

## Standing Financial Instructions

<b>For Use in:</b>	Organisation-wide
<b>By:</b>	All staff
<b>For:</b>	To ensure that its financial transactions are carried out in accordance with the Law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness
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Standing Financial Instructions:

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Page 1 of 50

# Standing Financial Instructions

<b>If so why?</b>	
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# Standing Financial Instructions

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## This is a Controlled Document

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## Contents

1.Introduction.....	6
1.1General.....	6
1.2Terminology.....	6
1.3Responsibilities and Delegation.....	8
1.4The Chief Executive and Chief Financial Officer.....	8
2.Audit.....	10
2.1Audit Committee.....	10
2.2Chief Financial Officer .....	11
2.3Role of Internal Audit.....	11
2.4External Audit.....	12
2.5Fraud, Bribery and Corruption.....	13
2.6Security Management .....	14
2.7Senior Information Risk Owner (SIRO) .....	14
3.Business Planning, Budgets, Budgetary Control and Monitoring.....	15
3.1Preparation and Approval of Business Plans and Budgets.....	15
3.2Budgetary Control and Reporting.....	16
3.3Capital Expenditure.....	17
3.4Financial Performance Monitoring and Returns.....	17
4.Annual Accounts and Reports.....	18
5.Bank and Government Banking Service (GBS) Accounts.....	18
5.1General.....	18
5.2Bank and GBS Accounts.....	18
5.3Banking Procedures.....	19

# Standing Financial Instructions

5.4Tendering and Review of Banking Arrangements.....	19
6.Income, Fees & Charges, Security of Cash, Cheques and Other Negotiable Instruments.....	19
6.1Income Systems.....	19
6.2Fees and Charges.....	19
6.3Debt Recovery.....	20
6.4Security of Cash, Cheques and Other Negotiable Instruments... ..	20
7.Service and Financial Framework: Contracts for Provision of Services .....	21
8.Terms of Service and Payment of Directors and Employees.....	22
8.1Remuneration and Terms of Service .....	22
8.2Funded Establishment.....	23
8.3Staff Appointments.....	23
8.4Processing of Payroll.....	23
8.5Contracts of Employment.....	24
9.Non-Pay Expenditure and Procurement.....	25
9.1Delegation of Authority.....	25
9.2Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services.....	25
10.External Borrowing and Investments .....	28
10.1External Borrowing.....	28
10.2Investments.....	29
11.Capital Investment, Private Financing, Asset Registers and Security of Assets.....	29
11.1Capital Investment.....	29
11.2Private Finance.....	31
11.3Asset Registers.....	31
11.4Security of Assets.....	32
12.Stores and Receipt of Goods.....	33
13.Disposals and Condemnations, Losses and Special Payments.....	34
13.1Disposals and Condemnations.....	34
13.2Losses and Special Payments.....	34
14.Information Technology.....	35
15.Patients' Property.....	36
16.Funds Held on Trust.....	37
17.Retention of Documents.....	38

## Standing Financial Instructions

18.Risk Management and Insurance.....	38
19.Inducements, Declaration of Interests.....	40
19.1Acceptance of Gifts and Hospitality .....	40
19.2Giving of gifts and hospitality.....	40
19.3Private Transactions .....	40
19.4Declaration of Interest.....	40
20.Tendering and Contract Procedures.....	41
20.1Duty to comply with Standing Orders and Standing Financial Instructions.....	41
20.2Statutory Directives Governing Public Procurement.....	41
20.3Guidance on Procurement and Commissioning.....	41
20.4Formal Competitive Tendering.....	41
20.5Quotations and Waivers.....	41
20.6Monitoring and audit of decision to tender.....	42
20.7Contracts which subsequently breach thresholds after approval not to tender.....	43
20.8Use of Framework Agreements.....	43
20.9Where tendering or competitive quotation is not required:.....	43
20.10Private Finance .....	44
20.11Compliance requirements for all contracts.....	44
20.12Employment and Agency or Temporary Staff Contracts.....	44
20.13Applicability of SFIs on Tendering and Contracting to funds held in trust.....	45
Annex A - Quotations and Tendering .....	46
Annex B - Tendering Procedure.....	48

# Standing Financial Instructions

## 1. Introduction

### 1.1 General

These Standing Financial Instructions (SFIs) shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.

These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the Law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the 'Schedule of Matters Reserved to the Board and the Scheme of Delegation' adopted by the Trust.

These SFIs identify the financial responsibilities which apply to everyone working for the Trust. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Financial Officer.

Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Financial Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.

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 meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the Chief Financial Officer, as soon as possible.

The failure to comply with SFIs and SOs can be regarded as a disciplinary matter that could result in the application of the Trust's disciplinary procedures, which may include dismissal.

### 1.2 Terminology

Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts or in the 2006 Act or regulations made under it, shall have the same meaning in these instructions, and in addition:

- (a) '**Accounting Officer**' means the person (under the NHS Act 2006) responsible and accountable for funds entrusted to the Trust.

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

## Standing Financial Instructions

- (b) **'Board of Directors'** and (unless the context otherwise requires) 'Board' means the executive and non-executive directors of the Trust including the chairman, collectively as a body.
- (c) **'Budget'** means a resource, expressed in financial terms, proposed by the Trust for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- (d) **'Budget Holder'** means the director or employee with delegated authority to manage finances (Income and Expenditure or Capital) for a specific area of the organisation.
- (e) **'Chairman'** is the person appointed by the Council of Governors to lead the Board of Directors and to ensure that it successfully discharges its overall responsibility for the Trust as a whole.
- (f) **'Chief Executive'** means the Chief Executive Officer of the Trust.
- (g) **'Council of Governors'** means the Council of Governors of the Trust as constituted by the constitution.
- (h) **'Chief Financial Officer'** means the Chief Finance Officer or the Director of Finance of the Trust.
- (i) **'Executive Director'** means a member of the Board of Directors who holds an executive office of the Trust.
- (j) **'Funds held on trust'** means those funds which the Trust held at 1st April 1994 or incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 2006, as amended. Such funds may or may not be charitable.
- (k) **'Legal Adviser'** means the properly qualified person appointed by the Trust to provide legal advice.
- (l) **'Local Counter Fraud Specialist' (LCFS)** means the officer who has daily operational responsibility for implementing the NHS Standards for Providers (Fraud, Bribery and Corruption).
- (m) **'Local Security Management Specialist' (LSMS)** means the officer who has daily operational responsibility for implementing the Department of Health and Social Care directions on security management.
- (n) **'Nominated Officer'** means an officer charged with the responsibility for discharging specific tasks within the Standing Orders and Standing Financial Instructions.
- (o) **'Non-executive Director'** means a member of the Board of Directors who does not hold an executive office of the Trust.
- (p) **'Officer'** means an employee of the Trust or any other person holding a paid appointment or office with the Trust.
- (q) **'SFIs'** means the Standing Financial Instructions of the Trust.

## Standing Financial Instructions

- (r) **'SOs'** means the Standing Orders of the Trust.
- (s) **'the Trust'** means the Norfolk and Norwich University Hospitals NHS Foundation Trust.

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

Wherever the term "employee / officer" is used and where the context permits it shall be deemed to include employees / officers of third parties contracted to the Trust when acting on behalf of the Trust.

### 1.3 Responsibilities and Delegation

The Board exercises financial supervision and control by:

- (a) Formulating and approving the financial strategy.
- (b) Requiring the submission and approval of budgets within NHS approved limits.
- (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money).
- (d) Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation.

The Board has resolved that, certain powers and decisions may only be exercised by the Board in formal sessions. These are set out in the Schedule of Matters Reserved for the Board and Scheme of Delegation document.

The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Trust.

### 1.4 The Chief Executive and Chief Financial Officer

The Chief Executive and Chief Financial Officer will, as far as possible, delegate their detailed responsibilities (as permitted by the Constitution and Standing Orders), but they remain accountable for financial control.

Within the SFIs, 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 Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.



## Standing Financial Instructions

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 understand their responsibilities within these Instructions.

The Chief Financial Officer is responsible for:

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

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

- (a) The provision of financial advice to other members of the Board and employees.
- (b) The design, implementation and supervision of systems of internal financial control.
- (c) 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.

All directors and employees, severally and collectively, are responsible for:

- (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 to the requirements of the Constitution, Standing Orders, Standing Financial Instructions and the Scheme of Delegation.
- (e) Conforming to the requirements of the Conflicts of Interest and Business Conduct Policy; including ethical conduct and making all appropriate disclosures in relation to declarations of interest (including in tenders), gifts and hospitality, commercial sponsorship and outside employment and ownership.
- (f) Any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to

# Standing Financial Instructions

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.

- (g) For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Chief Financial Officer.

## 2. Audit

### 2.1 Audit Committee

In accordance with Standing Orders, the Board shall establish an Audit Committee including independent Non-Executive Directors. The Board shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

The main roles and responsibilities of the Audit Committee are set out in written terms of reference and include details of how it will monitor the integrity of the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisations activities.

Review financial and information systems and monitor the integrity of the financial statements and review significant financial reporting judgements.

The Audit Committee must assess the work and fees of external audit on an annual basis to ensure that the work is of a sufficiently high standard and that the fees are reasonable. The committee must also monitor the provision of non-audit services by the external auditor to ensure auditor objectivity and independence is safeguarded.

The Audit Committee shall make a recommendation to the Council of Governors with respect to the re-appointment of the external auditors. The Trust should undertake a market-testing exercise for the appointment of the external auditor at least once every five years.

Where the Audit Committee consider there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to the Independent Regulator or to the Chief Financial Officer in the first instance.

Gain assurance that there is an effective Internal Audit function, which meets mandatory Internal Audit Standards. The Audit Committee shall be involved in the selection process when an internal audit service provider is changed.

## Standing Financial Instructions

Review the Trust's Annual Report and Financial Statements before submission to the Board.

Review all internal and external audit reports, including the annual report of the Head of Internal Audit and the Local Counter Fraud Specialist. Monitor management response and responsiveness to findings and recommendations.

Monitor and review compliance with the Trust's Standing Orders and Standing Financial Instructions.

### 2.2 Chief Financial Officer

The Chief Financial Officer is responsible for:

- (a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function.
- (b) Ensuring that the internal audit service to the Trust is adequate and meets the NHS mandatory audit standards.
- (c) Deciding at which stage to involve the police in cases of misappropriation and other irregularities not involving fraud, bribery and corruption.
- (d) Ensuring that an annual internal audit report is provided for the consideration of the Audit Committee. The report must cover:
  - i) A clear opinion on the effectiveness of internal control and risk management arrangements,
  - ii) Major internal 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.

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

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

### 2.3 Role of Internal Audit

Standing Financial Instructions:

Author/s: Neil Blackburn  
Approved by: Trust Board

Author/s title: Associate Director of Finance  
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Version: 9 Trust Docs ID: 1016

Page 11 of 50

# Standing Financial Instructions

Internal Audit will review, appraise and report upon:

- a) The extent of compliance with 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 including internal and external reporting and accountability processes.
- 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, bribery and other offences.
  - ii) Waste, extravagance, inefficient administration.
  - iii) Poor value for money or other causes.
  - iv) Any form of risk, especially business and financial risk.

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 Financial Officer must be notified immediately, and in the case of alleged or suspected fraud the LCFS must be notified.

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

The Internal Audit function shall be accountable to the Chief Financial Officer. The reporting system for internal audit shall be agreed between the Chief Financial Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with relevant guidance on reporting. The reporting system should be reviewed at least every three years.

## 2.4 External Audit

It is for the Council of Governors to appoint or remove the external auditors at a general meeting of the Council of Governors.

The criteria and process for appointing, re-appointing or removing the external auditors should be agreed by the Council of Governors and the Audit Committee.

The Trust must ensure that the external auditor appointed by the Council of Governors meets the criteria included by the Independent Regulator within the Code of Audit Practice issued by the National Audit Office (NAO), at the date of appointment and on an on-going basis throughout the term of their appointment.

## Standing Financial Instructions

The Audit Committee must ensure a cost-effective service is provided and agree audit work plans, except statutory requirements.

The External Auditor must ensure that this service fulfils the functions and audit access and information requirements, as specified in the NHS Act 2006.

External audit providers must comply with the Auditing Practices Board (APB) ethical standards when providing non-audit services to the Trust. Whenever the external audit firm is engaged by the Trust or bids to provide non-audit services to the Trust, the firm's audit engagement partner must declare an interest to the Audit Committee and, if necessary, explain:

- a) how it does not conflict with APB ethical standards.
- b) the control measures it has established to preserve the integrity of the auditors' independence.

Prior approval must be sought from the Audit Committee for each discrete piece of additional audit work over and above the agreed start of year audit plan, awarded to the external auditors.

### **2.5 Fraud, Bribery and Corruption**

In line with their responsibilities, the Chief Executive and Chief Financial Officer shall monitor and ensure compliance with directions on NHS Fraud, Bribery and Corruption, issued by the Secretary of State and any guidance from NHSE&I.

The Trust shall nominate a suitably qualified person to carry out the duties of the Local Counter Fraud Specialist (LCFS) including work to prevent and deter fraud, bribery and corruption and any reactive work to hold those to account who commit such acts. They are reportable to the Chief Financial Officer and will work with staff in the Trust in accordance with the NHS Counter-Fraud Manual and in line with the Trust's Counter-Fraud, Bribery and Corruption Policy.

An LCFS work-plan must be agreed, and it must have an appropriate division of work days allocated to counter fraud awareness, proactive work (based on a Trust-wide risk assessment) and reactive work (ad-hoc investigations).

The LCFS on behalf of the Trust will report annually on how the Trust has met the standards set by NHS CFA in relation to counter-fraud, bribery and corruption work.

## **Standing Financial Instructions**

The Trust will enable the LCFS to attend Audit Committee meetings. The Committee shall receive Local Counter Fraud Specialist reports at these meetings.

The Trust ensures that those carrying out counter-fraud and bribery work have all the necessary support to enable them to carry out their role efficiently, effectively and promptly.

The Trust has carried out a risk assessment to identify fraud and bribery risk and has in place an anti-fraud and bribery provision that is proportionate to the level of risk identified. These identified risks are translated into an organisational work plan, of which progress is monitored at a senior level and results reported to the Audit Committee.

The Trust will co-operate with and participate in activities at the request of NHSCFA, including the implementation of national anti-fraud and bribery measures.

The Bribery Act 2010 introduced the offences of offering and or receiving a bribe. It also places specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. To demonstrate the organisation has sufficient and adequate procedures in place and to demonstrate openness and transparency all staff are required to comply with the requirements of Standing Financial Instructions and Standing Orders. The penalties for infringement of these laws includes fines and prison sentences for individuals and heavy fines for organisations who don't comply. For a more detailed explanation see the Counter-Fraud, Corruption and Bribery Policy. Should members of staff wish to report any concerns or allegations they should contact their Local Counter Fraud Specialist.

### **2.6 Security Management**

In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS Security Management.

The Chief Executive has overall responsibility for controlling and co-ordinating security, however, key tasks are delegated to the Executive Director with lead responsibility for Security Management and a Local Security Management Specialist (LSMS).

The LSMS shall regularly report progress to each meeting of the Health and Safety Committee and upwards to the Trust Executive Committee at least quarterly.

### **2.7 Senior Information Risk Owner (SIRO)**

# Standing Financial Instructions

The Trust shall nominate an executive director to be responsible to the Board for information risk management, called a Senior Information Risk Owner (SIRO). The role of the SIRO is defined in the Information Governance Toolkit and is summarised in the Trust's Information Governance Policy. The SIRO is the leading advocate for information risk to the Board, advising on how information security risks could impact the strategic goals of the Trust.

## **3. Business Planning, Budgets, Budgetary Control and Monitoring**

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

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

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

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

- (a) Be in accordance with the aims and objectives set out in the annual 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.

The Chief Financial Officer shall monitor financial performance against budget and business plan and report to the Board on a monthly basis.

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

Should circumstances require a revision to the annual financial plan during the year, the process outlined above should be followed. The Board should also be made aware of the reasons for the change and why the original annual plan is no longer viable.

All budget holders will receive their allocated budgets at the commencement of each financial year.

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

# Standing Financial Instructions

## 3.1 Budgetary Delegation

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

- (a) The amount of the budget.
- (b) The purpose of each budget heading.
- (c) Individual and group responsibilities.
- (d) Authority to exercise virement between budgets.
- (e) Achievement of planned levels of service.
- (f) The provision of regular reports.

The Chief Executive and delegated budget holders must manage within the budgetary total and Scheme of Delegation set by the Board.

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

Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Financial Officer.

## 3.2 Budgetary Control and Reporting

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

- (a) Monthly financial reports to the Board in a form approved by the Board containing:
  - (i) Income and expenditure to date showing trends and forecast year-end position;
  - (ii) Movements in working capital.
  - (iii) Capital project spend and projected outturn against plan.
  - (iv) Explanations of any material variances from plan.
  - (v) Details of any corrective action where necessary and the Chief Executive's and/or Chief Financial Officer view of whether such actions are sufficient to correct the situation.
- (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible.
- (c) Investigation and reporting of variances from financial, workload and workforce budgets.



## Standing Financial Instructions

- (d) Monitoring of management action to correct variances.
- (e) Arrangements for the authorisation of budget transfers.

Each Budget Holder is responsible for ensuring that:

- (a) Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chief Financial Officer
- (b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- (c) No permanent employees are appointed without the approval of the Chief Executive other than those provided for in the budgeted establishment as approved by the Board.
- (d) The systems of budgetary control established by the Chief Financial Officer are complied with fully.

The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and the Trust's Strategy. The Programme Management Office (PMO) is responsible for supporting the Financial Improvement/Efficiency Programme.

### 3.3 Capital Expenditure

The general rules applying to delegation and reporting shall also apply to capital expenditure (the particular applications relating to capital are contained in Section 11 of this document).

### 3.4 Financial Performance Monitoring and Returns

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

The Chief Executive is responsible for ensuring that:

- (a) Financial performance measures have been defined and are monitored.
- (b) Reasonable targets have been identified for these measures.
- (c) A robust system is in place for managing performance against the targets.
- (d) Reporting lines are in place to ensure overall performance is managed.
- (e) Arrangements are in place to manage/respond to adverse performance.

# Standing Financial Instructions

## 4. Annual Accounts and Reports

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

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care (DHSC), the Treasury, the Trust's accounting policies, and International Financial Reporting Standards.
- (b) Prepare and submit certified annual financial reports in accordance with current guidelines.
- (c) Submit financial returns to the appropriate bodies for each financial year in accordance with the timetable prescribed by NHSE&I and the DHSC.

The Trust's annual accounts must be audited by an external auditor in accordance with appropriate international auditing standards.

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 DHSC Group Accounting Manual.

The Trust's audited Annual Report and Accounts must be presented to the Board of Directors for formal approval and then presented to a public meeting of the Council of Governors and made available to the public.

## 5. Bank and Government Banking Service (GBS) Accounts

### 5.1 General

The Chief Financial Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts consistent with the Trust's internal treasury management policy. The policy should take into account any guidance issued by NHSE&I.

The Board shall approve the banking arrangements.

### 5.2 Bank and GBS Accounts

The Chief Financial Officer is responsible for:

- (a) Bank accounts and GBS accounts.
- (b) Establishing separate bank accounts for the Trust's non-exchequer funds.
- (c) Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made.
- (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

# Standing Financial Instructions

## 5.3 Banking Procedures

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

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

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

## 5.4 Tendering and Review of Banking Arrangements

The Chief Financial Officer will review the 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 banking business.

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

## 6. Income, Fees & Charges, Security of Cash, Cheques and Other Negotiable Instruments

### 6.1 Income Systems

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

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

### 6.2 Fees and Charges

The Trust shall follow best costing practice in accordance with professional advice from the finance department.

The Chief Financial Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSC. Independent professional advice on matters of valuation shall be taken as necessary.

## Standing Financial Instructions

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

### 6.3 Debt Recovery

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

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

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

### 6.4 Security of Cash, Cheques and Other Negotiable Instruments

The Chief Financial Officer is responsible for:

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

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

All cheques, postal orders, cash etc., shall be banked intact and immediately entered into an approved form of register. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer. Every transfer of official money from one member of staff to another shall be evidenced in the records of the departments concerned by the signature of the receiving officer.

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.

## Standing Financial Instructions

During an absence (e.g. on holiday) of the holder of a safe or cash box key, the officer who acts in their place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.

Wherever incoming post consistently contains remittances the opening of such posts must be undertaken by two officers, who should both certify any receipts in the approved register. Incoming post not usually associated with remittances can be opened by an individual officer. If, however, a remittance is received a second officer must be involved immediately.

The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Chief Finance Officer.

Where cash collection is undertaken by an external organisation, this shall be subject to such security and other conditions as required by the Chief Financial Officer.

Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned shall be reported immediately in accordance with the agreed procedure for reporting losses ([see also SFI 13.2 - Losses and Special Payments](#)) Any loss or surplus of cash should be immediately reported to the Chief Financial Officer.

All payments made on behalf of the Trust to third parties should normally be made using bank transfers, the Bankers Automated Clearing System (BACS), or by crossed cheque and drawn in accordance with these instructions, except with the agreement of the Chief Financial Officer, as appropriate, who shall be satisfied about security arrangements. Uncrossed and unused cheques shall be regarded as cash.

Reimbursement to members of staff for individual items of expenditure out of a petty cash float shall not exceed a defined limit as set out in the Scheme of Delegation.

Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without their written approval.

### **7. Service and Financial Framework: Contracts for Provision of Services**

The Chief Executive is responsible for negotiating the Service and Financial Framework for the provision of services to patients in accordance with the Business Plan, and for establishing the arrangements

## Standing Financial Instructions

for providing non contracted activity. In discharging this responsibility, the Chief Executive should take into account:

- (a) The standards of service expected.
- (b) The relevant national service framework (if any).
- (c) The provision of reliable information on cost and volume services.
- (d) The NHS Outcomes Framework.
- (e) That healthcare contracts build (where appropriate) on existing partnership arrangements and be based on integrated care pathways.
- (f) The advice of the Chief Financial Officer regarding matters of a financial and contracting nature.

All service contracts and other contracts should be signed by both parties, legally binding, shall comply with best costing practice and shall be devised so as to manage contractual risk, in so far as is reasonably achievable in the circumstances of each contract.

The Chief Financial Officer shall produce regular reports detailing actual and forecast income from the provision of healthcare with a detailed assessment of the impact of the variable elements of income.

The Trust will maintain a public and up-to-date schedule of the authorised goods and services which are being currently provided, including non-mandatory health services.

### **8. Terms of Service and Payment of Directors and Employees**

#### **8.1 Remuneration and Terms of Service**

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

The Committee will:

- (a) Determine on behalf of the Board of Directors, the remuneration and terms of service of executive directors 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 national requirements, where appropriate.
- (b) Monitor and evaluate the performance of individual executive directors (and other senior employees).
- (c) Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments.

# Standing Financial Instructions

The Board of Directors will approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those officers not covered by the Committee.

The Trust will remunerate the Chairman and Non-executive Directors as determined by the Council of Governors in accordance with the Trust's Constitution.

## 8.2 Funded Establishment

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

The funded establishment of any department can only be varied as set out in the Scheme of Delegation.

## 8.3 Staff Appointments

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

- (a) Unless authorised to do so through the Scheme of Delegation as agreed by the Trust Board.
- (b) Within the limit of their approved budget and funded establishment.

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

## 8.4 Processing of Payroll

The Chief Financial Officer is responsible for:

- (a) Specifying timetables for submission of properly authorised time records and other notifications.
- (b) The final determination of pay and allowances.
- (c) Making payment on agreed dates.
- (d) Agreeing method of payment.

The Chief Financial Officer will issue instructions regarding:

- (a) Verification and documentation of data.
- (b) The timetable for receipt and preparation of payroll data and the payment of employees.  
Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay.
- (c) Security and confidentiality of payroll information.

## Standing Financial Instructions

- (d) Checks to be applied to completed payroll before and after payment.
- (e) Authority to release payroll data under the provisions of the General Data Protection Regulations.
- (f) Methods of payment available to various categories of employee.
- (g) Procedures for payment by cheque or bank credit employees.
- (h) Procedures for the recall of cheques and bank credits.
- (i) Pay advances and their recovery.
- (j) Maintenance of regular and independent reconciliation of pay control accounts.
- (k) Separation of duties of preparing records and handling cash.
- (l) A system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

Appropriately nominated managers have delegated responsibility for:

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

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

### 8.5 Contracts of Employment

The Board shall delegate responsibility as set out in the Scheme of Delegation 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.



## Standing Financial Instructions

- (c) Dealing with claims, settlements, compensation, tribunal hearings and disputes generally, arising from contracts of employment.

### 9. Non-Pay Expenditure and Procurement

#### 9.1 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 in the Scheme of Delegation:

- (a) The list of managers who are authorised to approve requisitions for the supply of goods and services.
- (b) The maximum value 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.

#### 9.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

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 Procurement Department shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Financial Officer (and/or the Chief Executive) shall be consulted. Wherever appropriate, the supply of goods and services shall be covered by a contract following a tender exercise.

The Trust's Procurement Department shall be responsible for ensuring that the Trust complies with all applicable laws in relation to choice, requisitioning, ordering and receipt for goods and services.

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

The Chief Financial Officer will:

- (a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the Scheme of Delegation and SFIs, and regularly reviewed.
- (b) Prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget holders)

## Standing Financial Instructions

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 directors and employees (including specimens of their signatures) authorised to certify invoices.

(ii) Certification that:

- Goods have been duly received, examined and are in accordance with specification and the prices are correct.
- Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct.
- In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined.
- Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained.
- The account is arithmetically correct.
- The account is in order for payment.

(iii) A timetable and system for submission to the Chief Financial Officer 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, (except as below).

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

## Standing Financial Instructions

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e., cash flows must be discounted to NPV) and the intention is not to circumvent cash limits. Prepayments should be authorised in line with the Scheme of Delegation.
- (b) The appropriate Director 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 commitments.
- (c) The Chief Financial Officer and the Procurement Department will need to be satisfied with the proposed arrangements before contractual arrangements proceed.
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director or Chief Financial Officer if problems are encountered.

Official Orders must:

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

Managers and budget holders must ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer and that:

- (a) All contracts (except for those permitted under the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to an officer with the necessary delegated authority as specified in the Scheme of Delegation in advance of any commitment being made.
- (b) Contracts above specified thresholds are advertised and awarded in accordance with DHSC instructions and public procurement regulations as may be applicable at the time and in accordance with the Trust's Contract Management Policy.
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DHSC and NHSE&I.
- (d) No order shall be issued for any item or items to any supplier 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, mugs, pens and stationery.

## Standing Financial Instructions

- (ii) Conventional hospitality, such as lunches in the course of working visits and in accordance with the limits set out in the Conflicts of Interest and Business Conduct Policy;
- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Financial Officer on behalf of the Chief Executive. Requisition approval limits should align with the Scheme of Delegation.
- (f) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract, purchases from petty cash and purchases using a purchasing card.
- (g) Verbal orders can only be issued in extreme instances, by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked 'Confirmation Order'.
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds.
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase.
- (j) Changes to the list of directors/employees authorised to certify invoices are notified to the Chief Financial Officer or nominated deputy.
- (k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer.
- (l) Petty cash records are maintained in a form as determined by the Chief Financial Officer.

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

### 10. External Borrowing and Investments

The Chief Financial Officer will be responsible for the management of the Trust's cash flow.

#### 10.1 External Borrowing

The Trust will secure the most preferential interest rates for borrowing.

The Chief Financial Officer will advise the Board of Directors concerning the Trust's ability to pay interest on, and repay, any existing originating capital debt and any proposed new borrowing. The Chief Financial Officer

## Standing Financial Instructions

is also responsible for reporting periodically to the Board of Directors concerning all loans, overdrafts and associated interest.

Any application for new borrowing will only be made by the Chief Financial Officer or nominated officer in accordance with the Scheme of Delegation.

The Chief Financial Officer must prepare detailed procedural instructions concerning applications for new borrowing which comply with instructions issued by the Independent Regulator.

Assets protected under the authorisation agreement with the Independent Regulator shall not be used as collateral for borrowing. Non-protected assets will be eligible as security for a loan.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any new short-term borrowing must be authorised in accordance with the Scheme of Delegation.

All long-term borrowing must be consistent with the Trust's approved strategic plans.

### 10.2 Investments

The Trust may invest money for the purpose of its strategic objectives and operational functions, in line with guidance from the regulator.

Cash surpluses must be held only in such investments as approved by the Board of Directors, consistent with the Trust's internal Treasury Management Policy and within the terms of guidance as may be issued by the Independent Regulator.

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

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

## 11. Capital Investment, Private Financing, Asset Registers and Security of Assets

### 11.1 Capital Investment

All potential capital investment schemes competing for available capital resources are identified and reviewed as part of the Trust's Business planning cycle with clear links to supporting the Trust deliver against its strategic objectives.

## Standing Financial Instructions

All business cases must be compliant with investment appraisal guidance set out in HM Treasury's 'The Green Book' and the Five Case Model. This ensures that decision makers are supported with rounded, objective and evidence-based business cases, and templates have been designed to support this.

The criteria and principles for prioritising schemes for capital investment are agreed as part of the business planning process.

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; and
- (c) Shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support, where relevant and the availability of resources to finance all revenue consequences, including capital charges.
- (d) Shall ensure a relevant business case is prepared and submitted for approval in accordance with the Scheme of Delegation.
- (e) Shall ensure that the business cases are in line with Trust policy and NHSE/I guidance including:
  - (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 investment proposal is consistent with the Trust's clinical strategy and supports the provision of high-quality care.
  - (iii) Appropriate project management and control arrangements.
  - (iv) Certification by the Chief Financial Officer to indicate endorsement of any proposed procurement approach, the cost and activity assumptions and to demonstrate financial concurrence.
  - (v) Certifications by the Chief Executive or the Chief Nurse and Medical Director to indicate endorsement of the operational assumptions.
  - (vi) That all proposals to lease, hire or rent fixed assets have been subject to appraisal of their impact on the Trust's ability to achieve its financial targets and subject to legal advice, from the Trust's legal advisor, on the terms of the proposed contract.

## Standing Financial Instructions

- (vii) For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management.
- (viii) Issues relating to the sustainability of the wider local health system have been addressed and the proposed solution adequately assists the health system in managing present and future issues.

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

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

The Chief Executive shall directly (or through their delegated capital or governance committee) issue to the manager responsible for any scheme:

- (a) Specific authority to commit expenditure.
- (b) Authority to proceed to tender.
- (c) Approval to accept a successful tender.

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

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

### 11.2 Private Finance

When the Trust proposes to use finance, which is to be provided other than through its available funds, the following procedures shall apply:

- (a) The Chief Financial Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the value exceeds the thresholds in NHSE/I's 'Capital regime' guidance, then NHSE/I needs to be contacted in line with the guidelines set out in that document.
- (c) The proposal must be agreed by the Board.

### 11.3 Asset Registers

The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Financial Officer concerning the form of any register and the method of updating, and

## Standing Financial Instructions

arranging for a physical check of assets against the asset register to be conducted once a year.

The Trust shall maintain an asset register recording non-current assets, sufficiently detailed to meet financial reporting requirements.

Additions to the non-current asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties.
- (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads.
- (c) Lease agreements in respect of assets meeting the requirements to be recognised on the Trust asset register.

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).

The Chief Financial Officer shall approve procedures for reconciling balances on non-current asset accounts in ledgers against balances on non-current asset registers.

The valuation basis for each asset and the frequency of any revaluation (where applicable) will be determined by reference to the Trust's accounting policies which will be aligned to the treatment permissible under the DHSC General Accounting Manual or the NHS Foundation Trust Annual Reporting Manual.

The value of each asset shall be depreciated using methods and rates as specified in the Trust's Accounting Policies.

Non-protected assets may be used to raise funds for the development of services.

### 11.4 Security of Assets

The overall control of non-current assets is the responsibility of the Chief Executive.

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



## Standing Financial Instructions

- (a) Recording managerial responsibility for each asset.
- (b) Identification of additions and disposals.
- (c) Identification of 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.

All (>£1,000 NBV) discrepancies revealed by verification of physical assets to non-current asset register shall be notified to the Chief Financial Officer.

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

Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting 'losses and special payments' and also in accordance with the Security Management Policy.

Where practical, assets should be marked as Trust property.

### 12. Stores and Receipt of Goods

The Chief Financial Officer shall set out procedures and systems to regulate stores (controlled and departmental) including:

- (a) Records for receipt of goods, issues, and returns to stores
- (b) Stocktaking arrangements (to include the requirement for a physical check covering all items in store at least once a year)
- (c) Stock valuation
- (d) The review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles.

Subject to the responsibility of the Chief Financial Officer for the systems of control, overall responsibility for the control of stores shall be delegated

## Standing Financial Instructions

to an officer by the Chief Executive. The day-to-day responsibility may be delegated to departmental officers and stores managers/ keepers. The control of pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of fuel or oil of a designated estates manager.

The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/ Pharmaceutical Officer. Wherever practicable, stocks should be marked as property of the Trust.

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

### **13. Disposals and Condemnations, Losses and Special Payments**

#### **13.1 Disposals and Condemnations**

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

When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine the estimated market value of the item, taking account of professional advice where appropriate. Authorisation to proceed should be granted in line with the Scheme of Delegation.

All unserviceable articles shall be:

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

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

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

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

Any employee discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately

## Standing Financial Instructions

inform the Chief Executive and the Chief Financial Officer or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the Chief Financial Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Financial Officer must immediately inform the police and Local Security Management Specialist if theft or arson is involved, or the Local Counter Fraud Specialist and police in the case of fraud or corruption

The Chief Financial Officer will, depending on the outcome of investigations (whether on an interim/on-going or a concluding basis) and/or the potential significance of suspicions that have been raised, inform the Chair and the Chair of the Audit Committee of cases, as may be deemed appropriate or necessary.

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

- (a) The Trust Board.
- (b) The External Auditor.

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

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

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

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

### 14. Information Technology

The Chief Financial 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 protection of the Trust's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018 and associated General Data Protection Regulations.
- (b) Ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security,

## Standing Financial Instructions

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. Details of the relevant procedures are set out in the IT Security Policy.
- (d) Ensure that an adequate management audit trail exists through the computerised system and that such computer audit reviews as considered necessary are being carried out.

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

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

Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall 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) Appropriate finance staff have access to such data.
- (d) Such computer audit reviews as are considered necessary are being carried out; and any changes to such systems shall be notified to and approved by the Chief Financial Officer.

The Chief Information Officer shall ensure that all computer software held by the Trust is properly licensed and operated in accordance with the terms of the licence.

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

### 15. Patients' Property

Standing Financial Instructions:

Author/s: Neil Blackburn  
Approved by: Trust Board

Author/s title: Associate Director of Finance  
Approval Date: 03/08/2022

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Version: 9 Trust Docs ID: 1016

Page 36 of 50

## Standing Financial Instructions

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.

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

- (a) Notices and information booklets.
- (b) Hospital admission documentation and property records.
- (c) The verbal advice of administrative and nursing staff responsible for admissions.

The Chief Financial Officer and Chief Nurse 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.

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.

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.

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.

### 16. Funds Held on Trust

The Trust's SOs identify the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust on behalf of the Charitable Fund and define how those responsibilities are to be discharged. They

## Standing Financial Instructions

explain that although the management processes may overlap with those of the organisation of the Trust, the trustee responsibilities must be discharged separately, and full recognition given to the dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust. Day to day responsibility for the governance of the charity is delegated to the Charitable Funds Committee, whose Terms of Reference are reviewed annually.

The reserved powers of the Board and the Scheme of Delegation make clear where decisions regarding the exercise of dispositive discretion are to be taken and by whom. Directors and officers must take account of that guidance before taking action. These SFIs are intended to provide guidance to persons who have been delegated to act on behalf of the corporate trustee.

As management processes overlap most of the sections of these SFIs will apply to the management of funds held on trust.

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.

The Chief Financial Officer is responsible for ensuring each fund held on trust is managed appropriately and in line with SFIs and Scheme of Delegation (subject to the discretion and approval of the Charitable Funds Committee).

### **17. Retention of Documents**

The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with government guidelines.

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

Documents so held shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or Chief Financial Officer; records shall be maintained of documents so destroyed.

### **18. Risk Management and Insurance**

The Chief Executive shall ensure that the Trust has a risk management strategy, in accordance with current DHSC assurance requirements, which will be approved and monitored by the Board.

The programme of risk management shall include:

## Standing Financial Instructions

- (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) Arrangements to review the risk management programme.
- (g) A clear indication of which risks shall be insured.

The existence, integration and evaluation of the above elements will provide a basis to make an Annual Governance Statement within the Annual Report and Accounts.

The Chief Financial Officer shall ensure that insurance arrangements exist in accordance with the risk management programme.

Each officer shall promptly notify the designated officer of all new risks or property under his control which require to be insured and of any alterations affecting existing risks or insurances.

The Chief Executive or his/her designated officer shall make all claims arising out of policies of insurance and each officer shall furnish the Chief Financial Officer immediately with full particulars of any occurrence involving actual or potential loss to the Trust and shall furnish an estimate of the probable cost involved.

The value of all assets and risks insured shall be reviewed or index-linked on an annual basis by the designated officer.

The Chief Financial Officer and Medical Director shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or enter into arrangements with commercial insurers.

Where risk pooling schemes or arrangements with commercial insurers are used the Officers granted authority under the Scheme of Delegation, shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. They shall also ensure that documented procedures cover these arrangements, including management of claims and payments.

Risk pooling schemes require members to contribute to the settlement of claims. The Chief Financial Officer and Medical Director shall ensure

## Standing Financial Instructions

documented procedures also cover the management of claims and payments below the deductible in each case.

### **19. Inducements, Declaration of Interests**

#### **19.1 Acceptance of Gifts and Hospitality**

A policy on the receipt of hospitality and gifts and commercial sponsorship shall be approved by the Audit Committee and be subject to regular review. This policy should follow guidance issued by NHSE&I.

The Trust Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts, hospitality and other benefits in kind by staff.

The overriding principle is that a director or employee shall not in any circumstance solicit, proposition or agree to receive from any third party, any form of gift, hospitality or any other benefit in return for doing or not doing anything in relation to the discharge of their duties and responsibilities on behalf of the Trust.

However, in some circumstances it may be perfectly appropriate for a director or employee to agree to receive or to accept a trivial or modest gift. This would include pens, calendars, lunch, diaries; detailed guidance can be found in the Gifts and Hospitality policy and procedures.

The Trust Secretary should report all entries in the Register of Gifts, Hospitalitys and Benefits register to the Audit Committee at least once a year.

#### **19.2 Giving of gifts and hospitality**

An expenses policy covering all employees shall be approved by the Board and include guidance regarding the giving of hospitality and gifts to any third party in the course of Trust business.

#### **19.3 Private Transactions**

Officers having official dealings with contractors or other suppliers of goods or services should avoid transacting any kind of private business with them by means other than normal commercial channels. No favour or preference as regards price or otherwise which is not generally available should be sought or accepted in transacting private business.

#### **19.4 Declaration of Interest**

The Trust Secretary shall be advised of declared pecuniary interests of members of the Board of Directors or officers for recording in the register they will maintain for that purpose. For further information, refer to the Trust's Constitution and Management of Conflicts of Interest Policy.



# Standing Financial Instructions

## 20. Tendering and Contract Procedures

### 20.1 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 the Trust's Standing Orders and Standing Financial Instructions (except where SO -Suspension of SO's is applied).

### 20.2 Statutory Directives Governing Public Procurement

Government directives prescribe procedures for awarding all forms of contracts and shall have effect as if incorporated in the Standing Orders and Standing Financial Instructions.

### 20.3 Guidance on Procurement and Commissioning

The Trust should have regard to all relevant guidance issued in relation to the conduct of procurement practice and the commissioning of health care services, including but not limited to:

- (a) The principles and rules for cooperation and competition as detailed within the guidance issued by the regulator.
- (b) The requirements of the guidance published on capital investment and estate and property transactions.
- (c) Policies and procedures in place for the control of all tendering activity carried out through Reverse e-Auctions.
- (d) In the case of management consultancy contracts the DHSC guidance 'The Procurement and Management of Consultants within the NHS' or any successor guidance.

### 20.4 Formal Competitive Tendering

The Trust shall ensure that competitive tenders are invited for:

- (a) the supply of goods, materials and manufactured articles.
- (b) the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC, or where other NHS bodies have conducted a tendering exercise).
- (c) for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens, where no compliant framework is available).
- (d) disposals.

### 20.5 Quotations and Waivers

Quotations for goods and services should be gained according to likely contracted price (the table is included in Annex A). Quotation

## Standing Financial Instructions

requirements or formal tendering procedures may be waived by officers to whom powers have been delegated by the

Chief Executive Officer where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to exceed the minimum tendering limit, as detailed in Annex A of these SFIs.
- (b) the requirement can be met under an existing contract without infringing procurement legislation.
- (c) there are accessible procurement frameworks in place that have been approved by the Board.
- (d) 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.
- (e) the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with.
- (f) the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender.
- (g) specialist expertise is required and is available from only one source.
- (h) 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.
- (i) 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.
- (j) 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 and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.
- (k) where provided for in the Capital Regime guidance.

The authority to formally approve a waiver request has been delegated by the Chief Executive to the Chief Financial Officer.

### 20.6 Monitoring and audit of decision to tender

The waiving of competitive tendering procedures should not be used with the object of avoiding competition or solely for administrative convenience.

## Standing Financial Instructions

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

Where a direct award of contract is permitted under a compliant purchasing framework, a waiver will also be required for all orders over the Find-a Tender threshold to justify a decision not to further compete. This will be recorded separately on the waiver register.

### **20.7 Contracts which subsequently breach thresholds after approval not to tender**

Shall be reported to the Chief Financial Officer and be recorded in an appropriate Trust record.

### **20.8 Use of Framework Agreements**

The Trust may utilise any available framework agreement to satisfy its requirements for works, services or goods, work & light touch regime procurements but only if it complies with the requirements of procurement legislation in doing so, which include (but are not limited to) ensuring that:

- (a) the original procurement process included the Trust within its scope.
- (b) the framework agreement includes the Trust's requirement within its scope.
- (c) where the framework agreement is a multi-operator framework agreement, the process for the selection of providers to be awarded call-off contracts is followed.
- (d) the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

### **20.9 Where tendering or competitive quotation is not required:**

The Trust may use the NHS Supply Chain National Contracts for procurement of all goods and services unless it can be demonstrated that better prices can be obtained elsewhere and there is a compliant route to procurement available.

The supply of proprietary or other goods of special character and the rendering of services with special character, for which is not in the opinion of the responsible officer, possible or desirable to obtain competitive quotations.

## Standing Financial Instructions

The Chief Executive Officer shall be responsible for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. The Board may also determine from time to time that in-house services should be market tested by competitive tendering.

Tendering procedures are set out in Annex B to these Standing Financial Instructions.

### **20.10 Private Finance**

When the Board proposes, or is required, to use finance provided by the private sector, the proposal must be specifically agreed by the Trust Board:

- (a) In the light of such professional advice as should reasonably be sought.
- (b) Having satisfied itself that it is acting within the Terms of Authorisation.
- (c) Demonstrated that the use of private finance represents value for money and genuinely transfers risk to the private sector.

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

The Trust may only enter into contracts within its statutory powers and shall comply with:

- (a) These Standing Financial Instructions and Standing Orders.
- (b) Other statutory provisions.
- (c) Where appropriate, contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

In all contracts made by the Trust, the Board shall endeavour to obtain best value for money.

The Chief Executive Officer shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

The Chief Executive Officer shall nominate officers with power to negotiate for the provision of healthcare services with purchasers of healthcare.

### **20.12 Employment and Agency or Temporary Staff Contracts**

The Chief Executive Officer shall nominate officers with delegated authority to enter into contracts for the employment of other officers, to authorise re-grading of staff, and enter into contracts for the employment of agency staff or temporary staff.

# Standing Financial Instructions

## **20.13 Applicability of SFIs on Tendering and Contracting to funds held in trust**

These instructions shall apply to expenditure from the Trust's charitable funds and private resources.

# Standing Financial Instructions

## Annex A - Quotations and Tendering

The below table outlines the process to follow for obtaining quotations based on the value of goods/services which are ordered:

Value of goods/services ordered	Procurement process to follow
<b>All procurement processes subject to prevailing regulation set out in the Public Contract Regulations and any subsequent guidance as may be applicable.</b>	
Up to the level set by Public Contract Regulations for publishing contract awards (currently £10,000)	<ul style="list-style-type: none"> <li>• 3 verbal quotations</li> </ul>
Over the level set by Public Contract Regulations for publishing contract awards up to £50,000 where open competition is not used	<ul style="list-style-type: none"> <li>• 3 written quotations</li> <li>• Publish award on Contracts Finder</li> </ul>
Over the level set by Public Contract Regulations for publishing contract awards where open competition is used or over £50,000, up to Find-a-Tender Service advertising threshold	<ul style="list-style-type: none"> <li>• Publish opportunity on Contracts Finder</li> <li>• Publish award on Contracts Finder</li> </ul>
From Find-a-Tender Service advertising threshold (currently £138,760 including VAT for non-works and £5,336,937 for works)	<ul style="list-style-type: none"> <li>• Open competition using Find-a-Tender Service subject</li> <li>• Publish award on Find-a-Tender Service</li> </ul>

Where legally compliant frameworks exist (that NNUH can access), which have been let through a full Public Contract Regulation process, these can be used as a compliant way of making a purchase. The use of frameworks supersedes any need for any of the above requirements, however the Procurement Department must confirm the validity of a framework before a purchase is made.

The Procurement Department will control the process for all tendering activity, both below and above the Public Contract Regulation thresholds. Procurement are required to be made aware of any requirement, and must advise on the correct procurement process.

### Receipt of Quotes

All quotations should be treated as confidential and should be retained for inspection.

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 to be made by the Trust), or the highest (if payment to be received by the Trust), then the choice made and the reasons why should be recorded in a permanent record.

## **Standing Financial Instructions**

The written quotes must always be sent with the requisition. If a verbal quotation has been requested then written details of the verbal quote must be attached to the requisition.

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

### **Waiver Forms**

The Request for Waiver of Standing Financial Instructions has to be completed in all instances where competitive quotation/tendering procedures required under the Trust Standing Financial Instructions are requested to be waived.

The authorised waiver form must then be forwarded to Associate Director of Procurement (or equivalent) for review and then onto the Trust's Chief Financial Officer for approval, if acceptable.

# Standing Financial Instructions

## Annex B - Tendering Procedure

### Equality of Treatment

The Trust shall ensure that no sector of any market (public, private, third sector/social enterprise) is given an unfair advantage in the design or conduct of any tender process.

### Non-Discrimination

The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The Trust should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers and suppliers.

All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

### Invitation to tender

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

All invitations to tender shall state that no tender will be accepted unless submitted electronically to the designated portal by the deadline.

Every invitation to tender must require each bidder to give a written undertaking, submitted electronically, not to engage in collusion tendering or other restrictive practice and not to engage in canvassing the Trust, its employees or officers concerning the contract opportunity tendered.

Each Invitation to Tender must state the evaluation criteria to be used to evaluate the tender or quotation and the relative weightings of each such criterion.

All tenders will be undertaken through an electronic tendering system. This shall enable:

- the required levels of calls for competition.
- a supplier information database.
- a process to request for prequalification information.
- evaluation of expressions of interest & prequalification questionnaires.
- creation of quotation/tender documents.
- invitation to tender.
- receipt and opening of tenders.
- evaluation of tenders.



## Standing Financial Instructions

- contract management.
- and archiving of tender documentation.

Tenders will be locked on the electronic tendering system until the due date for the receipt of bids from invited suppliers. 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 the Associate Director of Procurement (or equivalent), or their nominated deputy.

The Associate Director of Procurement, as guardian of the electronic tendering system, is responsible for ensuring all tenders are treated as confidential and retained for inspection. The system provides a register of:

- the name of all firms or individuals invited to tender.
- the names of firms or individuals from which tenders have been received.
- the date the tenders were opened.
- and the price shown on each tender.

### Admissibility of Tenders

If for any reason the person opening the tender is of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive or Chief Financial Officer.

Where only one tender is sought and/or received, the Chief Executive and Chief Financial Officer shall, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

### Late Tenders

There is generally no discretion to receive tenders after the due date. In exceptional circumstances the Associate Director of Procurement may request the Chief Executive to approve the inclusion of a late tender. The request will include an explanation of the exceptional circumstance and assurance that the tender process has not been compromised.

### Acceptance of tender

Any discussions with a tenderer which are deemed necessary to clarify technical aspects of the tender before the award of a contract will not disqualify the tender.

## **Standing Financial Instructions**

Tenders are evaluated based on a combination of quality/technical criteria and price. The most economically advantageous tender shall be accepted as determined by the tender evaluation criteria set by the tender project team at the start of the tender process.

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

The use of these procedures must demonstrate that the award of the contract was not in excess of the going market rate at the time the contract was awarded; and that best value for money was achieved.

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

### **Corporate Social Responsibility**

A supplier's commitment to Corporate Social Responsibility (CSR) and the Social Value Act should be included as part of all evaluations, so that the wider impact on the environment and society can be measured by the Trust prior to awarding a tender. From April 2022 this should form at least 10% of the applicable scoring criteria.

### **Green Plan**

All procurement activities should be conducted in accordance with the Norfolk and Waveney Green Plan.

### **Modern Slavery**

The Trust must support the elimination of modern slavery in government supply chains, and therefore, where applicable, all selected suppliers must have published their annual modern slavery statement.