders
4.1	BOARD	Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)
5.2	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
5.4	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and approved by the Board, subject to any amendment agreed during the discussion.
5.6	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
7.1	THE BOARD	Declare relevant and material interests.
7.2	CHIEF EXECUTIVE	Maintain Register(s) of Interests.
7.4	ALL STAFF	Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff".
7.4	ALL	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
8.1/8.3	CHIEF EXECUTIVE	Keep seal in safe place and maintain a register of sealing.
8.4	CHIEF EXECUTIVE/ EXECUTIVE DIRECTOR	Approve and sign all documents which will be necessary in legal proceedings.

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



## Section D: Scheme of Reservation and Delegation

### SCHEME OF DELEGATION

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
10.1.3	CHIEF FINANCE OFFICER	Approval of all financial procedures.
10.1.4	CHIEF FINANCE OFFICER	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Performance and Finance as soon as possible.
10.2.4	CHIEF EXECUTIVE	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.4	CHIEF EXECUTIVE & CHIEF FINANCE OFFICER	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10.2.5	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
10.2.6	CHIEF FINANCE OFFICER	Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties.
10.2.7	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.
10.2.8	CHIEF EXECUTIVE	Ensure that any contractor or employees of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.
11.1.1	AUDIT AND ASSURANCE COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.2	CHAIR	Raise the matter at the Board meeting where Audit and Assurance Committee considers there is evidence of ultra vires transactions or improper acts.
11.1.3 & 11.2.1	CHIEF FINANCE OFFICER	Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit and Assurance Committee in the selection process when/if an internal audit service provider is changed.)
11.2.1	CHIEF FINANCE OFFICER	Decide at what stage to involve police and the LSMS in cases of misappropriation and other irregularities not involving fraud or corruption.
11.3	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
11.4	AUDIT AND ASSURANCE COMMITTEE	Ensure cost-effective External Audit.
11.5	CHIEF EXECUTIVE & CHIEF FINANCE OFFICER	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
11.6	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.

## Section D: Scheme of Reservation and Delegation

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
12.1	CHIEF FINANCE OFFICER	Preparation of annual accounts and reports.
13.1	CHIEF FINANCE OFFICER	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.  (Board approves arrangements.)
14.	CHIEF FINANCE OFFICER	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
14.2.3	ALL EMPLOYEES	Duty to inform Chief Finance Officer of money due from transactions which they initiate/deal with.
15.3.1	CHIEF EXECUTIVE	Must ensure the Trust enters into suitable Contract with service commissioners for the provision of NHS services
15.4.1	CHIEF EXECUTIVE & CHIEF FINANCE OFFICER	The CE, as the Accountable Officer, must ensure that regular reports are provided to the Board detailing actual and forecast income from the Contract. The Chief Finance Officer has responsibility for providing those reports
15.4.2	CHIEF FINANCE OFFICER	Devise and maintain systems of contractual control (for Commissioners contracts)
15.5.1	EMPLOYEES MAKING HEALTHCARE DECISIONS	Duty not to commit Trust resources for work/procedures that are not covered or restricted by Commissioners contracts
16.1.1	CHIEF EXECUTIVE	Compile and submit to the Board a Business Plan which takes into account financial targets and forecast limits of available resources. The Plan will contain: <ul style="list-style-type: none"> <li>• a statement of the significant assumptions on which the plan is based;</li> <li>• details of major changes in workload, delivery of services or resources required to achieve the plan.</li> </ul>
16.1.2 & 16.1.3	CHIEF FINANCE OFFICER	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
16.2	CHIEF FINANCE OFFICER	Specifying the criteria allowing an individual to be a budget holder and control of that permission;  Ensure adequate training is delivered on an on going basis to budget holders.
16.3.1	CHIEF EXECUTIVE	Delegate budget to budget holders.
16.3.2	CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.
16.3.5	CHIEF EXECUTIVE	Approval of annual revenue budget increase (above the budgets approved by the Board at the start of the year) below £1.0M.
16.3.5	THE BOARD	Approval of annual revenue budget increase (above the budgets approved by the Board at the start of the year) above £1.0M
16.4.1	CHIEF FINANCE OFFICER	Devise and maintain systems of budgetary control.
16.4.2	BUDGET HOLDERS	Ensure that <ol style="list-style-type: none"> <li>a) no overspending or reduction of income which cannot be met by virement within the budgetary total is incurred without the prior consent of the Chief Executive;</li> <li>b) action plans are provided to correct any overspending/under-collection of income in their budgets;</li> <li>c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;</li> <li>d) any income included within their budget is subject to a formal written contractual agreement;</li> </ol>

## Section D: Scheme of Reservation and Delegation

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		<p>e) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.</p> <p>f) Financial savings agreed in budgets at the start of the year are delivered and that any overspending elsewhere in the budget that reduces those savings is compensated by additional savings, virement or permission to overspend.</p>
16.4.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the LTFM.
16.6.1	CHIEF EXECUTIVE	Submit monitoring returns
17.	CHIEF EXECUTIVE	Tendering and contract procedure.
17.5.3	CHIEF EXECUTIVE	Waive formal tendering procedures.
17.5.3	CHIEF EXECUTIVE	Report waivers of tendering procedures to the Board.
17.5.5	CHIEF FINANCE OFFICER	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CE.
17.6.2	CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.3	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
17.6.4	CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER	Where one tender is received will assess for value for money and fair price.
17.6.6	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.6.8	CHIEF EXECUTIVE	Will appoint a manager to maintain a list of approved firms.
17.6.9	CHIEF EXECUTIVE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
17.7.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
17.7.4	CHIEF EXECUTIVE OR CHIEF FINANCE OFFICER	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.10	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
17.10	BOARD	All PFI proposals must be agreed by the Board.
17.11	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
17.12	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
17.15	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
17.15.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
18.1.1	BOARD	Establish a Remuneration & Terms of Service Committee
18.1.2	REMUNERATION COMMITTEE	<p>Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements;</p> <p>Monitor and evaluate the performance of individual senior employees;</p> <p>Advise on and oversee appropriate contractual arrangements for such staff, including proper</p>

## Section D: Scheme of Reservation and Delegation

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		calculation and scrutiny of termination payments.
18.1.3	REMUNERATION COMMITTEE	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
18.1.4	BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
18.2.2	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
18.3	CHIEF EXECUTIVE	Staff, including agency staff, appointments and re-grading.
18.4.1 and 18.4.2	CHIEF FINANCE OFFICER	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
18.4.3	NOMINATED MANAGERS*	Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.
18.4.4	CHIEF FINANCE OFFICER	Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and those suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
18.5	NOMINATED MANAGER*	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and deal with variations to, or termination of, contracts of employment.
19.1	CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
19.1.3	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
19.2.1	REQUISITIONER*	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.
19.2.2	CHIEF FINANCE OFFICER	Shall be responsible for the prompt payment of accounts and claims.
19.2.3	CHIEF FINANCE OFFICER	a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds; c) Be responsible for the prompt payment of all properly authorised accounts and claims; d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable; e) 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 subject to cash discounts or otherwise requiring early payment; f) Instructions to employees regarding the handling and payment of accounts within the Finance Department; g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received
19.3.4	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
19.3.4	CHIEF FINANCE OFFICER	Approve proposed prepayment arrangements.
19.3.4	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform Chief Finance Officer if problems are encountered).
19.5	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
19.5	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Chief Finance Officer.
19.5	CHIEF EXECUTIVE CHIEF FINANCE OFFICER	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
19.6	CHIEF FINANCE OFFICER	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
22.1.1	CHIEF FINANCE OFFICER	The Chief Finance Officer will advise the Board on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts.
22.1.2	BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and Chief Finance Officer.)
22.1.3	CHIEF FINANCE OFFICER	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
22.1.4	CHIEF EXECUTIVE OR CHIEF FINANCE OFFICER	Be on an authorising panel comprising one other member for short term borrowing approval.
22.2.2	CHIEF FINANCE OFFICER	Will advise the Board on investments and report, periodically, on performance of same.
22.2.3	CHIEF FINANCE OFFICER	Prepare detailed procedural instructions on the operation of investments held.
23	CHIEF FINANCE OFFICER	Ensure that Board members are aware of the Financial Framework and ensure compliance
24.1.1 & 2	CHIEF EXECUTIVE	Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) ensure that a business case is produced for each proposal.
24.1.2	CHIEF FINANCE OFFICER	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
24.1.3	CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments.
24.1.4	CHIEF FINANCE OFFICER	Assess the requirement for the operation of the construction industry taxation deduction scheme.
24.1.5	CHIEF FINANCE OFFICER	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
24.1.6	CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.  Issue a scheme of delegation for capital investment management.

## Section D: Scheme of Reservation and Delegation

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
24.1.7	CHIEF EXECUTIVE	Approval of capital projects and purchases up to a value of £0.5m, within the budget and programme approved by the Board
24.1.8	CHIEF FINANCE OFFICER	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
24.2.1	CHIEF FINANCE OFFICER	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
24.2.1	BOARD	Proposal to use PFI must be specifically agreed by the Board.
24.3.1	CHIEF EXECUTIVE	Maintenance of asset registers (on advice from Chief Finance Officer).
24.3.5	CHIEF FINANCE OFFICER	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
24.3.8	CHIEF FINANCE OFFICER	Calculate and pay capital charges in accordance with Department of Health requirements.
24.4.1	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
24.4.2	CHIEF FINANCE OFFICER	Approval of fixed asset control procedures.
24.4.4	BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of Trust assets including notifying discrepancies to Chief Finance Officer, and reporting losses in accordance with Trust procedure.
25.2	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to Chief Finance Officer responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded.
25.2	CHIEF FINANCE OFFICER	Responsible for systems of control over stores and receipt of goods.
25.2	DESIGNATED PHARMACEUTICAL OFFICER	Responsible for control of pharmaceutical stocks.
25.2	DESIGNATED ESTATES OFFICER	Responsible for control of stocks of fuel oil and coal.
25.2	NOMINATED OFFICERS*	Security arrangements and custody of keys.
25.2	CHIEF FINANCE OFFICER	Set out procedures and systems to regulate the stores.
25.2	CHIEF FINANCE OFFICER	Agree stocktaking arrangements.
25.2	CHIEF FINANCE OFFICER	Approve alternative arrangements where a complete system of stores control is not justified.
25.2	CHIEF FINANCE OFFICER	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
25.2	NOMINATED OFFICERS*	Operate system for slow moving and obsolete stock, and report to Chief Finance Officer evidence of significant overstocking.
25.3.1	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
26.1.1	CHIEF FINANCE OFFICER	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
26.2.1	CHIEF FINANCE OFFICER	Prepare procedures for recording and accounting for losses, special payments and informing police and/or the LSMS in cases of suspected arson or theft.
26.2.2	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		inform the CE and Chief Finance Officer.
26.2.2	CHIEF FINANCE OFFICER	Where a criminal offence is suspected, Chief Finance Officer must inform the LSMS and/or police if theft or arson is involved. In cases of fraud and corruption Chief Finance Officer must inform the relevant LCFS and NHS Protect Regional Team in line with SofS directions.
26.2.2	CHIEF FINANCE OFFICER	Notify NHS Protect and External Audit of all frauds.
26.2.3	CHIEF FINANCE OFFICER	Notify Board LSMS and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
26.2.4	BOARD	Approve write off of losses (within limits delegated by DH).
26.2.6	CHIEF FINANCE OFFICER	Consider whether any insurance claim can be made.
26.2.7	CHIEF FINANCE OFFICER	Maintain losses and special payments register.
27.1	CHIEF FINANCE OFFICER	Responsible for accuracy and security of computerised financial data.
27.1	CHIEF FINANCE OFFICER	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation assurance of adequacy must be obtained from them prior to implementation.
27.1.3	DIRECTOR RESPONSIBLE FOR INFORMATION	Shall publish and maintain a Freedom of Information Scheme.
27.2.1	RELEVANT OFFICERS	Send proposals for general computer systems to Chief Finance Officer
27.3	CHIEF FINANCE OFFICER	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.  Seek periodic assurances from the provider that adequate controls are in operation.
27.4	CHIEF FINANCE OFFICER	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.
27.5	CHIEF FINANCE OFFICER	Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) Chief Finance Officer and staff have access to such data; d) Such computer audit reviews are being carried out as are considered necessary.
28.2	CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
28.3	CHIEF FINANCE OFFICER	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.
28.6	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.
29.1	CHIEF FINANCE OFFICER	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
30	CHIEF FINANCE OFFICER	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff

## Section D: Scheme of Reservation and Delegation

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
32	CHIEF EXECUTIVE	Retention of document procedures in accordance with HSC 1999/053.
33.1	CHIEF EXECUTIVE	Risk management programme.
33.1	BOARD	Approve and monitor risk management programme.
33.2	BOARD	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
33.4	CHIEF FINANCE OFFICER	<p>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.</p> <p>Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Chief 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 that will not be reimbursed.</p>
33.4	CHIEF FINANCE OFFICER	Ensure documented procedures cover management of claims and payments below the deductible.

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



## Section D: Scheme of Reservation and Delegation

### **Audit and Assurance Committee: Terms of Reference**

#### **1. Introduction**

- 1.1 These terms of reference build on the work of the Cadbury Committee, Greenbury Reports and the reports by Smith, Higgs and Turnbull (reference "Combined Code – Principles of Good Governance and Code of Best Practice") and subsequent guidance and best practice in the private and public sector. They reflect the particular nature of audit committees in the NHS and the growing role of the committee in developing integrated governance arrangements and providing assurance that bodies are well managed across the whole range of their activities.

#### **2. Constitution**

- 2.1 The Board hereby resolves to establish a committee of the Board to be known as the Audit and Assurance Committee (The Committee).
- 2.2 The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these terms of reference.

#### **3. Membership**

- 3.1 The Committee shall be appointed by the Board from the non-executive directors of the Trust and shall consist of not less than three members.
- 3.2 A quorum shall be two members.
- 3.3 The Board will appoint one of the members *to be* Chair of the Committee.
- 3.4 The Chairman of the organisation shall not be a member of the Committee.

#### **4. Attendance**

- 4.1 The executive director of finance, the executive director with responsibility for governance and appropriate internal and external Audit representatives shall normally attend meetings. However, at least once a year the Committee should meet privately with the external and internal auditors.
- 4.2 The Committee shall request the attendance of the Executive Directors when discussing risk or requiring assurance in relation to their areas of responsibilities.
- 4.3 The Chief Executive should be invited to attend, a minimum of 2 meetings per year, to discuss with the Committee the process for assurance that supports the agreeing of accounts and the Statement on Internal Control.
- 4.4 The Trust Secretary, or whoever covers these duties, shall be secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chairman and committee members. The phrase "Trust Secretary" in these terms of reference applies to whoever carries out these duties.

#### **5. Frequency**

- 5.1 Meetings shall be held not less than four times a year and normally will take place every two months.
- 5.2 The External Auditor or Head of Internal Audit or Counter Fraud may request of the Chair a meeting is held if they consider that one is necessary.

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### 6. Authority

6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

6.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of persons external to the Trust with relevant experience and expertise if it considers this necessary.

### 7. Duties

The duties of the Committee can be categorised as follows:

#### 7.1 Governance, Risk Management and Internal Control

The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), which supports the achievement of the organisation's objectives. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Statement on Internal Control and declarations of compliance with the Care Quality Commission (CQC) regulations, together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- the policies for ensuring compliance with relevant Care Quality Commission regulatory frameworks, legal and code of conduct requirements
- the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions
- clinical governance, patient safety and clinical risk using clinical audit and other assurance routes.

7.2 In carrying out this work the Committee will primarily utilise the work of internal audit, external audit and other assurance functions (for example the Trust's clinical audit function) to ensure review is external, but will not be limited to these. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

7.3 In relation to the Board Assurance Framework the committee will use this to guide its work and will provide assurance that the controls and actions taken to address any gaps are robust and support the delivery of corporate objectives.

### 8. Internal Audit

8.1 The Committee shall ensure there is an effective internal audit function established by management, which provides appropriate independent assurance to the Audit and Assurance Committee, Chief Executive and Board and meets mandatory NHS Internal Audit Standards. This will be achieved by:

- consideration of the provision of the internal audit service and the cost of audit
- review and approval of the internal audit strategy, operational plan and the more detailed programme of work, ensuring this is consistent with the audit needs of the organisation as identified in its approved assurance framework

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- consideration of the major findings of internal audit work (and management's response), and ensure co-ordination between the internal and external auditors to optimise audit resources
- ensuring the internal audit function is adequately resourced
- annual review of the effectiveness of internal audit (through external audit and performance against its workplan and performance indicators).

### 9. External Audit

9.1 The Committee shall review the work and findings of the External Auditor appointed by the Audit Commission and consider the implications and management's responses to their work. This will be achieved by:

- consideration of the appointment and performance of the External Auditor, as far as the Audit Commission's rules permit
- discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the annual plan, and ensure coordination, as appropriate, with other external auditors in the local health economy
- discussion with the External Auditors of their evaluation of local audit risks and assessment of the Trust and its associated impact on the audit fee
- review all External Audit reports, including agreement of the annual audit letter before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses

### 10. Other Assurance Functions

10.1 The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation. These will include, but will not be limited to, any reviews by Department of Health Arms Length Bodies or Regulators/Inspectors (e.g. CQC, NHS Litigation Authority, etc.), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.), reports by the Trust's local counter fraud specialist.

10.2 In addition, the Committee will review the work and function of other committees, working groups and senior responsible officers within the organisation, whose work can provide relevant assurance to the Committee's own scope of work.

10.3 In reviewing work of around clinical risk management, the Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function and outcome measures from the Trusts clinical benchmarking systems.

### 11. Management

11.1 The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control. They may also request specific reports from individual functions within the organisation (e.g. clinical audit) as appropriate.

### 12. Financial Reporting

12.1 The Committee shall review the annual report and financial statements before submission to the Board, focusing particularly on:

- the wording in the Statement on Internal Control and other disclosures relevant to the terms of reference of the Committee
- changes in, and compliance with, accounting policies and practices
- unadjusted mis-statements in the financial statements

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- major judgmental areas
  - significant adjustments resulting from the audit
- 12.2 The Committee should also ensure (through management reporting, internal and external audit reporting) the systems for financial reporting to the Board, including those of budgetary control, are effective and that reporting provides complete and accurate information about the Trust's financial position.
- 13. Reporting**
- 13.1 The minutes of the Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.
- 13.2 The Committee will report to the Board annually on its work in support of the Statement on Internal Control, specifically commenting on the fitness for purpose of the assurance framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment of provider compliance with CQC regulations.
- 14. Other Matters**
- 14.1 The Trust Secretary, whose duties in this respect will include the following, shall support the Committee administratively:
- Agreement of agenda with Chairman and attendees and collation of papers
  - Organising the attendance of appropriate persons to meetings (other than those who would usually attend)
  - Taking the minutes and keeping a record of matters arising and issues/actions to be carried forward
  - Advising the Committee on pertinent matters
-

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### **Audit and Assurance Committee : Standing Agenda**

**1. General Business**

Apologies  
Declaration of interests  
Minutes of previous meeting  
Agreed actions tracker

**2. Audit items**

External Audit Report  
Internal Audit report  
Local Counter Fraud Specialist report

**3. Risk**

Summary of business of other Board Committees  
Minutes of Safety and Quality Committee  
Internal Controls Assurance Framework (quarterly)  
Process assurance on compliance with CQC registration  
Audit and assurance outstanding recommendations tracker  
Strategic risk management report  
Information Assurance Framework  
Chief Finance Officer's report on financial risks

**4. General**

Issues to report to the Board of Directors  
Any other business  
Date of next meeting

## Section D: Scheme of Reservation and Delegation

### Remuneration Committee: Terms of Reference

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#### 1. Constitution

The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration and Terms of Service Committee (The Committee).

#### 2. Membership

The Committee comprises:

- The Board Chair
- All Non-Executive Directors

The Chief Executive, or other Executive Directors, will be invited to attend the Committee in an advisory capacity but will withdraw when a matter concerning his/her remuneration package or other matter of individual confidentiality is being discussed or documented.

The Director of Human Resources will also attend the Committee as adviser.

The Director of Human Resources will be responsible for minuting the Meetings.

#### 3. Quorum

No business shall be transacted at a meeting unless the Chair of the Board or Deputy Chair and two Non-Executive Directors are present for the whole meeting.

#### 4. Frequency

The Committee will meet as required by the Chair of the Board and at least twice per year.

#### 5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. In particular it may:

- Seek advice from whatever source it deems to be appropriate.
- Authorise the Chief Executive and HR Director to implement remuneration packages approved by the Committee, providing the sums are within the delegated powers in the Standing Orders and Standing Financial Instructions.

#### 6. Duties

The main functions of the Committee are:

- To advise the Board about performance, development, succession planning and appropriate remuneration and terms of service for the Chief Executive and all Executive Directors, guided by NHS policy and best practice. Advice to the Board on remuneration includes all aspects of salary as well as arrangements for termination of employment and other contractual terms.
- To make such recommendations to the Board on the succession planning and on the remuneration, allowances and terms of service of the Chief Executive and, on the advice of the Chief Executive, the Executive Directors, to ensure that they are fairly motivated and rewarded for their individual contribution to the organisation – having proper regard to the organisation's circumstances and performance and to the provision of national arrangements.
- To monitor and evaluate the performance and development of the Chief Executive and, on the advice of the Chief Executive, the Executive Directors.
- To advise the Board and oversee appropriate contractual arrangements for the Chief Executive and Executive Directors including the proper calculation and scrutiny of termination payments taking account of such national guidance as appropriate.
- The Chief Executive is responsible for ensuring that the Director of Human Resources brings forward the necessary information in a timely manner to enable the Committee to discharge its functions and takes appropriate follow-up action.

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### **7. Reporting**

Formal minutes will be recorded of each meeting of the Committee and will be distributed to those present at meetings. All recipients will hold minutes securely and Auditors may access the official Minute Book held by the Secretary with the prior approval of the Chair of the Board.

The Committee will report in writing to the Board at least once annually the basis for its decisions and recommendations.

### **8. Review Date**

The Terms of Reference of the Committee will be reviewed in December 2011.

## Section D: Scheme of Reservation and Delegation

### Safety and Quality Committee: Terms of Reference

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#### 1. Background

- The Safety and Quality Committee (“the Committee”) is constituted as a standing committee of the Board of Directors. These terms of reference can only be amended by the Board of Directors.
- The purpose of the Committee is to assist the Board of Directors in monitoring the overall development and delivery of the Trust’s Safety and Quality Strategy.

#### 2. Authority

- The Board of Directors has delegated to the Committee the authority to deal with the matters set out in paragraph 6 below.
- The Committee is authorised by the Board of Directors to seek any information it requires from any employee of the Trust in order to perform its duties.

#### 3. Membership and Attendance

- The members of the Committee shall be:
  - (i) three non-executive directors appointed by the Board of Directors;
  - (ii) Chief Executive;
  - (iii) Chief Medical Officer;
  - (iv) Chief Nurse;
  - (v) Chief Operating Officer and
  - (vi) Chief Finance Officer or Deputy.
  - (vii) Deputy Chief Nurse
- Members of the Board of Directors not specified in paragraph 3.1 above shall have the right of attendance. The Secretary shall circulate minutes of meetings of the Safety and Quality Committee to all members of the Board of Directors.
- The Chairman of the Committee shall be a non-executive director appointed by the Board of Directors.
- The following individuals are required to attend part or all of the meetings as required by the Chairman of the Committee but shall have no voting rights:
  - (i) Chiefs of Service;
  - (ii) Clinical Lead for Patient Safety;
  - (iii) Lead Nurse for Patient Safety;
  - (iv) Director of Informatics, Estates and Facilities – *by invitation only when required*;
  - (v) Patient Representatives – 12 month terms for members of Surrey), Links (Sussex) and Patient Council & selected patients by invitation;
  - (vi) Director of Corporate Affairs
  - (vii) any other clinicians, nursing and midwifery staff and allied health professionals as appropriate to the business of the meeting concerned; and



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- (viii) Accountable Officer for Controlled Drugs
- (ix) GP
- (x) Head of Integrated Governance & Quality

### 4. Quorum

- The quorum necessary for the transaction of business shall be five members, which shall include two non-executive directors, the Chief Medical Officer or Chief Nurse and one representative from each Division;
- Chief of Division WACH and CSS, or named deputy
- Divisional Chief of Medicine and Surgery or named deputy.
- A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- In the absence of the Committee Chairman and/or an appointed Deputy, the remaining non-executive members present shall elect one of themselves to chair the meeting.
- Where a Committee meeting:
  - (i) is not quorate under paragraph 4.1 within one half hour from the time appointed for the meeting; or
  - (ii) becomes inquorate during the course of the meeting,
- the Committee members present may determine to adjourn the meeting to such time, place and date as may be determined by the members present.

### 5. Meetings

- The Committee shall meet monthly for two hours and at such other times as the Chairman of the Committee shall require.
- Head of Governance (or their nominee) shall act as the Secretary of the Committee of the Committee.
- Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chairman and the Chief Executive.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than ten days before the date of the meeting.
- Supporting papers shall be sent to Committee members and to other attendees, as appropriate five days ahead of the date of the meeting.

### 6. Duties

- The Committee shall support the Board of Directors by:
  1. overseeing the ongoing development and delivery of the Trust's Safety and Quality Strategy, including the agreed top three safety, quality and patient experience priorities for the Trust, by receiving a performance report relative to quality goals at each meeting. This report shall contain information such as staff and patient satisfaction indicators, mortality rates and training attendance;

## Section D: Scheme of Reservation and Delegation

2. ensuring that the Trust's overall strategy and strategic business plan is driven by its Safety and Quality strategy;
3. ensuring feedback from patients, users and other stakeholders is used to inform the Trust's Safety and Quality Strategy;
4. ensuring that the Trust has appropriate arrangements in place to deliver the highest standards of quality governance, including clear roles and accountabilities;
5. advising it of potential and actual risks to safety and quality through:
  - (i) taking assurance from the Chairmen of the Divisional and Specialty Safety Committees on the true state of safety and quality in their respective clinical areas;
  - (ii) considering reports from the Chiefs of Service which use an agreed safety and quality dataset that identifies areas of good and poor performance; and
  - (iii) Considering the significant risks on the register alongside the risk register performance dashboard and taking assurance from the Executive Directors and Chiefs of Service the risk profile is being actively reduced
6. promoting a safety and quality focused culture throughout the Trust;
7. ensuring the provision of appropriate safety and quality information;
8. advising on all aspects of safety and quality and providing assurance that Trust policies reflect latest guidance and legislation;
9. ensuring that there are clearly defined, well understood processes for escalating safety and quality issues and managing performance, including through whistle blowing procedures and patient feedback;
10. requiring all investigations into Serious Incidents (SIs) to be conducted in an effective and timely manner and that their recommendations are acted upon;
11. requiring a six-monthly report from the Trust's Transformation Programme Board (which reports to the Management Board) on the safety and quality impact of the efficiency and other programmes overseen by them and advise the Board of Directors accordingly;
12. receiving periodic and exception reports from the following committees of the Management Board and bringing to the attention of the Board of Directors any issues that it considers appropriate:
  - (i) Infection Prevention and Control and Antibiotics Stewardship Committee;
  - (ii) Safeguarding Children Committee;
  - (iii) Safeguarding Vulnerable Adults Committee;
  - (iv) Radiation Safety Committee (check requirements);
  - (v) Drugs and Therapeutics Committee;
  - (vi) Health and Safety Committee;
  - (vii) Management Board Quality and Risk; and
  - (viii) Information Governance Steering Group.

## Section D: Scheme of Reservation and Delegation

13. ensuring that all recommendations of the National Institute for Health and Clinical excellence (NICE), National Confidential Enquiry into Patient Outcome and Death (NCEPOD), National Service Frameworks and other national groups are considered and, if appropriate, implemented;
14. ensuring that the Trust considers and acts upon all national safety alerts;
15. receiving information on trends and themes from clinical negligence claims, incident reporting and complaints. Indicators around these metrics shall be included in the monthly Performance Report. The Committee shall also ensure that identified risks are considered and included in Corporate and Divisional risk registers;
16. reviewing the Trust's compliance with the Care Quality Commission's registration standards, the frequency of which shall be determined by the Committee. It shall do so through considering reports from the Medical Director on any lapses or problems in compliance with registration standards and ensuring that these are rectified;
17. at the time of its application for NHS foundation trust status to Monitor, advising the Board of Directors on whether it should sign the self-certification on quality governance, supported by a board memorandum and direct evidence;
18. assuring that effective action plans are developed and implemented following reviews or investigations into safety and quality by healthcare regulators, inspectorates or accrediting bodies
19. receiving assurance and reports including key performance indicators from the Chiefs of Service that ensure SASH is participating in all relevant national and local clinical audits that demonstrate recommendations are being implemented within the Trust and improvements result
20. reviewing the Trust's compliance with the attainment requirements for Information Governance including the Information Governance toolkit and data protection compliance
21. reviewing the Trust's participation in clinical research
22. receiving assurance from the Chiefs of Divisions that the CQUIN quality and safety improvement initiatives relevant to their Divisions are being delivered as set out in the Trust's contract with its commissioners. It shall do so by considering reports from the Chiefs of Divisions about any lapses in compliance and ensuring these are rectified.
23. reviewing metrics for data quality including the clinical coding error rate as part of the monthly safety and quality dashboard to gain assurance that quality and safety metrics based on data quality are reliable and support identification of the risks to quality and safety.

### **7. Reporting arrangements**

- The Committee Chairman shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board of Directors and/or Management Board that it deems appropriate on any area within its remit where action or improvement is needed. In particular, the Committee shall refer any substantive issues or concerns on delivery of the Safety and Quality Strategy to the Management Board for executive action or to the Board of Directors for wider consideration in light of its overall responsibility for ensuring the safety and quality of services provided by the Trust.

## Section D: Scheme of Reservation and Delegation

- The Committee shall prepare an annual report on the implementation of the Trust's Safety and Quality Strategy and on related priorities (a quality account) which shall either form part of the Trust's annual accounts and report or be published separately.

### **8. Review**

- The Committee shall, at least once a year, review its own performance, membership and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.
-

## Section D: Scheme of Reservation and Delegation

### **Charitable Funds Committee: Terms of Reference**

#### **1. Background**

The Charitable Funds Committee is established under the direction of the Trust Board (as stated in Standing Order 4.8 (3)).

The Surrey and Sussex Healthcare NHS Trust is the Corporate Trustee of the Charity governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Acts 1993 and 2006.

The NHS Trust Board has devolved responsibility for the on-going management of funds to the Charitable Funds Committee, which administers the funds on behalf of the Corporate Trustee. As such the Committee acts independently of the Board.

Members of the Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee.

Charity Registration number: 1054072

#### **2. Relationships**

Board upwards for information only. No sub committees.

#### **3. Membership**

The Committee shall be chaired by a Non-Executive Director and the membership shall include two Executive Directors, one of which shall be the Chief Finance Officer.

Agreed membership is as follows:

Trust Deputy Chair (Chair) – (if for any reason the Chair is unable to attend they will nominate another member to chair the meeting)

2 x Non Executive Directors

Chief Finance Officer (CFO)

Director of Corporate Affairs

Chief Nurse (links to patient experience)

Head of Financial Accounts

#### **4. Attendance**

A quorum shall be no fewer than 4 members present – 2 Executives (Chief Finance Officer / Deputy and Chief Nurse / Deputy) plus 2 Non Executive Directors.

#### **5. Administration**

An agenda shall be available prior to each meeting and allow for additional items under General Business to be added to at the commencement of each meeting

Minutes will be taken by the CFO EA.

Responsibility for the running of the meetings and their organisation sits with the Head of Financial Accounts, with resource provided from the CFO EA.

#### **6. Frequency**

The Charitable Funds Committee shall meet at least three times a year.

1 hour meetings, dates and times advertised in advance.

Notification of changes will be made available to all members in advance by the Chair.

#### **7. Authority**

## Section D: Scheme of Reservation and Delegation

The Group is autonomous and acts independently of the Trust Board but shall report to the Board for information (please see constitution).

The Committee delegates authority as follows:

- For authorising spend above £2,000: the Chief Finance Officer and the Chair of the Committee
- For establishing new funds: The Chief Finance Officer should authorise new funds subject to published procedures.
- For day to day management and administrative functions, including changes to Fund Managers: The Head of Financial Accounts subject to published procedures.

### 8. Core Duties

#### 1. Safe Custody

- ⤴ To authorise expenditure where an individual item has a value of more than £2,000 in line with the Trust's Scheme of Delegation.  
  
Note on delegated authority: Amounts below £2,000 can be approved by Fund Managers, above £2,000 they must be authorised by the Chief Finance Officer and the Chair of the Committee and reported to the Committee.
- ⤴ To review the income and expenditure transactions for all funds.
- ⤴ To ensure that policies and procedures are in place to meet the requirements of the Charities Commission and the laws governing charitable funds.

#### 2. Compliance

- ⤴ To act on behalf of the Trust (as Trustee) in satisfying the duties and responsibilities of trustees in managing the funds.  
  
Note on delegated authority: for day to day management and administrative functions, including changes to Fund Managers: The Head of Financial Accounts is the authorised decision maker, subject to published procedures.
- ⤴ To authorise/agree the establishment of new funds and new charities  
  
Note on delegated authority: The Chief Finance Officer should authorise new funds subject to published procedures.
- ⤴ To review legacies received and ensure that the Trust complies with the terms of the legacy
- ⤴ To encourage the appropriate use of Charitable Funds and to ensure Fund Managers to carefully consider the use of these funds based on the Donor's intentions/wishes.

#### 3. Investments & fund raising

- ⤴ To oversee the investment strategy of the Charitable Funds as required by the Trustee Investment Act 1961 and the NHS Acts
- ⤴ Consider future charitable campaigns including the nature of events and objectives

#### 4. Accounts and similar requirements

- ⤴ The Chair of the Committee and Chief Finance Officer will sign off the annual return and the annual accounts in line with the requirements of the Charities Commission and the laws governing charitable funds. The Committee will adopt the accounts and annual report.

## Section D: Scheme of Reservation and Delegation

- ⤴ The Annual Report will be the formal report to the Trustee (the Trust) describing the status of the charity.

### **5. Income generation**

- ⤴ To consider generation of funds to increase income.

### **6. Other functions**

- ⤴ To consider matters requested by the Trust Board.

## Section D: Scheme of Reservation and Delegation

### **Investment and Workforce Committee: Terms of Reference**

#### **1: Background**

The Investment and Workforce Committee (“the Committee”) is a standing Committee of the Board of Directors. These terms of reference can only be amended by the Board of Directors.

The purpose of the Committee is to assist the Board of Directors in exercising its business planning, financial and workforce and investment governance procedures in three key areas:

- i) Business planning, including strategic financial and workforce planning;
- ii) approving investment decisions, as defined in these terms of reference, including capital projects, treasury and working capital management, and;
- iii) monitoring delivery of significant projects and investments, and any potential business combinations..

#### **2: Authority**

The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. The Committee is authorised by the Board of Directors to seek any information it requires from any employee of the Trust in order to perform its duties.

In connection with its duties, the Committee is authorised by the Board of Directors, at the Trust’s expense, within any budgetary restraints imposed by the Board of Directors, to appoint external professional advisors, and to commission or purchase any relevant reports, surveys or information which it deems necessary to fulfil its duties.

#### **3: Membership and Attendance**

The members of the Committee shall be appointed by the Board of Directors.

The members of the Committee shall be:

- (i) three non-executive directors, one of whom shall be appointed as Chairman of the Committee; another of whom shall be a member of the Audit and Assurance Committee;
- (ii) Chief Executive; and
- (iii) Chief Finance Officer
- (iv) Director of Corporate Affairs
- (v) Director of Human Resources
- (vi) Medical Director

The following shall be invited to attend meetings as and when appropriate but shall have no voting rights:



## Section D: Scheme of Reservation and Delegation

- (i) Director of Information and Estates
- (ii) Chief Nurse;
- (iii) all other corporate members of the Management Board; and
- (iv) all other non-executives and executive members of the Board of Directors.

The Committee may invite other Trust staff to attend its meetings as appropriate.

### **4: Quorum**

Where a Committee meeting: The quorum necessary for the transaction of business shall be three, which shall include one non-executive director.

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

In the absence of the Committee Chairman and/or an appointed Deputy, the remaining non-executive members present shall elect one of themselves to chair the meeting.

- (i) is not quorate under paragraph 4.1 within one half hour from the time appointed for the meeting; or
- (ii) becomes inquorate during the course of the meeting, the Committee members present may determine to adjourn the meeting to such time, place and date as may be determined by the members present.

### **5: Meetings**

The Committee shall meet bi-monthly and at such other times as the Chairman of the Committee shall require.

The Chief Finance Officer or their nominee shall act as the Secretary of the Committee.

Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman and/or Chief Executive.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than five days before the date of the meeting.

Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

Minutes of the Committee shall be circulated to Committee members and attendees, and the Board of Directors.

### **6: Duties**

#### **Business planning**

The Committee shall provide oversight of the Trust's business planning and will recommend to the Board of Directors the sign off of the integrated business plan and annual operating plans. The Committee will also take

## Section D: Scheme of Reservation and Delegation

stock of market and environmental analysis reports and make itself aware of developments in the local health economy and through transformation programmes and QIPP schemes.

In doing so, the Committee shall approve:

- i) All relevant supporting strategies and policies, with the exception of the Clinical Strategy (which is signed off by the Board) – see below for workforce
- ii) The business planning timetable

### **Financial policy, management and reporting**

The Committee shall provide oversight of the Board of Directors' financial policies, management and reporting with consideration to the overall financial performance of the Trust by ensuring the development and implementation of high levels of financial control are embedded into operational management of the Trust and financial plans are disseminated and understood across the Trust. In doing so, the Committee shall approve:

- (i) the financial policies of the Trust annually and make appropriate recommendations to the Board of Directors;
- (ii) the Trust's medium and long-term financial strategy, in relation to both revenue and capital, including overseeing the development of financial plans for the Trust's foundation trust application;
- (iii) the Trust's annual financial targets; and
- (iv) the preparation of the annual budget prior to its submission to the Board of Directors.

### **Workforce strategy**

The Committee shall provide oversight of the Board of Directors' workforce strategy to deliver Trust objectives and direction, workforce plans, management and reporting with consideration to the overall flexibility of resources, total staff costs and staff development. In doing so, the Committee shall approve:

- (i) the workforce strategy and relevant supporting policies that are relevant to the Committee (the Management Board will sign off most supporting policies)
- (ii) the organisational development strategy
- (iii) as part of the Trust's annual financial budget, the preparation of its establishment prior to the budget's submission to the Board of Directors.

## Section D: Scheme of Reservation and Delegation

### **Investment policy, management and reporting**

The Committee shall:

1. approve and review, on behalf of the Board of Directors, the Trust's investment strategy and policy and maintain oversight of the Trust's investments, ensuring compliance with the policy. The Committee shall:
  - (i) establish the overall methodology, processes and controls which govern investments;
  - (ii) ensure that robust processes are followed; and
  - (iii) evaluate, scrutinise and monitor investments;
2. approve and review the Trust's treasury management and working capital policy annually or as required;
3. approve proposals for major business cases with a capital value of over £1m or which require a revenue budget virement of over £1m. The Committee shall monitor the work of the Capital Group, which reports to the Management Board, for lower value investments;
4. monitor implementation of major projects (>£2.0m).

### **7: Other duties**

The Committee shall:

1. make any arrangements necessary to ensure that all members of the Board of Directors maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust;
2. examine any other matter referred to the Committee by the Board of Directors.

### **8: External advice**

The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external professional advisors who advise the Committee in the course of its work. Where external professional advisors are appointed, a statement shall be made available of whether they have any other connection with the Trust.

### **Reporting arrangements**

The Committee Chairman shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board of Directors and/or Management Board that it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall produce an annual report of the Trust's financial, investment, project, procurement, and estates policies and practices which shall form part of the Trust's annual report.

## Section D: Scheme of Reservation and Delegation

### **Review**

The Committee shall, at least once a year, review its own performance, membership and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.

## Section D: Scheme of Reservation and Delegation

### Schedule 1:

#### **Authority to commit or spend Trust money - delegated limits**

##### **Responsibilities set out in Standing Financial Instructions**

The Trust's Standing Financial Instructions are very clear about staff requiring formal authority to commit or spend Trust money. Doing so without authority lays individuals open to disciplinary action (including dismissal) and even personal liability.

Staff who commit or spend Trust money must read the Standing Financial Instructions - specific areas to be aware of (this is not an exhaustive list) are as follows:

- Section 15.5 covers **staff making decisions about healthcare procedures**, and states that staff should not commit resources to do work not covered, or restricted by, Commissioners Contracts.
- Section 16 covers **budget holders** and states that Trust resources should be spent according to what the budget has been allocated for;
- Section 18 covers **pay** expenditure (revenue);
- Section 19 covers **non pay** expenditure (revenue)
- Section 24 covers **capital**.

It is each individual's responsibility to make themselves aware of their responsibilities as stated in the Standing Financial Instructions.

##### **Formal authorisation**

This schedule provides the limits to be applied. Not every person at each level will have delegated authority - specific authority is provided by an individual signing, and an (authorised) senior signing to confirm, an authorised signatory pro-forma.

If you do not have a signed authorised signatory form saying so you do not have delegated authority to commit or spend Trust money.

##### **Automated Trust financial and purchasing processes**

The Trust uses NHS Shared Business Services (SBS) to provide its financial accounting and purchasing systems. The system is highly automated, web based and electronic. Staff must ensure they are (a) trained to use it, (b) use it properly and (c) do not let the system emails generated build up, they must be dealt with promptly.

Within the system authority levels for posts are set such that

- Post holders who requisition goods and services are unable to approve those purchases, the requisition moves electronically to the next line manager level for approval.
- If that requisition is above the next levels approval limit it moves electronically to the next level.

## Section D: Scheme of Reservation and Delegation

- This is repeated until the requisition is approved or it gets to the Chief Executive.
- The purpose of the detailed bandings is to facilitate a smooth progression upwards and avoid significant 'limit' bottlenecks.
- The process operates similarly for approval of non-purchase order expenditure where invoicing is sent electronically through the same approvals hierarchy.

## Section D: Scheme of Reservation and Delegation

### Delegated limits

#### Capital expenditure

All capital expenditure project/procurement above £5,000 requires sign off by the Executive Team meeting, TDG or the Capital Group – all representing the Chief Executive and the Board) or directly by the Board (if not part of the Board approved budget) prior to any requisition.

The delegated limits for *approval* of projects/items are:

- Amounts over £1m – Investment and Workforce Committee and the Trust board.
- Amounts upto £1m – Management Board, Exec Team and TDG
- Amounts up to £0.25m – the Capital Investment Group

If a scheme's cost exceeds its budget formal approval of that overrun must be obtained from the Capital Group or other named committee according to the delegated authority of that committee.

In terms of *authorising payments* in respect of approved schemes/items the delegated limits are below.

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	Chief Executive	Any amount	Any amount	Any amount
2	Chief Finance Officer	over 250	over 250	over 250
3	Director of Estates & Information	250	250	250
4	Other Directors, Head of Capital or Deputy Chief Finance Officer	100	100	100
5	2 <sup>nd</sup> line reports to Directors, e.g.: Divisional ADO's, Assistant Directors ( <u>not</u> Clinical Directors)	5	5	5

Where the CFO is absent then the Deputy CFO will be delegated their approval limits.

#### Revenue expenditure

The delegated limits for *approval* of annual recurrent or non recurrent revenue expenditure are:

- Amounts over £1.0m – the Board
- Amounts below £1.0m – the Executive Team meeting or one of its delegated committees (Transformational Delivery Group or Management Board)

In terms of *authorising payments* in respect of approved expenditure the delegated limits are below.

## Section D: Scheme of Reservation and Delegation

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	Chief Executive	Any	Any	Any
2	Chief Finance Officer	amount over 250	amount over 250	amount over 250
3	Other Directors and nominated senior finance staff	250	250	250
4	2 <sup>nd</sup> line reports to Directors, e.g.: ADO's, Chief Nurse, Associate Directors ( <u>not</u> Clinical Directors)	50	50	50
5	3 <sup>rd</sup> line reports to Directors: e.g.: senior managers, Heads of Department Includes Head of Procurement	10	10	10
6	Other budget holders	2.5	2.5	2.5

**Where the CFO is absent then the Deputy CFO will be delegated their approval limits.**

### **Contracts**

Standing Orders (at para 8.4) describe that the Chief Executive and Executive Directors (and the Deputy Chief Finance Officer in the absence of the CFO) can sign legally binding documents and Section 5 and the scheme of delegation provides for the delegation of functions and authority allowing other members of staff to do so, within the criteria provided by approval of the expenditure.



Section E

# Codes of Accountability and Conduct & for NHS Boards

(as published by the Department of Health and the Appointments Commission)  
**Appendix 1 – The Nolan Principles**

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Corporate Governance Manual 2013/14 onwards

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Compliance	Employee Relations

The manual is also available on the Trust internet site  
[www.surreyandsussex.nhs.uk](http://www.surreyandsussex.nhs.uk)

## Section E: Codes of Accountability & Conduct for Boards

### CODE OF CONDUCT FOR NHS BOARDS

Public service values must be at the heart of the National Health Service. High standards of corporate and personal conduct based on a recognition that patients come first, have been a requirement throughout the NHS since its inception. Moreover, since the NHS is publicly funded, it must be accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money.

There are three crucial public service values which must underpin the work of the health service.

- **Accountability** – everything done by those who work in the NHS must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
- **Probity** – there should be an absolute standard of honesty in dealing with the assets of the NHS: integrity should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
- **Openness** – there should be sufficient transparency about NHS activities to promote confidence between the NHS organisation and its staff, patients and the public.

#### General Principles

Public service values matter in the NHS and those who work in it have a duty to conduct NHS business with probity. They have a responsibility to respond to staff, patients and suppliers impartially, to achieve value for money from the public funds with which they are entrusted and to demonstrate high ethical standards of personal conduct.

The success of this Code depends on a vigorous and visible example from boards and the consequential influence on the behaviour of all those who work within the organisation. Boards have a clear responsibility for corporate standards of conduct and acceptance of the Code should inform and govern the decisions and conduct of all board directors.

#### Openness and Public Responsibilities

Health needs and patterns of provision of health care do not stand still. There should be a willingness to be open with the public, patients and with staff as the need for change emerges. It is a requirement that major changes are consulted upon before decisions are reached. Information supporting those decisions should be made available, in a way that is understandable, and positive responses should be given to reasonable requests for information and in accordance with the Freedom of Information Act 2000.

NHS business should be conducted in a way that is socially responsible. As a large employer in the local community, NHS organisations should forge an open and positive relationship with the local community and should work with staff and partners to set out a vision for the organisation in line with the expectations of patients and the public. NHS organisations should demonstrate to the public that they are concerned with the wider health of the population including the impact of the organisation's activities on the environment.

The confidentiality of personal and individual patient information must, of course, be respected at all times.

#### Public Service Values in Management

It is unacceptable for the board of any NHS organisation, or any individual within the organisation for which the board is responsible, to ignore public service values in achieving results. Chairs and board directors have a duty to ensure that public funds are properly safeguarded and that at all times the board conducts its business as efficiently and effectively as possible. Proper stewardship of public monies requires value for money to be high on the agenda of all NHS boards.

Accounting, tendering and employment practices within the NHS must reflect the highest professional standards. Public statements and reports issued by the board should be clear, comprehensive and balanced, and should fully represent the facts. Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues.

## Section E: Codes of Accountability & Conduct for Boards

### Public Business and Private Gain

Chairs and board directors should act impartially and should not be influenced by social or business relationships. No one should use their public position to further their private interests. Where there is a potential for private interests to be material and relevant to NHS business, the relevant interests should be declared and recorded in the board minutes, and entered into a register which is available to the public. When a conflict of interest is established, the board director should withdraw and play no part in the relevant discussion or decision.

### Hospitality and Other Expenditure

Board directors should set an example to their organisation in the use of public funds and the need for good value in incurring public expenditure. The use of NHS monies for hospitality and entertainment, including hospitality at conferences or seminars, should be carefully considered. All expenditure on these items should be capable of justification as reasonable in the light of the general practice in the public sector. NHS boards should be aware that expenditure on hospitality or entertainment is the responsibility of management and is open to be challenged by the internal and external auditors and that ill-considered action can damage respect for the NHS in the eyes of the community.

### Relations with Suppliers

NHS boards should have an explicit procedure for the declaration of hospitality and sponsorship offered by, for example, suppliers. Their authorisation should be carefully considered and the decision should be recorded. NHS boards should be aware of the risks in incurring obligations to suppliers at any stage of a contracting relationship. Suppliers should be selected on the basis of quality, suitability, reliability and value for money. The Department of Health has issued guidance to NHS organisations about standards of business conduct (ref: HSG(93)5).

### Staff

NHS boards should ensure that staff have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, malpractice, breaches of this code and other concerns of an ethical nature. The board must establish a climate:

- that enables staff who have concerns to raise these reasonably and responsibly with the right parties;
- that gives a clear commitment that staff concerns will be taken seriously and investigated; and
- where there is an unequivocal guarantee that staff who raise concerns responsibly and reasonably will be protected against victimisation.

(Ref: Whistleblowing in the NHS, letter dated 25 July 2003 from the Director of HR in the NHS)

### Compliance

Board directors should satisfy themselves that the actions of the board and its directors in conducting board business fully reflect the values in this Code and, as far as is reasonably practicable, that concerns expressed by staff or others are fully investigated and acted upon. All board directors of NHS organisations are required, on appointment, to subscribe to the Code of Conduct.

## Section E: Codes of Accountability & Conduct for Boards

### CODE OF ACCOUNTABILITY FOR NHS BOARDS

This Code of Practice is the basis on which NHS organisations should seek to fulfil the duties and responsibilities conferred upon them by the Secretary of State for Health.

#### Status

NHS organisations, such as NHS trusts, Clinical Commissioning Groups, National Commissioning Board, Trust Development Authority and special health authorities, are established under statute as corporate bodies so ensuring that they have separate legal personality. Statutes and regulations prescribe the structure, functions and responsibilities of the boards of these bodies and prescribe the way chairs and directors of boards are to be appointed.

#### Code of Conduct

All board directors of NHS organisations are required, on appointment, to subscribe to the Code of Conduct. Breaches of this Code of Conduct by the chair or a non-executive director of the board should be drawn to the attention of the appropriate Regional Commissioner of the NHS Appointments Commission.

NHS managers are required to take all reasonable steps to comply with the requirements set out in the Code of Conduct for NHS Managers. Chairs and non-executive directors of NHS boards are responsible for taking firm, prompt and fair disciplinary action against any executive director in breach of the Code of Conduct for NHS Managers.

#### Statutory Accountability

The Secretary of State for Health has statutory responsibility for the health of the population of England and uses statutory powers to delegate functions to NHS organisations who are thus accountable to the Secretary of State and to Parliament. The Department of Health is responsible for directing the NHS, ensuring national policies are implemented and for the effective stewardship of NHS resources.

NHS trusts provide services to patients (these may be acute services, ambulance services, mental health or other special services, e.g. for children). Other main functions are to:

- ensure services are of high quality and accessible;
- lead the development of new ways of working to fully engage patients and ensure a patient-centred service;

Clinical Commissioning Groups are expected to identify the health needs of the population, to work to improve the health of the community and to secure the provision of a full range of services. Other main functions are to:

- maintain an effective public health function;
- lead local planning;
- manage and develop primary healthcare services;
- develop and improve local services;
- lead the integration of health and social care; and
- deliver services within their remit.

Trust Development Authorities provide strategic leadership to ensure the maintenance of provision and the delivery of improvements in local health and health services by primary care trusts and NHS trusts, within the national framework of developing a patient-centred NHS and supported by effective controls and clinical governance systems. Other main functions for which the Trust Development Authority is responsible are to:

- lead the development and empowerment of uniformly excellent frontline NHS organisations committed to innovation and improvement;
- consider the overall needs of the health economy across primary, community, secondary and tertiary care, and working with primary care trusts and NHS trusts to deliver a programme to meet these needs;
- performance manage and ensure accountability of local primary care trusts and NHS trusts;

## Section E: Codes of Accountability & Conduct for Boards

- lead on the creation and development of clinical and public health networks;
- create capacity through the preparation and delivery of strategies for capital investment, information management and workforce development;
- ensure effective networks and joint working exists between NHS organisations for the provision of health and social care; and
- ensure the development and training of an adequate workforce of competent clinical personnel.

NHS trust, Commissioners and Trust Development Authority finances are subject to external audit by Grant Thornton and, for the value for money element, by the Care Quality Commission.

NHS boards must co-operate fully with the Department of Health, Grant Thornton and the Care Quality Commission when required to account for the use they have made of public funds, the delivery of patient care and other services, and compliance with statutes, directions, guidance and policies of the Secretary of State. The Chief Executive/ Permanent Secretary of the Department of Health, as Accounting Officer for the NHS, is accountable to Parliament. The work of the Department of Health and its associated bodies is examined by the House of Commons Health Committee. Its remit is to examine the expenditure, administration and policy of the Department of Health. Two other Parliamentary Committees, the Public Accounts Committee and the Public Administration Select Committee, scrutinise the work of the Department of Health and the health service.

### The Board of Directors

NHS boards comprise executive directors together with non-executive directors and a chair who are appointed by the Trust development Authority on behalf of the Secretary of State. Together they share corporate responsibility for all decisions of the board. There is a clear division of responsibility between the chair and the chief executive; the chair's role and board functions are set out below; the chief executive is directly accountable to the board for meeting their objectives, and as Accountable Officer, to the Chief Executive of the NHS for the performance of the organisation. Boards are required to meet regularly and to retain full and effective control over the organisation; the chair and non-executive directors are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of these responsibilities. NHS Trust Development Authorities generally provide the line of accountability from local NHS organisations to the Secretary of State for the performance of the organisation the TDA will always be available to chairs and non-executive directors on matters of concern to them relating to the personal effectiveness of individual chairs and non-executives.

The duty of an NHS board is to add value to the organisation, enabling it to deliver healthcare and health improvement within the law and without causing harm. It does this by providing a framework of good governance within which the organisation can thrive and grow. Good governance is not restrictive but an enabling ingredient to underpin change and modernisation.

The role of an NHS board is to:

- be collectively responsible for adding value to the organisation, for promoting the success of the organisation by directing and supervising the organisation's affairs
- provide active leadership of the organisation within a framework of prudent and effective controls which enable risk to be assessed and managed
- set the organisation's strategic aims, ensure that the necessary financial and human resources are in place for the organisation to meet its objectives, and review management performance
- set the organisation's values and standards and ensure that its obligations to patients, the local community and the Secretary of State are understood and met.

Further details may be obtained from *Governing the NHS: A Guide for NHS Boards*

at [www.dh.gov.uk](http://www.dh.gov.uk)

## Section E: Codes of Accountability & Conduct for Boards

### The Role of the Chair

The overall role of the chair is one of enabling and leading so that the attributes and specific roles of the executive team and the non-executives are brought together in a constructive partnership to take forward the business of the organisation.

The key responsibilities of the chair are:

- leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda;
- ensuring the provision of accurate, timely and clear information to directors;
- ensuring effective communication with staff, patients and the public;
- arranging the regular evaluation of the performance of the board, its committees and individual directors; and
- facilitating the effective contribution of non-executive directors and ensuring constructive relations between executive and non-executive directors.

A complementary relationship between the chair and chief executive is important. The chief executive is accountable to the chair and non-executive directors of the board for ensuring that the board is empowered to govern the organisation and that the objectives it sets are accomplished through effective and properly controlled executive action. The chief executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the board.

Further details may be obtained from *Governing the NHS: A Guide for NHS Boards* at [www.dh.gov.uk](http://www.dh.gov.uk).

### Non-Executive Directors

Non-executive directors are appointed by the NHS Trust Development Authority on behalf of the Secretary of State to bring an independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.

The duties of non-executive directors are to:

- constructively challenge and contribute to the development of strategy;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
- determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary, removing senior management and in succession planning; and
- ensure the board acts in the best interests of the public and is fully accountable to the public for the services provided by the organisation and the public funds it uses.

Non-executive directors also have a key role in a small number of permanent board committees such as the Audit and Assurance Committee, Remuneration Committee, Safety & Quality Committee and Investment & Workforce Committee.

Further details may be obtained from *Governing the NHS: A Guide for NHS Boards* at [www.dh.gov.uk](http://www.dh.gov.uk).

### Reporting and Controls

It is the board's duty to present through the timely publication of an annual report, annual accounts and other means, a balanced and readily-understood assessment of the organisation's performance to:

- the Department of Health, on behalf of the Secretary of State
- the Audit Commission and its appointed auditors, and
- the local community.

Detailed financial guidance, including the role of internal and external auditors, issued by the Department of Health must be observed. (Ref: the *NHS Finance Manual* at [www.info.doh.gov.uk/doh/finman](http://www.info.doh.gov.uk/doh/finman)). The Standing Orders of boards should prescribe the terms on which

## Section E: Codes of Accountability & Conduct for Boards

committees and sub-committees of the board may be delegated functions, and should include the schedule of decisions reserved for the board.

### Declaration of Interests

It is a requirement that chairs and all board directors should declare any conflict of interest that arises in the course of conducting NHS business. All NHS organisations maintain a register of member's interests to avoid any danger of board directors being influenced, or appearing to be influenced, by their private interests in the exercise of their public duties. All board members are therefore expected to declare any personal or business interest which may influence, or may be *perceived* to influence, their judgement. This should include, as a minimum, personal direct and indirect financial interests, and should normally also include such interests of close family members. Indirect financial interests arise from connections with bodies which have a direct financial interest, or from being a business partner of, or being employed by, a person with such an interest.

### Employee Relations

NHS boards must comply with legislation and guidance from the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money. Fair and open competition should be the basis for appointment to posts in the NHS.

The terms and conditions agreed by the board for senior staff should take full account of the need to obtain maximum value for money for the funds available for patient care. The board should ensure through the appointment of a remuneration and terms of service committee that executive board directors' remuneration can be justified as reasonable. Board directors' remuneration for the NHS organisation should be published in its annual report.

## Section E: Codes of Accountability & Conduct for Boards

### APPENDIX 1 TO SECTION E

**The Trust places high importance on appropriate accountability and openness in its working practices and endorses the recommended seven principles of conduct that underpin the work of public authorities**

#### **NOLAN PRINCIPLES – SEVEN PRINCIPLES OF PUBLIC LIFE**

**‘Seven Principles of Public Life’** which should apply to all in the public service are:

##### **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

##### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

##### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

##### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

##### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

##### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

##### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

In addition to this members of NHS boards and governing bodies in England are expected to adhere to the New standards for NHS leaders. They put respect, compassion and care for patients at the centre of leadership and good governance. These standards are published by the Professional Authority for Health and Social Care. Copies of the standards are available at <http://www.chre.org.uk/media/18/502/>



**Section F**  
**Anti-Fraud and Corruption Policy**  
**&**  
**Response Plan**

Subject:	Anti-Fraud and Corruption Policy and Response Plan
Policy Number	
Ratified By:	
Date Ratified:	
Version:	1.0 – June 2013
Policy Executive Owner:	Chief Finance Officer
Designation of Author:	Local Counter Fraud Specialist
Name of Assurance Committee:	Audit and Assurance Committee
Date Issued:	
Review Date:	
Target Audience:	All users of Surrey and Sussex Healthcare NHS Trust including staff, contractors, agency workers etc.
Other Linked Policies:	Whistleblowing Policy, Disciplinary Policy, Gifts and Hospitality Policy, Standards of Business Conduct, and Conflict of Interest Policy

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Version Control Sheet

Version	Date	Author	Status	Comment
1.0	June 2013	Parkhill	Draft	

## 1. Introduction

1.1 One of the basic principles of public sector organisations is the proper use of public funds. The NHS is a public funded organisation and consequently it is important that every employee and associated person acting for, or on behalf of, Surrey and Sussex Healthcare NHS Trust (the Trust) is aware of the risk of fraud, corruption and bribery, the rules relating to fraud, corruption and bribery, the process for reporting their suspicions and the enforcement of these rules. The definition of fraud, corruption and bribery is detailed in section 5.

1.2 This document sets out the Trust's policy and response plan for detected or suspected fraud, corruption or bribery. It has the endorsement of the Trust's Board and Executives. The Trust Board endorses the NHS Counter Fraud Strategy as set out under HSC 1998/231.

1.3 The policy reflects the Board's wish to embed a culture of best practice in anti-fraud, anti-corruption and anti-bribery measures, and enforcement of the policy will reduce the risk that the Trust or any staff, contractors, or persons working for the Trust will incur any criminal liability or reputation damage.

1.4 The Trust already has procedures in place that reduces the likelihood of fraud, corruption and/or bribery occurring. These include the Standing Orders, Standing Financial Instructions, other documented procedures, a system of internal control, and a system of risk assessment. The Board seeks to ensure that a risk awareness culture exists in the Trust (which includes fraud, corruption and bribery awareness), and have complied with the Secretary of State's Directions in nominating a Local Counter Fraud Specialist.

1.5 The Local Counter Fraud Specialist conducts investigations as directed by the NHS Counter Fraud and Corruption Manual, as required by the Secretary of State's Directions.

## 2. Purpose

2.1 This document is intended to provide the Trust with a policy for dealing with suspected fraud, corruption, bribery and other illegal acts involving dishonesty or damage to property.

2.2 The purpose of this policy is to:

Set out the Trust's responsibilities and of those working for us, in observing and upholding our position on fraud, corruption and bribery.

Provide information and guidance to those working for us on how to recognise and deal with fraud, corruption and bribery issues

Give a framework for a response and advice and information on various aspects and implications of an investigation.

2.3 This policy is not intended to provide detailed direction on the prevention of fraud, corruption or bribery in any particular departments or control systems.

## 3. Legislative Framework

3.1 The Fraud Act 2006 came into effect on 15 January 2007, and introduced the general offence of fraud. The Act created three key criminal offences as follows: (1) fraud by false representation, (2) fraud by failing to disclose information, and (3) fraud by abuse of position.

3.2 Many of the offences referred to as fraud were covered by the Theft Acts of 1968 and 1978 however the new Fraud Act 2006 now means it is no longer necessary to prove a person has been deceived. The focus is now on the dishonest behaviour of the subject and their intent to make a gain or loss. Cases will still be prosecuted under the Theft Acts should the offence have occurred before January 2007.

3.3 Under the Fraud Act 2006, a person found guilty of fraud is liable, on summary conviction, to a fine of up to £5,000 and/or imprisonment for up to 12 months, or if convicted on indictment, an unlimited fine and/or imprisonment for up to 10 years.

3.4 The Bribery Act 2010 came into effect on 1st July 2011, and replaces the offences at common law and under the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Act 1906 and the Prevention of Corruption Act 1916 (known collectively as the Prevention of Corruption Acts 1889 to 1916) with a new consolidated scheme of bribery offences.

3.5 The Bribery Act 2010 makes the following criminal offences (1) to give, promise or offer a bribe, (2) to request, agree to receive or accept a bribe, (3) bribery a foreign public official, and (4) failure of a commercial organisation to prevent bribery being undertaken on its behalf.

3.6 Under the Bribery Act 2010, a person found guilty of fraud is liable, on summary conviction, to a fine of up to £5,000 and/or imprisonment for up to 12 months; or if convicted on indictment, an unlimited fine and/or imprisonment for up to 10 years. If the Trust is found to have taken part in bribery, the Trust could face an unlimited fine, be excluded from tendering for public contracts and face serious damage to our reputation.

3.7 The Public Interest Disclosure Act (PIDA) 1998 provides a clear signal that it is safe and acceptable for all staff to raise any specific concerns that they may have. By providing strong protection for those who raise concerns, the legislation will help ensure that employers address the message and not the messenger. It is a safety net for the Trust, its employees and users of its services. The fundamental principle behind the legislation is to improve governance and accountability within organisations.

3.8 A whistleblowing concern is when any member of staff, contractor or person working for the Trust blows the whistle by informing their employer, a regulator, customers, the police or the media about a serious risk, malpractice, or wrongdoing that affects others e.g. concerns about health and safety risks, potential environmental problems, fraud, corruption, deficiencies in the care of vulnerable people, cover-ups and many other problems.

3.9 Often it is only through whistleblowing that this information comes to light and can be addressed before real damage is done. Whistleblowing is a valuable activity which can positively influence all of our lives. The Trust Board fully endorses the provisions of the Public Interest Disclosure Act 1998 and wishes to encourage anyone having reasonable suspicions of fraud, corruption and/or bribery to report them in accordance with the Trust's Whistleblowing Policy.

3.10 Please see the Trusts Whistleblowing Policy for additional information.

## 4 Scope

4.1 This document applies to all individuals working at all levels including Board, Executive and Non-Executive Members (Including co-opted members), Honorary Members of the Board, Governors, employees (whether permanent, fixed-term, or temporary), contractors, trainees, seconded, home-workers, casual staff and agency staff, interns and students, agents, sponsors, volunteers or any other person associated with the Trust wherever located (collectively referred to as "Staff") in this Policy.

## 5 Definitions

### 5.1 Fraud

There is no specific definition within the Fraud Act 2006 for this term. The Act instead gives a series of separate offences which set out three possible ways in which fraud can be committed:

Fraud by false representation  
Fraud by failing to disclose information  
Fraud by abuse of position

In all three classes of fraud, there is the requirement that for an offence to have occurred, the person must have acted dishonestly and they had acted with the intent of making a gain for themselves, or anyone else, or inflicting a loss (or a risk of loss) on another.

Other offences of fraud found within the Fraud Act 2006 are:

Possession of articles for use in fraud  
Making or supplying of articles for use in fraud  
Obtaining services dishonestly

### 5.2 Examples of NHS Fraud

There is no one type of fraud – there is in fact an enormous variation in the types of fraud that are committed, as there are in the people who commit them. Among more recurrent frauds are (of which this list is not an exhaustive list):

Timesheet fraud (e.g. staff and professionals claiming money for shifts that they have not worked, claiming for sessions that they have not carried out)  
False expense claims (e.g. falsified travel or subsistence claims)  
Fraudulent job applications (e.g. false qualifications or immigration status)  
Working whilst sick (e.g. usually working for another organisation without informing the Trust)  
Excess study leave  
Advertising scams (e.g. false invoices for placing advertisements in publications)  
Patient fraud (e.g. false travel claims, fraudulently claiming exemptions from pharmaceutical charges)  
Misappropriation of assets (e.g. falsely ordering goods for own use or to sell)  
Procurement Fraud (e.g. the ordering and contracting of goods or services)  
Fraud by professionals (i.e. Pharmacists – constitutes specific types of fraud such as false claims for treatment, unauthorised use of NHS facilities/equipment)  
Pharmaceutical fraud by companies (e.g. overcharging for drugs, supplying inferior or reduced quantities of drugs etc)

### 5.3 Corruption

Corruption was defined (in the context of the Prevention of Corruption Acts) as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person. Bribery, a form of corruption, is an act implying money or gift giving that alters the behavior of the recipient

The Bribery Act 2010 replaces the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889 -1916.

## 5.4 Bribery

There is no specific definition within the Bribery Act 2010 of this term. The Act however does set out four offences of bribery from which a definition can be inferred as a financial or other type of advantage that is offered or requested intending to induce another person to perform improperly one of their functions in their position of trust or responsibility, or as a reward for improper performance.

In essence, bribery is offering an incentive or reward to someone to do/for doing something that they would not normally do.

There are four offences of bribery within the Bribery Act 2010:

Two general offences covering the offering, promising or giving of an advantage, and the requesting, agreeing to receive or accepting of an advantage

A discrete offence of bribery of a foreign public official to obtain or retain business or an advantage in the conduct of business

A new offence of failure by a commercial organisation to prevent a bribe being paid for or on its behalf

A legal defence within the Bribery Act 2010 requires organisations to demonstrate that they have “adequate procedures” in place to prevent any bribery from occurring: To demonstrate that the Trust has sufficient and adequate procedures in place and to demonstrate openness and transparency all individuals working for the Trust are required to comply with the requirements of this policy.

## 5.5 Examples of Bribery

The Bribery Act 2010 outlines the offences of bribery as the receipt or acceptance of a bribe, or the offer to, promise or giving of a bribe, which assists in obtaining/ retaining business or financial advantage, or the inducement or reward of someone for the “improper performance” of a relevant function. There is however no set types of bribery and there is huge variation in the types of scenarios and circumstances where bribery could occur. A non exhaustive list of examples of where bribery could take place is as follows:

### Offering a bribe

You offer a potential client tickets to a major sporting event, but only if they agree to do business with the Trust.

### Receiving a bribe

A supplier gives your nephew a job but makes it clear that in return they expect you to use your influence in the Trust to ensure that it continues to do business with them  
Someone responsible for awarding an employment contract is offered gifts and/or hospitality by one of the candidates or someone linked to them to ensure they get the job  
Someone responsible for booking bank or agency staff is offered lavish gifts and/or hospitality, by an agency, to ensure their agency staff are booked by the Trust  
Someone responsible for choosing suppliers (medical or non-medical) or awarding business contracts is offered gifts and/or hospitality by an existing/new supplier, contractor or business to ensure they are selected as a supplier  
Someone associated with the purchasing of drugs and/or the selection of approved drugs to the Trust Formulary is offered gifts, hospitality and/or paid expenses by a medical representative or Drugs Firm to ensure their drugs are purchased and/or added to the Trust Formulary for prescribing by the Trust  
Someone associated with the prescribing of drugs is offered gifts and/or hospitality by a medical representative or Drugs Firms to ensure they prescribe their drugs

Someone associated with the provision of training is offered gifts and/or hospitality by an external training company to ensure they are selected to provide training at the Trust

## 6. Public Service Values

- 6.1 Staff must be impartial and honest in the conduct of their business and remain above suspicion whilst carrying out their role within the Trust. A Code of Conduct for NHS Boards was first published, by the NHS Executive, in April 1994 and set out the initial public service values. This has been superseded by the seven fundamental public service values specified in the Nolan report. A further Code of Conduct was issued in October 2002 titled "Code of Conduct for NHS Managers".

**SELFLESSNESS:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

**INTEGRITY:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

**OBJECTIVITY:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**ACCOUNTABILITY:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**OPENNESS:** Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**HONESTY:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**LEADERSHIP:** Holders of public office should promote and support these principles by leadership and example.

Furthermore, staff, and those working for the Trust, are expected to:

Ensure that the interest of patients remains paramount at all times

Be impartial and honest in the conduct of their official business

Use the public funds entrusted to them to the best advantage of the service, always ensuring value for money

Not abuse their official position for personal gain or to benefit their family or friends

Not to seek advantage or further private business or other interests in the course of their official duties.

All those who work in the organisation should be aware of, and act in accordance with, these values.



## 7. Responsibilities within the Organisation

### 7.1 Chief Finance Officer

The Chief Finance Officer has overall responsibility for ensuring compliance with Secretary of State Directions on fraud, corruption and bribery.

Under the Secretary of State Directions the Chief Finance Officer has a legal responsibility to make sure fraud and corruption is prevented, detected and investigated. Combating fraud and corruption requires an understanding of how and why it happens, the ways in which it can be minimised and how to professionally investigate it. In line with the Secretary of State Directions the Chief Finance Officer has nominated a Local Counter Fraud Specialist to tackle fraud, corruption and bribery within the Trust.

Where a referral concerning fraud or corruption has been made to the Chief Finance Officer, the CFO shall inform the Local Counter Fraud Specialist at the first opportunity and delegate to him/her responsibility for leading any investigation whilst retaining overall responsibility him/herself. A protocol for the referral, acknowledgement, investigation and reporting of allegations forms part of the Trust's Service Level Agreement for the counter fraud service with Parkhill.

The Chief Finance Officer shall inform and consult the Chief Executive in cases where the loss may be above the delegated limit or where the incident may lead to adverse publicity.

### 7.2 Local Counter Fraud Specialist

The Local Counter Fraud Specialist is responsible for managing and delivery of all counter fraud work within the Trust in accordance with an agreed annual workplan. Under the Secretary of State Directions and the Trust's Standing Orders and Standing Financial Instructions, the Local Counter Fraud Specialist is responsible for investigating allegations of fraud and corruption at the Trust. Presently, the Trust has contracted with Parkhill to provide a counter fraud service. Our nominated Local Counter Fraud Specialist is Stuart Doyle of Parkhill Counter Fraud Service.

The Local Counter Fraud Specialist is an experienced and accredited (professionally qualified) counter fraud specialist. In essence the role of the Local Counter Fraud Specialist is to respond to and proactively tackle risks and occurrences of fraud and corruption at the Trust by providing a robust and effective prevention, detection and investigation function.

The Local Counter Fraud Specialist is responsible for ensuring that the Trust achieves the seven specific objectives of the National Counter Fraud strategy:

The creation of an anti-fraud culture

Maximum deterrence of fraud

Successful prevention of fraud which cannot be deterred

Prompt detection of fraud which cannot be prevented

Professional investigation of detected fraud

Effective sanctions, including appropriate legal action against people committing fraud

Effective methods for seeking redress in respect of money defrauded

The Local Counter Fraud Specialist reports to the Chief Finance Officer, but any Staff at the Trust can speak to and ask for advice from the Local Counter Fraud Specialist. The Local Counter Fraud Specialist is authorised to receive reports of suspected fraud from anyone, whether an employee of the Trust, independent contractors, patients or other third party. All Staff have a responsibility to the Trust to raise their genuine concerns.

The Local Counter Fraud Specialist employs a risk-based methodology to enable the Trust to target resources at high risk areas and throughout the year undertakes proactive reviews

in these areas which can detect fraud. Such reviews together with Investigations, ensures the Local Counter Fraud Specialist identify and counters vulnerabilities within the Trust's systems by implementing effective prevention, detection and corrective controls to reduce the likelihood of fraud

### 7.3 Director of Human Resources (HR)

The Director of Human Resources is responsible for advising those involved in the investigation in matters of employment law and in other procedural matters, such as disciplinary and complaints procedures, as requested.

The consideration of 'triple tracking' options, namely criminal, civil and disciplinary sanctions (including Professional Regulatory Body sponsored disciplinary sanctions) shall be taken in conjunction with the Director of Human Resources and the LCFS.

### 7.4 Audit and Assurance Committee

The purpose of the Audit and Assurance Committee is to provide an independent check on the financial management of the Trust. The Audit and Assurance Committee meets, receives and considers reports by the internal and external auditors on all aspects of financial processes and procedure. Both the Local Counter Fraud Specialist and the Chief Finance Officer attend the Audit and Assurance Committee and the Local Counter Fraud Specialist presents progress reports on the counter fraud work undertaken at the Trust. The Audit and Assurance Committee can question and ask for further explanation in relation to any aspect of counter fraud work.

### 7.5 Staff

All Staff must ensure that they have read, understand and comply with this policy. The prevention, detection and reporting of fraud, bribery and other forms of corruption are the responsibility of all those working for or under the control of the Trust. All Staff are individually responsible for:

Securing the property of the Trust

Avoiding loss

Conforming with the rules and regulations contained in the Trust's policies and procedures

All Staff are required to follow any Code of Conduct related to their personal professional qualifications.

Any gifts or hospitality made to or received from a 'third party' in the course of Trust duties, and which exceeds the threshold stipulated in the Trust's Gifts and Hospitality policy must be formally declared and registered in accordance with this policy.

Where it is anticipated that the gifts or hospitality to be made to or received from a 'third party' may exceed the threshold stipulated in the Trust's Gifts and Hospitality policy then Staff must obtain prior authorisation and approval from their line manager.

A 'third party' means any individual or organisation who Staff may come into contact with during the course of their work with the Trust and includes actual and potential clients, suppliers, distributors, business contacts, agents, advisors, government and public bodies, including their advisors, representatives and officials, politicians, and political parties.

Staff must declare any possible conflicts of interest which they may have in contracts entered into by the Trust, or which relates to aspects of their work for the Trust (such as business interests or other employment) and these must be noted in a register maintained for that purpose.

All Non-Executives are required to declare and register potential conflicts between their duties and personal or professional lives.

Please refer to the Trust's 'Standards of Business Conduct Policy' for more guidance on the standards of business conduct expected of all Staff.

If Staff suspects that there has been fraud, corruption or bribery, they must report the matter to the nominated Local Counter Fraud Specialist. See section 8.2 below.

All Staff are required to avoid any activity that might lead to, or suggest, a breach of this policy. Any Staff found in breach of this policy may be liable to disciplinary action including summary dismissal.

#### 7.6 Internal and External Audit

Any incident or suspicion of fraud, corruption and/or bribery that comes to Internal or External Audit's attention will be passed immediately to the Local Counter Fraud Specialist.

Audit performs thorough checks on systems which detect any anomalies.

#### 7.7 Local Security Management Specialist

Any incident or suspicion of fraud, corruption and/or bribery that comes to the Local Security Management Specialist's attention will be passed immediately to the Local Counter Fraud Specialist.

The Local Security Management Specialist works within the Trust to minimise safety and security risks (in relation to Trust property and Staff) and investigate any allegations of theft and abuse of Trust property and assets.

## 8 Policy

### 8.1 The Response Plan

The Trust is committed to tackling fraud, corruption and bribery. When fraud is discovered there is a need for clear, prompt and appropriate action. Therefore, having a fraud, corruption and bribery response plan increases the likelihood that the crisis will be managed effectively. The response will be effective and organised and will rely on the principles contained within this section.

The Trust will be robust in dealing with any fraud, corruption or bribery issues, and can be expected to deal timely and thoroughly with any person who attempts to defraud the Trust or who engages in corrupt practices, whether they are non-executives, employees, suppliers, patients or unrelated third parties. Appendix A contains further an overview of the fraud response process.

The Local Counter Fraud Specialist will conduct all investigations in accordance with national guidance and in particular in full compliance with the NHS Counter Fraud and Corruption Manual issued by NHS Protect. This will cover all aspects of conducting a professional investigation, including gathering evidence and interviewing.

It should be added that under no circumstances should a member of staff speak, email or write to representatives of the press, TV, radio or to another third party about a suspected fraud, corruption or bribery issue without the express authority of the Chief Executive except within the provisions stated in the Trust's Whistleblowing Policy. Care needs to be taken to

ensure that nothing is done that could give rise to an action for slander or libel.

In some cases, e.g. if a major diversion of funds is suspected, speed of response will be crucial to avoid financial loss in following the processes laid out within this policy.

## 8.2 Referring a Suspicion of Fraud

Anyone, whether Staff or a member of the public, can refer such allegations to the Local Counter Fraud Specialist. Upon receipt of a referral, the Local Counter Fraud Specialist must comply with national regulations including the Secretary of State's Directions.

If any Staff have good reason to suspect a colleague, patient or other person of fraud, corruption and/or bribery, involving the Trust, they should report their genuine concerns to the Local Counter Fraud Specialist or Chief Finance Officer immediately.

The Local Counter Fraud Specialist will then decide on the next course of action and advise the member of Staff accordingly.

Suspicions of fraud should be reported to any of the following:

1. The Chief Finance Officer
2. Local Counter Fraud Specialist
3. National Fraud and Corruption Reporting Line on 0800 028 4060
4. Report fraud on-line at [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk)
5. Public Concern at Work on 020 7404 6609. This is an independent charity who can offer advice on how to proceed.

All referrals will be treated in complete confidence.

If Human Resources, or any other Staff in the Trust, receive any allegations of fraud, corruption and/or bribery, they should refer them to the Local Counter Fraud Specialist before taking any further action.

Time may be of the utmost importance to prevent further loss to the Trust. Staff should be encouraged to report their first suspicions and not undertake lengthy consideration of alternative explanations. They should be reassured that all initial investigation into their suspicions will be of the highest professional standard. Where during an initial investigation, no evidence of fraud is found, the Local Counter Fraud Specialist will ensure there is equal protection of the innocent suspect, and the well-intentioned reportee.

All reported allegations of fraud will be referred to the Chief Finance Officer, including those immediately dismissed as minor or otherwise not investigated. The Local Counter Fraud Specialist will initiate and maintain a Diary of Events (or such record as required by the NHS Counter Fraud and Corruption manual) to record the progress of the investigation.

## 8.3 Responding to an Allegation

8.3.1 Where a referral concerning fraud or corruption has been made to the Chief Finance Officer, the Chief Finance Officer shall inform the Local Counter Fraud Specialist at the first opportunity. There is a protocol for the referral, acknowledgement, investigation and reporting of all allegations.

8.3.2 On receipt of a referral/allegation of suspected fraud, the Local Counter Fraud Specialist will assess the allegation to determine a course of action. This may involve

making preliminary enquiries such as obtaining information from Trust systems.

8.3.3 After such preliminary enquiries, where appropriate, the Local Counter Fraud Specialist will seek agreement from the Chief Finance Officer to carry out an investigation.

8.3.4 If a criminal event is believed to have occurred but fraud, corruption or bribery is not suspected, the Chief Finance Officer must immediately inform the police and the Local Security Management Specialist (LSMS) if theft or arson is involved, and where appropriate the Board and External auditors, in accordance with the Trust's Standing Financial Instructions.

8.3.5 The Local Counter Fraud Specialist is responsible for investigating all instances of fraud, corruption and/or bribery in the Trust.

8.3.6 The Local Counter Fraud Specialist will regularly report to the Chief Finance Officer on all fraud, corruption and/or bribery cases they investigate, at particular stages of individual investigations. In addition the Local Counter Fraud Specialist will provide the Audit and Assurance Committee with quarterly updates as to the progress of investigations.

8.3.7 Depending upon the nature of the investigation, the Local Counter Fraud Specialist will normally work closely with management and other agencies such as the Police to ensure that all matters are properly investigated and reported upon. The circumstances of each case will dictate who will be involved and when.

8.3.8 The detailed arrangements for the investigation of any suspected fraud or corruption are contained in the NHS Counter Fraud and Corruption Manual and within the Trust's policies e.g. Disciplinary Policy and the Standing Financial Instructions. The Local Counter Fraud Specialist will record the progress of the investigation in accordance with the legal codes of practice (Police and Criminal Evidence Act 1984, Regulation of Investigatory Powers Act 2000, Criminal Procedures and Investigation Act 1996) and other legislative requirements (e.g. Data Protection Act 1998).

8.3.9 On the conclusion of the investigation the Local Counter Fraud Specialist will report their findings and recommendations to the Chief Finance Officer. The Chief Finance Officer is the sole person who can determine whether or not any formal action is justified and what form such action takes. However, guidance can be sought from the Chief Executive and the Local Counter Fraud Specialist.

If the Chief Finance Officer decides that formal action is to be taken against the subject(s) of an investigation, the Local Counter Fraud Specialist will comply with the Counter Fraud and Security Management Service (NHS Protect) 'Applying Appropriate Sanctions Consistently' Policy. This will involve using an appropriate combination of the sanctions described below:  
Disciplinary action: internal and/or Professional Regulatory Body (warning, dismissal);  
Civil remedy: recovery of money, interest and costs;  
Criminal prosecution: may result in imprisonment, community penalty, fine, confiscation or compensation.

8.3.11 The use of parallel sanctions or the 'triple track' approach helps to maximise the recovery of NHS funds and assets whilst minimising duplication of work.

8.3.12 The Trust's Disciplinary Policy will be used where the outcome of the investigation indicates improper behaviour on the part of Staff. The Local Counter Fraud Specialist shall liaise with the Director of Human Resources regarding providing evidence for disciplinary hearings.

8.3.13 Where the Trust has suffered a financial loss from a fraud; the Trust will take action to pursue recovery in all applicable cases, subject to authorisation from the Chief Finance

Officer.

8.3.14 The Local Counter Fraud Specialist will seek authorisation from the Chief Finance Officer if a matter is to be reported to the Police. The LCFS will liaise with Police by providing a prosecution file and participating in interviews and searches. The LCFS shall attend court to give evidence and liaise with the Crown Prosecution Service as required.

8.3.15 The Local Counter Fraud Specialist acts on behalf of the Trust in the event of any formal action and must ensure there is coordination between the various parties involved such as where external legal advisers are used.

8.3.16 When a fraud, corruption or bribery has occurred at the Trust, the Local Counter Fraud Specialist will strengthen the control environment in which the event occurred by identifying system weaknesses and making recommendations to the Trust to address these weaknesses to reduce the risk of such an event occurring again.

8.3.17 The Local Counter Fraud Specialist is required to advise NHS Protect of every investigation and refer appropriate matters to NHS Protect.

8.3.18 The Chief Finance Officer is responsible for the smooth running of this protocol and where clarification is required his, or her, decision will be final.

8.3.19 For all alleged cases reported to the Local Counter Fraud Specialist, the Local Counter Fraud Specialist will liaise with the appropriate lead Human Resources manager and subject's line manager, where necessary and appropriate. Communication during an investigation will be limited to relevant witnesses to protect the confidentiality of the investigation.

#### 8.4 Subsequent Action

8.4.1 Following the conclusion of each case a written report will be drafted and presented to the Chief Finance Officer. Consideration will be given to the circumstances in which the fraud occurred, and the need for changes to controls or audit activity to prevent such a fraud occurring again.

8.4.2 The Trust may also publicise the outcome of any successful prosecution to support its aim of deterring fraud and creating an anti-fraud culture.

#### 9. Consultation and Communication with Stakeholders

This policy has been written in consultation with key local stakeholders including the Chief Finance Officer.

#### 10. Approval of Policy

This policy is sponsored by the Chief Finance Officer and approved by the Trust Management Board.

#### 11. Responsibility for Document Development

The nominated author for this policy is the Local Counter Fraud Specialist.

The lead Director for this policy is the Chief Finance Officer

The committee charged with monitoring the development of this document is the Audit and Assurance Committee.

## 12. Equality Impact Assessment

Under the Race Relation (Amendment) Act 2000 the Trust is required to undertake equality impact assessments on all policies/guidelines and practices. This obligation has been expanded to include equality and human rights with regard to disability, age, gender and religion.

## 13. Consultation, Approval and Ratification Process

### 13.1 Consultation process

The following are identified:

Chief Finance Officer  
Director of Human Resources  
Audit and Assurance Committee

### 13.2 Policy Approval and Ratification Process

The policy will be approved by the Audit and Assurance Committee.

The policy will be ratified by the Trust Management Board.

## 14. Dissemination and Implementation

The policy will be communicated to all Staff and Managers via the Trust Intranet.

## 15. Process for Monitoring Compliance and Effectiveness

### 15.1 Standards/Key Performance Indicators

The following monitoring processes are in place for this policy:

Standard	Monitoring Process
Monitoring arrangements for compliance and effectiveness.	A report will be provided to the approving committee.
Responsibility for conducting the monitoring/audit.	The Local Counter Fraud Specialist will monitor the effectiveness of this policy.
Frequency of the monitoring/audit.	Annual.
Process for reviewing results and ensuring improvements in performance occur.	The Audit and Assurance Committee will review the results of this audit/report. The discussion and action any action points will be recorded in the minutes and followed up by the Audit and Assurance Committee.

## 16. References

Human Rights Act 1998. London: Stationery Office. Available at [www.opsi.gov.uk/acts](http://www.opsi.gov.uk/acts)  
NHS Litigation Authority. (2007). An Organisation-wide Policy for the Development and Management of Procedural Documents, [Online], Available:  
Race Relations (Amendment) Act 2000. London: Stationery Office. Available at [www.opsi.gov.uk/acts](http://www.opsi.gov.uk/acts)  
The Sex Discrimination (Gender Reassignment) Regulations 1999.. London: Stationery Office. Available at [www.opsi.gov.uk/acts](http://www.opsi.gov.uk/acts)  
The Sex Discrimination Act 1975 (Amendment) Regulations 2003. London: Stationery Office. Available at [www.opsi.gov.uk/acts](http://www.opsi.gov.uk/acts)  
NHS Counter Fraud and Corruption Manual – NHS Protect, London.

Applying Appropriate Sanctions Consistently. NHS Counter Fraud and Security Management Service (NHS Protect), London. Available at [www.nhsbsa.nhs.uk/CounterFraud/Documents/Countering\\_Fraud\\_In\\_NHS\\_Applying\\_App\\_Sanctions.pdf](http://www.nhsbsa.nhs.uk/CounterFraud/Documents/Countering_Fraud_In_NHS_Applying_App_Sanctions.pdf)

Fraud Act 2006. Available at: <http://www.legislation.gov.uk/ukpga/2006/35/contents>

The Bribery Act 2010. Available at: [www.legislation.gov.uk/ukpga/2010/23/data.pdf](http://www.legislation.gov.uk/ukpga/2010/23/data.pdf)

#### 17. Associated Documentation

Surrey and Sussex Healthcare NHS Trust Disciplinary Policy.

Surrey and Sussex Healthcare NHS Trust Whistleblowing Policy.

Surrey and Sussex Healthcare NHS Trust Gifts and Hospitality Policy.

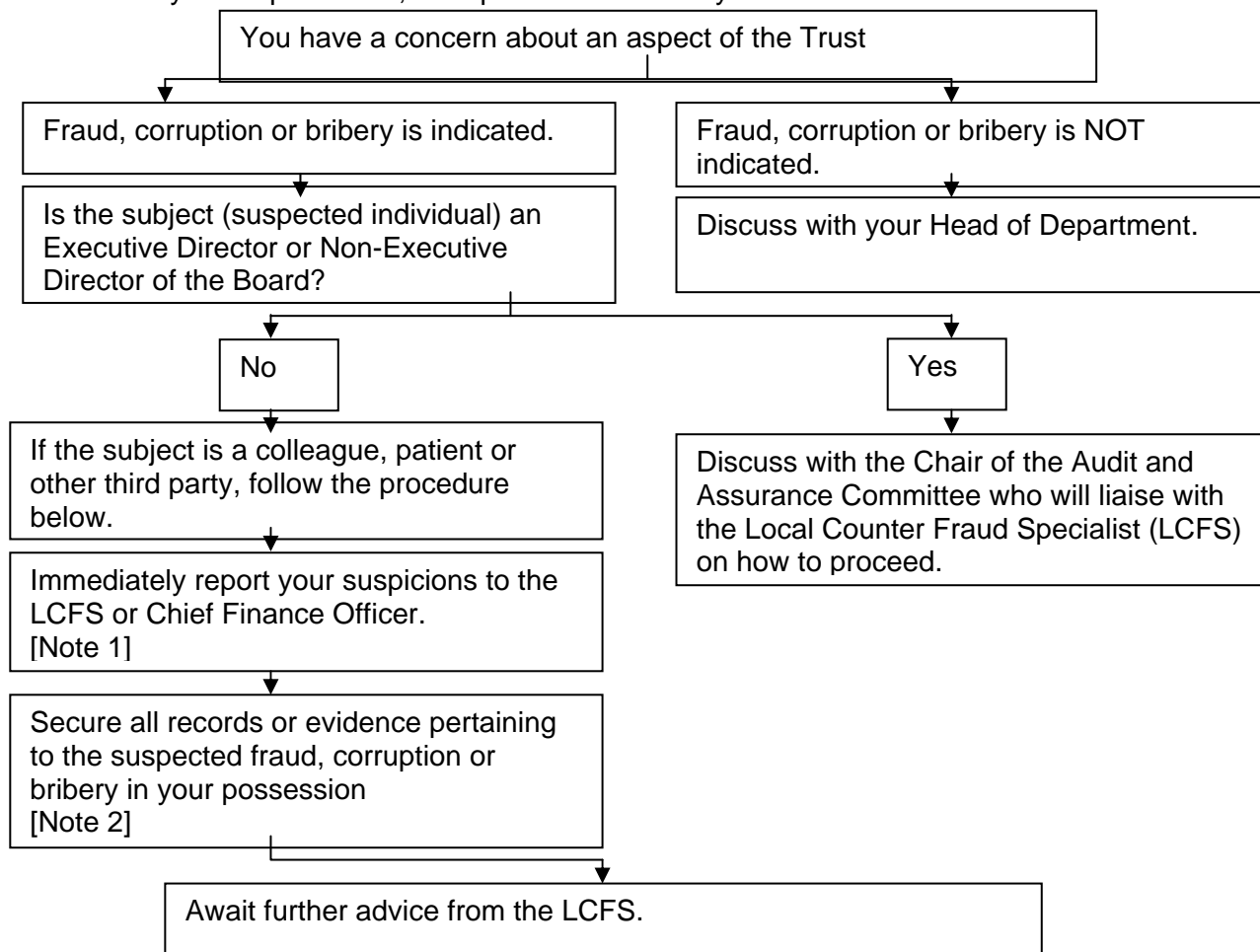
Surrey and Sussex Healthcare NHS Trust Conflict of Interest Policy.

Surrey and Sussex Healthcare NHS Trust Standards of Business Conduct.



Appendix A: Fraud and Corruption Response Plan

What to do if you suspect fraud, corruption and/or bribery



<p>Note 1</p>	<p>Time may be of the utmost importance to prevent further loss to the Trust. Staff should report their first suspicions and not undertake lengthy consideration of alternative explanations – be assured that any subsequent investigation will be of the highest professional standard.</p> <p>Everything reported to the LCFS or Chief Finance Officer is treated in the strictest confidence and Staff can request to remain anonymous.</p> <p>Well-intentioned Staff making a referral will be protected from any unacceptable behaviour from the subject of the referral or anyone else.</p> <p>Contact details:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Local Counter Fraud Specialist</td> <td style="width: 50%;">Chief Finance Officer</td> </tr> <tr> <td style="text-align: center;">Stuart Doyle</td> <td style="text-align: center;">Paul Simpson</td> </tr> <tr> <td>(T) 01732 424147</td> <td>(T) 01737 231815</td> </tr> <tr> <td>Email: stuart.doyle@parkhill.org.uk</td> <td></td> </tr> </table>	Local Counter Fraud Specialist	Chief Finance Officer	Stuart Doyle	Paul Simpson	(T) 01732 424147	(T) 01737 231815	Email: stuart.doyle@parkhill.org.uk	
Local Counter Fraud Specialist	Chief Finance Officer								
Stuart Doyle	Paul Simpson								
(T) 01732 424147	(T) 01737 231815								
Email: stuart.doyle@parkhill.org.uk									
<p>Note 2</p>	<p>Records or evidence includes (but not limited to): electronic documents, paper documents, statements, copies of healthcare records, interview tapes, photographs, etc</p> <p>Once you have compiled all evidence in your possession it is prudent to catalogue it. A timeline is used to collate information gathered from multiple sources, ordered by the time sequence of events. The information recorded should include:</p> <ul style="list-style-type: none"> <li>date/time</li> <li>description of the event</li> <li>additional information about the event</li> <li>source of the information</li> <li>Contributory factors</li> </ul>								

What not to do if you suspect fraud, corruption and/or bribery

## Appendix A: Fraud and Corruption Response Plan

Do not confront the 'subject'

Do not assume only one person involved

Do not talk about your suspicions, concerns or queries

Do not contact any external organisation other than the organisations listed below at "Additional Advice" (only the Chief Finance Officer or the LCFS are permitted to make such contact with other organisations).

The reason for the above is two-fold:

to ensure evidence is secured against loss, destruction and contamination

to ensure that nothing is done that could give rise to an action for slander or libel

**MOST IMPORTANTLY: Do not worry about being mistaken and doing nothing!**

### Additional advice

#### National fraud and Corruption Hotline

If you are unable to talk to Chief Finance Officer or the LCFS within the Trust, you can contact the National Fraud and Corruption reporting line by telephoning: 0800 028 4060

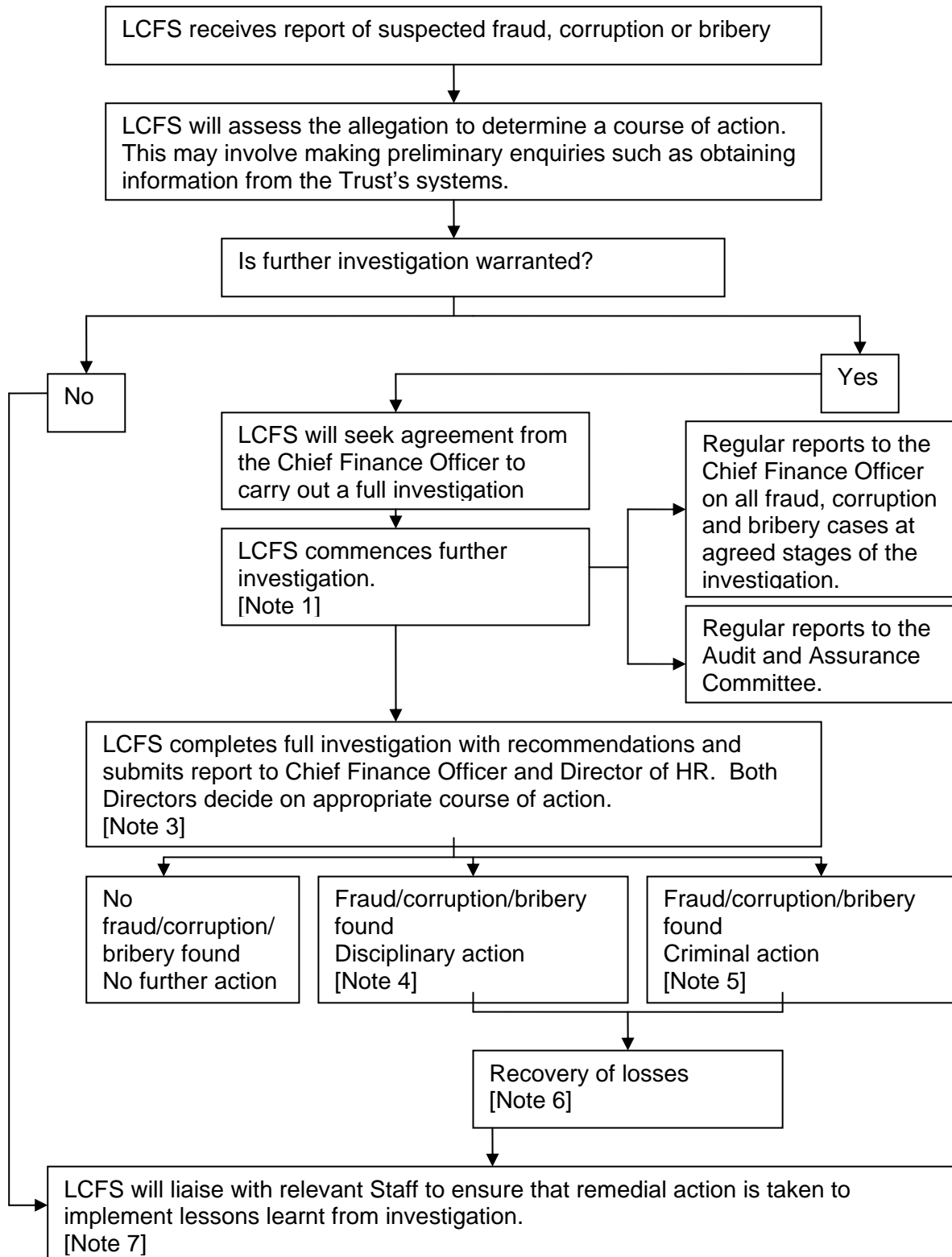
Your call will be treated in confidence and you can remain anonymous.

#### Independent Advice

Public Concern at Work is an independent charity and legal advice centre which provides free confidential advice to people concerned about wrongdoing in the workplace but who are unsure whether or how to raise the matter. Further information can be found at <http://www.pcaw.co.uk> or telephone 020 7404 6609.

Investigation of Fraud or Corruption

The investigation of fraud, corruption and/or bribery at the Trust can be summarised in the following diagram.



Note 1	Depending upon the nature of the investigation, the LCFS will normally work closely with management and other agencies such as the Police, to ensure that all matters are properly investigated and reported upon. Basically, the circumstances
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	<p>of each case will dictate who will be involved and when.</p> <p>The detailed arrangements for the investigations of any suspected fraud or corruption are contained in the NHS Counter Fraud and Corruption Manual and within Trust's policies e.g. Disciplinary Policy, Standing Orders and Standing Financial Instructions. The LCFS will record the progress of the investigation and conduct the investigation in accordance with the legal codes of practices (Police and Criminal Evidence Act 1994, Regulation of Investigatory Powers Act 2000, Criminal Procedures and Investigation Act 1996. and other legislative requirements (e.g. Data Protection Act 1998).</p>
Note 2	<p>The LCFS shall maintain a record to contain:</p> <ul style="list-style-type: none"> <li>details of all reported suspicions</li> <li>details of subsequent actions taken and conclusions reached</li> </ul> <p>This record will be reviewed by the Audit and Assurance Committee at least once a year and any significant matters will be reported to the Trust Board.</p> <p>The record will be a confidential document and accessible only by authorised officers. The record is subject to the Data Protection Act 1998 particularly in relation to the retention and destruction of personal data.</p>
Note 3	<p>The Chief Finance Officer is the sole person who can determine whether or not any formal action is justified and what form such action takes; however, guidance can be sought from the LCFS.</p> <p>If the Chief Finance Officer decides that formal action is to be taken against the subject(s) of an investigation, the LCFS will comply with the NHS Protect 'Applying Appropriate Sanctions Consistently Policy'. This will involve using an appropriate combination of the sanctions described below:</p> <ul style="list-style-type: none"> <li>Disciplinary action – Trust and/or Professional Regulatory Body (warning, dismissal etc)</li> <li>Civil remedy – recover money, interest and costs</li> <li>Criminal prosecution – which may result in imprisonment, community penalty, a fine, confiscation or compensation</li> </ul> <p>The use of parallel sanctions or 'triple-track' approach helps to maximise the recovery of NHS funds and assets while minimising duplication of work.</p>
Note 4	<p>The Trust's Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour on the part of Staff. The LCFS shall liaise with the Director of HR in providing evidence for Disciplinary Hearings.</p> <p>Where the Trust has suffered a financial loss from a fraud, the Trust will take action to pursue recovery in all applicable cases, subject to authorisation from the Chief Finance Officer.</p>
Note 5	<p>The LCFS will seek authorisation from the Chief Finance Officer if a matter is to be reported to the Police. The LCFS shall liaise with the police by providing a MG (Prosecution) File and participate in interviews, searches etc. The LCFS shall attend court to give evidence and liaise with the Crown Prosecution Service as required.</p> <p>The LCFS acts on behalf of the Trust in the event of any formal action and must ensure there is co-ordination between the various parties involved such as where external legal advisors are used.</p>
Note 6	<p>Where financial loss has been suffered through fraudulent or corrupt activity, the Trust will pursue the perpetrator for recovery, including taking appropriate legal action. The LCFS shall liaise with legal representatives and attend court as required.</p>
Note 7	<p>When a fraud, corruption or bribery has occurred at the Trust, the LCFS will strengthen the control environment in which the event occurred by identifying and addressing any system weaknesses to reduce the risk of any such an event happening again.</p>



## An Organisation-wide Policy for the Development and Management of Procedural Documents

To be completed and attached to any policy document when submitted to the Trust Management Board for consideration and approval.

	Title of document being reviewed:	Yes/No	Comments
1.	Title		
	Is the title clear and unambiguous?	Yes	
	Is it clear whether the document is a guideline, policy, protocol or standard?	Yes	
2.	Rationale		
	Are reasons for development of the document stated?	Yes	
3.	Development Process		
	Is it clear that the relevant people/groups have been involved in the development of the document?	Yes	Consultation with Chief Finance Officer and Director of HR
	Are people involved in the development?	Yes	
	Is there evidence of consultation with stakeholders and users?	Yes	
4.	Content		
	Is the objective of the document clear?	Yes	
	Is the target population clear and unambiguous?	Yes	The target audience is all Staff
	Are the intended outcomes described?	Yes	
5.	Evidence Base		
	Are key references cited in full?	N/A	
	Are supporting documents referenced?	N/A	
6.	Approval		
	Does the document identify which committee/ group will approve it prior to ratification by Trust Management Board?	Yes	Audit Committee
7.	Dissemination and Implementation		
	Is there an outline/plan to identify how this will be done?	Yes	
8.	Document Control		
	Does the document identify where it will be held?	Yes	
9.	Process to Monitor Compliance and Effectiveness		
	Are there measurable standards or KPIs to support the monitoring of compliance with and effectiveness of the document?	Yes	Monitored through the NHS Protect Qualitative Assessment Process
	Is there a plan to review or audit compliance with the document?	Yes	
10.	Review Date		
	Is the review date identified?	Yes	
	Is the frequency of review identified? If so is it acceptable?	Yes	
11.	Overall Responsibility for the Document		
	Is it clear who will be responsible for co-ordinating the dissemination, implementation and review of the document?	Yes	

Appendix B - Checklist for the Review and Approval of Procedural Document

Executive Sponsor Approval			
If you approve the document, please sign and date it and forward to the author. Policies will not be forwarded for ratification without Executive Sponsor Approval			
Name		Date	
Signature			
Trust Management Board Approval			
The Chief Executive signature below confirms that this policy was ratified by Trust Management Board.			
Name		Date	
Signature			
Responsible Committee Approval – only applies to reviewed policies with minor changes			
The Committee Chair's signature below confirms that this policy was ratified by the responsible Committee			
Name		Date	
Name of Committee		Name & role of Committee Chair	
Signature			

## Appendix B - Checklist for the Review and Approval of Procedural Document

## Appendix C - Equality Impact Assessment Tool

To be completed and attached to any procedural document when submitted to the appropriate committee for consideration and approval.

		Yes/No	Comments
1.	Does the policy/guidance affect one group less or more favourably than another on the basis of:		
	Race	No	
	Ethnic origins (including gypsies and travellers)	No	
	Nationality	No	
	Gender	No	
	Culture	No	
	Religion or belief	No	
	Sexual orientation including lesbian, gay and bisexual people	No	
	Age	No	
	Disability - learning disabilities, physical disability, sensory impairment and mental health problems	No	
2.	Is there any evidence that some groups are affected differently?	No	
3.	If you have identified potential discrimination, are any exceptions valid, legal and/or justifiable?	No	
4.	Is the impact of the policy/guidance likely to be negative?	No	
5.	If so can the impact be avoided?	N/A	
6.	What alternatives are there to achieving the policy/guidance without the impact?	N/A	
7.	Can we reduce the impact by taking different action?	N/A	

If you have identified a potential discriminatory impact of this procedural document, please refer it to the Director of HR, together with any suggestions as to the action required to avoid/reduce this impact.

For advice in respect of answering the above questions, please contact the Director of HR.



## Section G: Tendering and Waiver Procedures

### Section G Trust Tendering and Waiver Procedures

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## Section G: Tendering and Waiver Procedures

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## Section G: Tendering and Waiver Procedures

### Tendering procedure

#### Tendering procedure instructions

##### 1. INTRODUCTION

- 1.1 Standing Financial Instructions (Section 17) set out the rules for the tender process. This procedure details the process that should be followed for the flow of paperwork and explains the delegated officers who have responsibility for the various points in the tendering process.
- 1.2 The value of goods and services to be ordered will determine the method that is used to obtain 'fair and adequate competition'. The Scheme of Delegation sets out the limits as follows and is re-affirmed in the attached Tendering Procedure table.
- 1.3 A tender master schedule will be drawn up for each tender, they will be numbered by the Head of Procurement and held by the Trust Board Secretary or the Trust Board Administrator until the tenders have been received and opened at which point the master schedule is returned with the tenders to the Procurement Dept.

##### 2. INVITATION TO TENDER

- 2.1 All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted in a plain, sealed package bearing a pre - printed label supplied by the Trust (or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender).
- 2.2 Every tender for goods, materials, manufactured articles supplied as part of a works contract and services shall embody such of the main contract conditions as may be appropriate in accordance with the contract forms.
- 2.3 Every tender for building and engineering works, except for maintenance work only shall embody or be in the terms of the current edition of the appropriate Joint Contracts Tribunal (JCT) When the content of the works is primarily engineering, tenders shall embody or be in terms of the General Conditions of Contract recommended by the Institutions of Mechanical Engineers and the Association of Consulting Engineers or, in the case of civil engineering work, the General Conditions of Contract recommended by the Institution of Civil Engineers. The standard documents should be amended in line with department of Health guidance to cover special features of individual projects. Tendering based on other forms of contract may be used for specialist applications where appropriate.
- 2.4 Every tender for goods, materials, services (including consultancy services) or disposals shall embody such of the NHS Standard Contract Conditions as are applicable. Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.

##### 3. INITIATION AND SPECIFICATION OF TENDERS

- 3.1 The originating department together with purchasing and where required a senior financial representative will determine which tender value band is relevant, dependent upon management preliminary estimates; the Head of Procurement will be the final arbiter for the initial stages

## Section G: Tendering and Waiver Procedures

- 3.2 For tenders the Head of Procurement must be informed of a new tender under construction and a Tender Registration number must be obtained from him before any tender documents have been sent. The register of these tenders will be kept by the Head of Procurement.

### **4. ORGANISATION AND DESPATCH OF TENDERS**

- 4.1 The Tender documentation package will contain identical information, and will be released to the participants at the same time, contain no budgetary or financial indications of anticipated value
- 4.2 The Tender documentation package will contain a price schedule for completion by the participants. No format is specified for the price schedule, but it must contain adequate facility to allow the tendered price excluding and including VAT to be recorded. The price schedule will also enable discrete parts of the tender to be priced for later control, comparison and analysis between tenders.
- 4.3 The Tender documentation package will contain a contact name, fax and telephone number within the Trust for participants to contact if further clarification of the documentation is required.
- 4.4 The package must also contain the following minimum administration details, the latest time and date for receipt of the tender by the Trust, a tender label with instructions to fix to the top left hand corner of the returning tender. The label must identify the tender reference, project name, return date and time.
- 4.5 For tenders please give the following address to the participants:

Chief Executives Office  
Trust Headquarters  
East Surrey Hospital  
Canada Avenue  
REDHILL  
Surrey  
RH1 5RH

- 4.6 The originating department will, with the assistance if necessary of the Head of Procurement, arrange that the Tender Master Schedule be filled in with; the registration number, estimate of value, scheme name and the participating organisations and sent to the Trust Board Secretary. If for any reason the last date for receipt needs to be changed permission must be obtained from the relevant Executive Director and forwarded in writing to the Head of Procurement.
- 4.7 For receipt of tenders, the Trust Board Secretary will ensure that; on arrival at the Chief Executive's office, the outside of the tender envelope will be receipted with date and time of receipt and initialled and these dates and times are recorded on the Tender Master Schedule and that the tenders are kept in a secure place until they are opened
- 4.8 That all tenders received after the allotted date and time, are recorded on the Tender Master Schedule and discussed with the Chief Executive or nominated officer to decide whether the tender should be included in the opening and evaluation process

## Section G: Tendering and Waiver Procedures

### 5.0 OPENING OF TENDERS

- 5.1 The Trust Board Secretary will be responsible for; arranging that the necessary personnel (see detailed scheme of delegation) are available to open the tenders, ensuring that the tenders are opened as soon as practical after receipt and no later than 5 working days after the closing date; ensuring that every price schedule is date stamped and initialled by the authorised opening officers; noting the tendered prices by each organisation onto the Tender Master Schedule; ensuring that all those present sign the schedule; contacting the Procurement Department for them to arrange collection of the opened tenders and providing them with a photocopy of the Tender Master Schedule.
- 5.2 The tender master schedule with signatures of the senior officers, who have opened the tender, will be held by the Procurement Department. They will ensure that it is signed appropriately at the decision making stage.

### 6. EVALUATION AND RECOMMENDATION

- 6.1 The originating department with assistance from the procurement department will be responsible for arranging; any necessary meetings, discussions, clarifications from tenderers to enable them to make a recommendation to the other members of the Evaluation team: that the recommended tenderer be noted on the Tender Master Schedule (held by the Head of Procurement; that the necessary evaluation papers, meetings, discussions and clarifications with each member of the Evaluation team take place; that the acceptance and signature of each members of the Evaluation Team accepting the recommended tender are noted; that if members of the team disagree with the recommendation this should be noted on the Tender Master Schedule. Where there is not unanimity the final arbitration shall be those responsible for signing and accepting the tender
- 6.2 The originating department, with assistance from the procurement department, will be responsible for ensuring that the final recommendation will be tabled before the designated person or persons and will comprise the original tender, the Tender Master Schedule together with any departmental/financial working papers.

### 7. ADMISSIBILITY

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

## Section G: Tendering and Waiver Procedures

- 7.4 Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenderers (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under section 7.2.
- 7.5 Where examination of tenders reveals errors, which would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing his offer. However, if such discussions result in clarifications of the specification, which result in a tender price being reduced below what were previously lower prices of other tenders, a contract shall not be awarded unless all the other tenderers have been given the benefit of any clarification of the specification that has resulted from the discussions, and an opportunity to re-tender if they wish.
- 7.6 Necessary discussions with a tenderer of the contents of their tender, in order to elucidate technical points etc, before the award of a contract, need not disqualify the tender.
- 7.7 While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safekeeping by an officer designated by the Chief Executive.
- 7.8 Where only one tender/quotation is received the Trust shall, as far as practicable, ensure that the price to be paid is fair and reasonable.
- 7.9 Where the form of contract includes a fluctuation clause all applications for price variations must be submitted in writing by the tenderer and shall be approved by the Chief Executive or nominated officer.
- 7.9 All tenders should be treated as confidential and should be retained for inspection. Tenders deemed to be inadmissible under the terms of the above sub-section of 7.4 shall be returned to the tenderer by an officer designated by the Chief Executive and not an officer of the originating department with an explanation of why the tender is deemed to be inadmissible. The originating department shall be informed that this has been done.
- 7.10 When the number of tenders received is less than the recommended minimum, the Chief Executive and the Finance Director shall decide whether re-tendering is desirable, except in those instances in which the Chief Executive has been involved in the tendering process, in which case a Non-Executive Director and the Chief Finance Officer shall decide.

### **8. ACCEPTANCE**

- 8.1 Those responsible for accepting the tender are required to; arbitrate on any recommendations from the originating department taking into account the comments from all members of the Evaluation Team.
- 8.2 The originating department, with assistance from the procurement department, must provide a separate note if the lowest value tender is not the recommended option with an explanation of why this was the case, to the appropriate acceptance authority (refer to the Tendering Procedure Table) The procurement department will not proceed until the explanation has been authorised.

## Section G: Tendering and Waiver Procedures

### **9. POST ACCEPTANCE**

9.1 The Procurement Department will retain the original Tender Master Schedule.

9.2 The Procurement department will require a requisition to be prepared by the originating department for the goods and services

COMMERCIAL IN CONFIDENCE

## 1.2 Tender Master Schedule

### TENDER MASTER SCHEDULE

**Raised by:****Name:-****Department****Ext****Please refer to Standing Financial Instructions (section 17) in the Corporate Governance Manual for the process to follow**

REGISTRATION NUMBER:		ESTIMATED VALUE:	
SCHEME DESCRIPTION:			
RECEIPT DATE:		RECEIPT TIME:	

Opened Tenders passed to:

***Name/Signature:****Date:*

Extension number





**PART B**

When completed, this form should be returned to Carol Hilaire, Head of Procurement, AD35 Trust Headquarters, East Surrey Hospital

<b>TENDER ACCEPTANCE</b>			
<b>RECOMMENDED TENDER:</b>		<b>VALUE:</b>	
<b>ACCEPTED BY:</b>			
<b>ACCEPTED BY:</b>			
<b>ACCEPTED BY:</b>			
<b>ACCEPTED BY:</b>			
<b>AUTHORISED BY:</b>		<b>DATE:</b>	
<b>LOWEST TENDER NOT ACCEPTED (A SEPARATE EXPLANATION NEEDS TO BE TABLED BEFORE THE TRUST BOARD)</b>			
<b>AUTHORISED BY:</b>			
<b>BOARD MINUTE / DATE:</b>			



## 1.3 Tendering procedure table

Tenders	Initiation & Specification	Organisation & Despatch	Receipt	Opening	Evaluation & Recommendation	Acceptance
<b>Up to £5,000 inc. VAT</b>	Head of Procurement or delegated officer or originating department.	Head of Procurement	Head of Procurement	Head of Procurement	Head of Procurement and originating department	Budget holder
<b>Between £5,001 and £20,000 inc. VAT</b> <b>Minimum 3 Written Quotations</b>	Head of Procurement or delegated officer or originating department.	Head of Procurement	Head of Procurement	Head of Procurement	Head of Procurement and originating department	Budget holder
<b>Between £20,001 to EU Limit</b> <b>Minimum 3 Written Tenders</b>	The Project Board / Originating Department supported by Head of Procurement	Procurement Dept with support from originating dept.	Trust Board Secretary or relevant Administrator.	Two Executive Directors or one executive director and the deputy chief finance officer.	Project Board / Originating dept supported by Head of Procurement including senior finance and clinical leads as appropriate.	Chief Executive or Chief Finance Officer
<b>Between EU Limit and £1m</b> <b>Minimum 3 Written Tenders</b>	The Project Board / Originating Department supported by Head of Procurement and senior finance representative	Procurement Dept with support from originating dept / Project Board.	Trust Board Secretary or relevant Administrator.	Two Executive Directors or one executive director and the deputy chief finance officer.	Project Board / Originating dept supported by Head of Procurement including senior finance and clinical leads as appropriate and relevant specialties.	Chief Executive or Chief Finance Officer.
<b>Greater than £1m (Capital and Revenue)</b> <b>Minimum</b>	Project Board / Originating Department supported by Head Of	Procurement Department with Senior Finance Representative and	Trust Board Secretary or relevant Administrator	Trust Board Secretary or relevant Administrator and	Project Board / Originating Department supported by the Head of Procurement or Contracts Manager and	Trust Board

<b>3 Written Tenders</b>	Procurement and Senior Finance Representative	Project Board support	Two Executive Directors or one Executive Director and Deputy Chief Finance Officer	including senior representation from Finance and the relevant specialties
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## Section G: Tendering and Waiver Procedures

### 2 Procedure for obtaining Waivers

#### 2.1 Explanation of the circumstances in which waivers should be applied against standing orders

1. A waiver should be applied for IN ADVANCE of the requisition of goods and requires the signatures of the Deputy Chief Finance Officer, the Chief Finance Officer and in some instances, the Chief Executive, and the Chair of the Audit and Assurance Committee.
  - The following waiver rules apply should your requisition be for goods greater than the listed levels.
  - Any incomplete waiver forms will be returned to you for completion, delaying the processing of your order.
  - If you submit a waiver that is approved and subsequently the reason for it is found to be invalid you will have breached the Standing Financial Instructions and may be liable to disciplinary action.

<b>Up to £5,000</b>	<b>No waiver required, but you should discuss your requirements with the Purchasing Department.</b>
<b>Between £5,000 and £20,000 incl. VAT</b>	<b>Signatures required:</b> <ul style="list-style-type: none"> <li>• Chief Executive or the Chief Finance Officer</li> </ul>
<b>Between £20,000 and £100,000 incl. VAT AUDIT AND ASSURANCE COMMITTEE APPROVAL IS REQUIRED BEFORE THE ORDER IS PROCESSED</b>	<b>Signatures required:</b> <ul style="list-style-type: none"> <li>• Chief Executive or the Chief Finance Officer</li> <li>• Member of the Audit and Assurance Committee</li> </ul>
<b>Greater than £100,000 incl. VAT AUDIT AND ASSURANCE COMMITTEE APPROVAL IS REQUIRED BEFORE THE ORDER IS PROCESSED</b>	<b>Signatures required:</b> <ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Chief Finance Officer</li> <li>• Chair of the Audit and Assurance Committee</li> </ul>
<b>Waivers cannot be issued if order is over the EU tender limits – This incurs a legal requirement to tender.</b>	

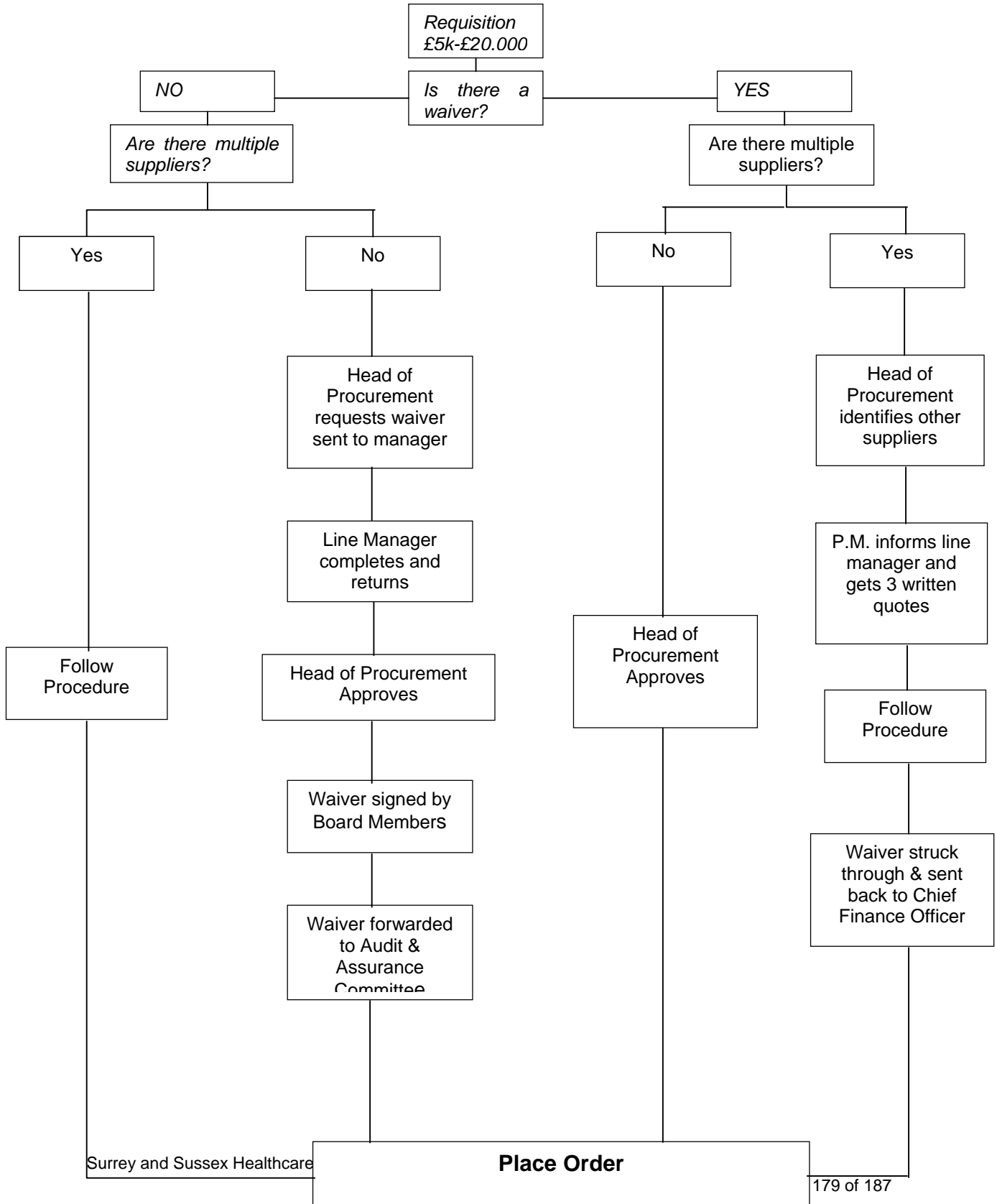
2. The purpose of quoting and tendering is to ensure best value for money. A waiver should only be obtained in circumstances where it is impossible to go to more than one supplier for reasons such as:
  - a. No other equipment meets specification requirement, proved by thorough market testing
  - b. Compatible with existing equipment and not available from more than one supplier
  - c. Use of another suppliers parts will void warranty or servicing contracts
  - d. Clinical preference, evidence on which preference is based will be required
3. Other reasons may also exist and these should be noted on the waiver form. The attached flow diagrams map out the process for requisitioning with waivers. All requisitions with a waiver will be scrutinised by the Head of Procurement for reasonableness.

## Section G: Tendering and Waiver Procedures

4. Sometimes the Purchasing Department will know of other suppliers who can offer competitive prices, but the line manager has attached a waiver. Should this be the case, Purchasing will discuss the other suppliers with the line manager and if no valid reason can be given to maintain the waiver, the process to obtain quotes or tenders will be triggered. The old waiver will then be voided and returned to the Chief Finance Officer.
5. Waiver forms must be obtained from the Procurement Department as they are pre-numbered and a register is kept of their progress.
1. A record of all waivers are submitted to the Trust Audit and Assurance Committee for review, periodically

## Section G: Tendering and Waiver Procedures

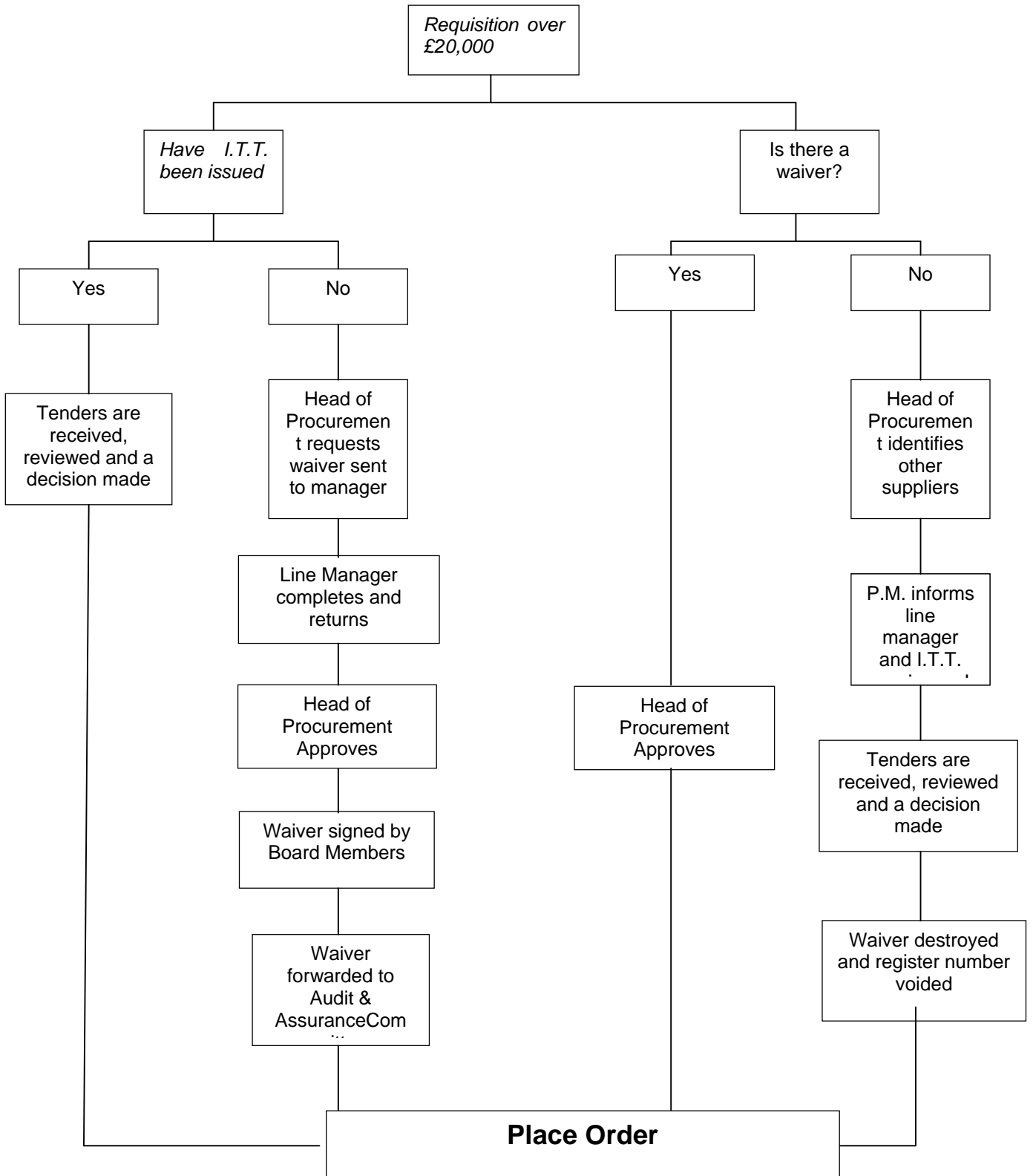
### 2.2 Decision flowchart £5,000 to £20,000





## Section G: Tendering and Waiver Procedures

### 2.3 Decision flowchart over £20,000



## Section G: Tendering and Waiver Procedures

Waiver No.

.....2012

### 2.4 Specimen Waiver form

Application for Waiving of Standing Financial Instructions

#### **Instructions**

This form **must** be completed where the requirement to obtain competitive tenders or quotations in respect of goods, materials or services is requested to be waived.

The limits set by the Trust are:

£5,000 - £20,000 - Including VAT	minimum 3 competitive quotations required
Over £20,000 - Including VAT	minimum 3 competitive tenders required

All waivers over £20,000 shall be reported to the next meeting of the Audit and Assurance Committee.

1. Please complete Sections 2-9 of the form.
2. Forward to either Purchasing Department or Estates, as appropriate, to complete Section 10.
3. Purchasing Department or Estates to forward to the Finance and Procurement Support Officer, who will obtain the appropriate approval, copy for reference to the Audit and Assurance Committee and return the authorised form to the Purchasing Department.
4. A copy of this completed authorisation must accompany the requisition sent to the Purchasing Department.
5. **YOU MUST STATE CLEARLY THE REASON FOR THE WAIVER AT SECTION 6 - sections are annotated where forms will be returned immediately if not completed properly**

#### **Extract from Trust Standing Financial Instructions – para 17.5.3**

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

[paragraphs (a) to (c) refer to situations where this waiver form is not needed]

- (d) the Chief Executive has confirmed that formal tendering would not be practicable;
- (e) where the requirement is covered by an existing contract;
- (f) where PASA (Purchasing and Supplies Agency) agreements are in place;
- (h) where a consortium arrangement is in place;
- (h) where the timescale genuinely precludes competitive tendering **NOTE: failure to plan the work properly would not be regarded as a justification for a single tender;**
- (i) where specialist expertise is required and is available from only one source;

**NOTE:** Please think carefully before applying this paragraph and note its wording (specialist and expertise) – **the paragraph is not intended to cover the replacement of a specific item with one exactly the same. If evidence is not provided or it does not support the waiver application a tender will be required.**

## Section G: Tendering and Waiver Procedures

- (j) 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;
- (k) 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

Section 1 *In accordance with the Trust's Standing Financial Orders, I request a waiver of the requirements to obtain competitive tenders\*/quotations\* in respect of the goods\*/materials\*/services\* listed in the following Sections.*

Name:

Date:

Title:

---

Section 2 *Name & address of supplier:*

---

Section 3 Price of goods (including VAT):

---

Section 4 Hospital and Department for which goods are required:

---

Section 5 **Please provide a clear explanation so that the authorising officer does not send the form back asking for more detail – if not provided the form will be sent back.**

Description of goods/materials/services:

Why do we need these goods/services (replacement? Deal with a specific requirement?)

---

Section 6 **Applicable paragraph and reason permitting decision to waive Standing Financial Instructions (if not stated this form will be returned):**

SFI 17.5.3 sub para:

Reason applied:

Please explain the evidence you have to support the reason  
**(if not stated this form will be returned):**

## Section G: Tendering and Waiver Procedures

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Section 7 **Certification** (by Authorised signatory/Budget Holder)

I certify that the above direct costs and all consequential direct and indirect costs, associated with the request including items such as labour, power, replacement parts, accommodation and maintenance contract costs etc, are fully funded in approved budgets for both current and future years.

***I also confirm that I am aware that if the reason for application for the waiver is found to be invalid I will be in breach of the Standing Financial Instructions and potentially subject to disciplinary action.***

Name (*in capitals*): .....

Signature: ..... Date:.....

Directorate: .....

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Section 8 **Requisition No.:**

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Section 9 **Approved Waiver to be returned to:**

Name: Lee Edwards  
Title: Head of Procurement  
Location: Trust Headquarters, ESH

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Section 10 **Reasonableness:**

*I hereby confirm that, to the best of my knowledge, this waiver request is reasonable.*

Signature: ..... Date: .....

Deputy Director of Finance

---

Section 11 **Approval of Waiver**

**Up to £20,000**

Signature: ..... Date: .....

*We hereby approve this waiver*  
(Chief Executive or Director of Finance)

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**£20,001 to £100,000**

Signature 1: ..... Date: .....

Signature 2: ..... Date: .....

*We hereby approve this waiver*  
(Chief Executive or Director of Finance and member of the Audit and Assurance Committee)

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## Section G: Tendering and Waiver Procedures

### **Greater than £100,001**

Signature 1: ..... Date: .....

Signature 2: ..... Date: .....

Signature 3: ..... Date: .....

*We hereby approve this waiver*

(Chief Executive, Director of Finance and Chairman of the Audit and Assurance Committee)

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## Section G: Tendering and Waiver Procedures

### Schedule 1:

### **Authority to commit or spend Trust money - delegated limits**

#### **Responsibilities set out in Standing Financial Instructions**

The Trust's Standing Financial Instructions are very clear about staff requiring formal authority to commit or spend Trust money. Doing so without authority lays individuals open to disciplinary action (including dismissal) and even personal liability.

Staff who commit or spend Trust money must read the Standing Financial Instructions - , specific areas to be aware of (this is not an exhaustive list) are as follows:

- Section 15.5 covers **staff making decisions about healthcare procedures**, and states that staff should not commit resources to do work not covered, or restricted by, Commissioners Contracts.
- Section 16 covers **budget holders** and states that Trust resources should be spent according to what the budget has been allocated for;
- Section 18 covers **pay** expenditure (revenue);
- Section 19 covers **non pay** expenditure (revenue)
- Section 24 covers **capital**.

It is each individual's responsibility to make themselves aware of their responsibilities as stated in the Standing Financial Instructions.

#### **Formal authorisation**

This schedule provides the limits to be applied. Not every person at each level will have delegated authority - specific authority is provided by an individual signing, and an (authorised) senior signing to confirm, an authorised signatory pro-forma (or the electronic equivalent within the Trust's financial system).

#### **Automated Trust financial and purchasing processes**

The Trust uses NHS Shared Business Services (SBS) to provide its financial accounting and purchasing systems. The system is highly automated, web based and electronic. Staff must ensure they are (a) trained to use it, (b) use it properly and (c) do not let the system emails generated build up, they must be dealt with promptly.

Within the system authority levels for posts are set such that

- Post holders who requisition goods and services are unable to approve those purchases, the requisition moves electronically to the next line manager level for approval.
- If that requisition is above the next levels approval limit it moves electronically to the next level.
- This is repeated until the requisition is approved or it get to the Chief Executive.
- The purpose of the detailed bandings is to facilitate a smooth progression upwards and avoid significant 'limit' bottlenecks.
- The process operates similarly for approval of non-purchase order expenditure where invoicing is sent electronically through the same approvals hierarchy.

## Section G: Tendering and Waiver Procedures

### Delegated limits

#### Capital expenditure

All capital expenditure project/procurement above £5,000 requires sign off by the Executive Team meeting, TDG or the Capital Group – all representing the Chief Executive and the Board) or directly by the Board (if not part of the Board approved budget) prior to any requisition.

The delegated limits for *approval* of projects/items are:

- Amounts over £1.0m – Investment and Workforce Committee and the Trust Board
- Amounts upto £1m – Management Board, Exec Team and TDG
- Amounts up to £0.25m – the Capital Investment Group

If a scheme's cost exceeds its budget formal approval of that overrun must be obtained from the Capital Group or other named committee according to the delegated authority of that committee.

In terms of *authorising payments* in respect of approved schemes/items the delegated limits are below.

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	Chief Executive	Any	Any	Any
2	Chief Finance Officer	amount over 250	amount over 250	amount over 250
3	Director of Estates & Information	250	250	250
4	Other Directors, Head of Capital or Deputy Chief Finance Officer	100	100	100
5	2 <sup>nd</sup> line reports to Directors, e.g.: Divisional ADO's, Assistant Directors ( <u>not</u> Clinical Directors)	5	5	5

Where the CFO is absent then the Deputy CFO will be delegated their approval limits.

#### Revenue expenditure

The delegated limits for *approval* of annual recurrent or non recurrent revenue expenditure are:

- Amounts over £1.0m – the Board
- Amounts below £1.0m – the Executive Team meeting or one of its delegated committees (Transformation Delivery Group or Management Board).

In terms of *authorising payments* in respect of approved expenditure the delegated limits are below.

## Section G: Tendering and Waiver Procedures

Level	Staff with authority	Requisitions		Invoices - limit (£000)
		Purchase orders – limit (£000)	Non purchase orders – limit (£000)	
1	Chief Executive	Any amount	Any amount	Any amount
2	Chief Finance Officer	over 250	over 250	over 250
3	Other Directors and nominated senior finance staff	250	250	250
4	2 <sup>nd</sup> line reports to Directors, e.g.: General Manager, Heads of Nursing, Associate Directors ( <u>not</u> Clinical Directors)	50	50	50
5	3 <sup>rd</sup> line reports to Directors: e.g.: senior managers, Heads of Department Includes Head of Procurement	10	10	10
6	Other budget holders	2.5	2.5	2.5

**Where the CFO is absent then the Deputy CFO will be delegated their approval limits.**

### Contracts

Standing Orders (at para 8.4) describe that the Chief Executive and Executive Directors can sign legally binding documents and Section 5 and the scheme of delegation provides for the delegation of functions and authority allowing other members of staff to do so, within the criteria provided by approval of the expenditure.