

## Standing Financial Instructions

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## This is a Controlled Document

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# Standing Financial Instructions

## **Foreword**

These Standing Financial Instructions (SFIs), together with the Trust's Schedule of Matters Reserved for the Board and Scheme of Delegation, provide a business and financial framework within which all Executive Directors and Non-Executive Directors and staff / officers of the Trust will be expected to work. All Executive and Non-Executive Directors and all members of staff should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions.

**These documents fulfil the dual role of protecting the Trust's interests and protecting the staff from any possible accusation that they have acted less than properly.**

**The SFIs have been formally adopted by the Board of Directors. Any queries regarding the contents of this document should in the first instance be raised to the Finance Business Partner responsible for your area.**

**Chief Finance Officer**

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## **1 Introduction**

### **1.1 General**

- 1.1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated in the Standing Orders (SOs) of the Trust.
- 1.1.2 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.
- 1.1.3 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 Finance Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer **MUST BE SOUGHT BEFORE ACTING**. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.
- 1.1.5 **FAILURE TO COMPLY WITH SFIs and SOs IS A DISCIPLINARY MATTER WHICH COULD RESULT IN DISMISSAL.**

### **1.2 Terminology**

- 1.2.1 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) **'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;
- (b) **'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;
- (c) **'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;

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- (d) **‘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;
- (e) **‘Chief Executive’** means the Chief Executive of the Trust;
- (f) **‘Council of Governors’** means the Council of Governors of the Trust as constituted by the constitution;
- (g) **‘Chief Finance Officer’** means the Chief Financial Officer of the Trust;
- (h) **‘Executive Director’** means a member of the Board of Directors who holds an executive office of the Trust
- (i) **‘Funds held on trust’** means those funds which the Trust held at 1st April 1994, 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.
- (j) **‘Legal Adviser’** means the properly qualified person appointed by the Trust to provide legal advice.
- (k) **‘Nominated Officer’** means an officer charged with the responsibility for discharging specific tasks within the Standing Orders and Standing Financial Instructions.
- (l) **‘Non-executive Director’** means a member of the Board of Directors who does not hold an executive office of the Trust.
- (m) **‘Officer’** means an employee of the Trust or any other person holding a paid appointment or office with the Trust.
- (n) **‘SFIs’** means the Standing Financial Instructions of the Trust
- (o) **‘SOs’** means the Standing Orders of the Trust
- (p) **‘Trust’** means the Norfolk and Norwich University Hospitals NHS Foundation Trust
- (q) **‘Local Counter Fraud Specialist’** (LCFS) is an individual nominated by the Trust to investigate suspected instances of fraud in line with NHS Counter Fraud Authority (NHSCFA) standards;

1.2.2 Wherever the title Chief Executive, Chief Finance 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.

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- 1.2.3 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**

- 1.3.1 The Board exercises financial supervision and control by:

- (a) Formulating 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); and
- (d) Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation.

- 1.3.2 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.

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

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

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

Within the 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.

- 1.3.5 It is a duty of the Chief Executive to ensure that Members of the Board and employees and all new appointees are notified of and understand their responsibilities within these Instructions.

#### **1.3.6 The Chief Finance Officer is responsible for:**

- (a) Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;

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- (b) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and, without prejudice to any other functions of directors and employees of the Trust,
- (d) The provision of financial advice to other members of the Board and employees;
- (e) The design, implementation and supervision of systems of internal financial control;
- (f) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.
- (g) The consideration of Declarations of Interest in accordance with the Conflicts of Interest and Business Conduct Policy [Trust Docs ID: 979](#).

1.3.7 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; and
- (d) Conforming to the requirements of 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.

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

1.3.9 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

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employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

## **2 Audit**

The Trust shall comply with the direction of the Independent Regulator under the National Health Service Act 2006 and Health and Social Care Act 2012 with respect to the standards, procedures and techniques to be adopted.

### **2.1 Audit Committee**

- 2.1.1 In accordance with Standing Orders (and as set out in the National Health Service Act 2006, [Health and Social Care Act 2012](#), the Foundation Trusts' Code of Governance and the NHS Audit Committee handbook) the Board shall formally establish a committee of non-executive directors as an Audit Committee, with formal terms of reference as are appropriate to provide an independent and objective view of internal control. This shall be achieved by monitoring the degree to which organisational risk management, control and governance processes support the achievement of the Trust's agreed objectives. The Trust will enable the LCFS to attend Audit Committee meetings. The Trust shall receive Local Counter Fraud Specialist reports at these meetings
- 2.1.2 The Board of Directors shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.
- 2.1.3 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.
- 2.1.4 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.
- 2.1.5 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 Chairman 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 Finance Officer in the first instance.
- 2.1.6 The Audit Committee shall be involved in the selection process when an internal audit service provider is changed. The Trust should undertake a

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market-testing exercise for the appointment of the internal audit service provider at least once every five years.

### **2.2 Chief Finance Officer**

2.2.1 The Chief Finance Officer is responsible for:

- (a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function;
- (b) Ensuring that the purpose, authority and responsibility of internal audit is formally defined by the Trust and set out in the Audit Committee Terms of Reference with regard to professional best practice.
- (c) 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) Progress against plan over the previous year,
  - iii) Major internal control weaknesses discovered,
  - iv) Progress on the implementation of internal audit recommendations,
  - v) Strategic audit plan covering the coming three years,
  - vi) A detailed plan for the coming year.

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

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

### **2.3 Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

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- (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;
- (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.

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

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

2.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit 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 3 years.

The Head of Internal Audit shall co-ordinate internal audit plans and activities with line managers, external audit and other review agencies to ensure the most effective audit coverage is achieved and duplication of effort is minimised.

### 2.4 External Audit

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

2.4.2 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.

2.4.3 The Trust must ensure that the external auditor appointed by the Council of Governors meets the criteria included by the Independent Regulator within the

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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.

- 2.4.4 External audit responsibilities (in compliance with the Code of Audit Practice issued by the National Audit Office) are:
- (a) To be satisfied that the accounts comply with the directions provided;
  - (b) To be satisfied that the accounts comply with the requirements of all other provisions contained in, or having effect under, any enactment which is, applicable to the accounts;
  - (c) To be satisfied that proper practices have been observed in compiling the accounts;
  - (d) To be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources;
  - (e) To express an opinion on the accounts;
  - (f) To certify completion of the audit;
  - (g) To consider the issue of a report in the public interest;
  - (h) To report to the regulator if the auditor has reason to believe that the audited body (or a director or officer of the audited body) is:
    - I. About to make, or has made, a decision which involves or would involve unlawful expenditure;
    - II. About to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency;
  - (i) To comply with the Code of Audit Practice prepared by the Comptroller and Auditor General and approved by Parliament;
  - (j) To have regard to guidance to auditors issued by the Comptroller and Auditor General;
  - (k) And by exception, referral to the regulator under Schedule 10 of the National Health Service Act 2006 and the [Health and Social Care Act 2012](#).
- 2.4.5 External auditors should address the certificate of completion of the audit and the opinion on the accounts to the Council of Governors.
- 2.4.6 External auditors will ensure that there is a minimum of duplication of effort between themselves and other relevant assurance providers (e.g. CQC, Internal Audit). The auditors will discharge this responsibility by:

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- (a) Reviewing the statement made by the Chief Executive as part of the Annual Governance Statement and making a negative statement within the audit opinion if the Annual Governance Statement is not consistent with their knowledge of the Trust
- (b) Reviewing the results of the work of relevant regulatory bodies, for example the CQC, to determine if the results of the work have an impact on their responsibilities
- (c) Undertaking any other work that they feel necessary to discharge their responsibilities.

2.4.7 If the auditor has completed the audit in accordance with these responsibilities but has been unable to satisfy itself in relation to certain matters set out in the Audit Code, it must state this in the certificate by qualifying the certificate.

2.4.8 The Trust shall forward a report to the Independent Regulator no later than 14 days after the conclusion of the audit (or such shorter period as the Independent Regulator may specify) or at once if it is an immediate report in the public interest report in terms of Schedule 10 paragraph 3 of the Act. The report shall include details of the Trust's response to the issues raised within the public interest report.

2.4.9 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; and
- (b) the control measures it has established to preserve the integrity of the auditors' independence.

## 2.5 Fraud and Bribery

### General

2.5.1 The Chief Executive and Chief Finance Officer shall oversee and provide strategic management and support for all anti-fraud, and bribery work within the Trust.

2.5.2 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 and bribery and any reactive work to hold those to account who commit such acts. They are reportable to the Chief Finance Officer and will work with staff in the Trust in accordance with the NHS Anti-Fraud Manual and in line with the Trust's Anti-Fraud and Bribery Policy [Trust Docs ID: 7428](#).

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- 2.5.3 The Trust ensures that those carrying out anti-fraud and bribery work have all the necessary support to enable them to carry out their role efficiently, effectively and promptly.
- 2.5.4 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.
- 2.5.5 The LCFS on behalf of the Trust will report annually on how the Trust has met the standards set by NHSCFA in relation to anti-fraud and bribery work.
- 2.5.6 The Trust will enable the LCFS to attend Audit Committee meetings. The Committee shall receive Local Counter Fraud Specialist reports at these meetings.
- 2.5.7 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.
- 2.5.8 The Fraud Act 2006 introduced offences for “Fraud by false representation”, “Fraud by failing to disclose information” and “Fraud by abuse of position”. Should members of staff wish to report any concerns or allegations they should contact their Local Counter Fraud Specialist.
- 2.5.9 The Bribery Act 2010, has 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. Under the Act, Bribery is defined as “Inducement for an action which is illegal unethical or a breach of trust. Inducements can take the form of gifts loans, fees rewards or other privileges”. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another. 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. For a more detailed explanation see the Anti-Fraud and Bribery Policy. Should members of staff wish to report any concerns or allegations they should contact their Local Counter Fraud Specialist.

### **Procedures**

- 2.5.10 The Chief Finance Officer is responsible for providing detailed procedures to enable the Trust to minimise and where possible to eliminate fraud and bribery. These procedures are included in the Trust’s Anti-Fraud and Bribery Policy which sets out action to be taken by persons detecting a suspected fraud and persons responsible for investigating it.

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- 2.5.11 The measures that are put in place shall be sufficient to satisfy all external bodies to whom the Trust is accountable to, through the Standards for Providers key principles:
- (a) Inform and Involve
  - (b) Prevent and Deter
  - (c) Hold to Account.
- 2.5.12 Fraud, and bribery shall be dealt with as gross misconduct.
- 2.5.13 It is expected that all officers shall act with the utmost integrity, ensuring adherence to all relevant regulations and procedures. It is the responsibility of the Chief Finance Officer to produce and issue these to the appropriate Directors and Managers who should ensure that all staff have access to these.

**Inform and Involve**

The Trust will ensure that it has an on-going programme of work to raise awareness of fraud and bribery and create an anti-fraud and bribery culture among all staff

**Prevent and Deter**

- 2.5.14 The Trust has in place proportionate processes for preventing, deterring and detecting fraud and bribery, including but not limited to reconciliation, segregation of duties, processes for changing bank details and checking of deliveries.
- 2.5.15 The Chief Nurse and the Chief People Officer are responsible for ensuring that steps are taken at the recruitment stage to establish as far as possible the previous record of potential officers in terms of their propriety and integrity.
- 2.5.16 Staff are expected to act in accordance with the Trust's Standing Orders and Conflicts of Interest and Business Conduct Policy in following the guidance on the receipt of gifts and hospitality.
- 2.5.17 Non-Executive Directors and Governors are subject to the same high standards of accountability and are required to declare and register any interests which might potentially conflict with those of the Trust.
- 2.5.18 The Local Counter Fraud Specialist shall be informed of all suspected or detected fraud and bribery so that they can consider the adequacy of the relevant controls, and evaluate the implication of fraud / bribery for their opinion on the system of risk management, control and governance.

**Hold to Account**

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2.5.19 The Trust is committed to pursuing, and/or supporting the LCFS and NHSCFA in pursuing, the full range of available sanctions, (criminal, civil and disciplinary) against those found to have committed fraud and bribery.

The Trust will carry out local proactive exercises to detect, fraud and bribery based on locally identified risks,

2.5.20 Staff are encouraged to raise any concerns they may have regarding suspected fraud and/or bribery. They can do this through:

(a) The Chief Finance Officer

(b) The Trust's Local Counter Fraud Specialist or

(c) The NHS National Fraud Hotline or website

2.5.21 The Chief Finance Officer is responsible for ensuring that action is taken to investigate any allegations of fraud or bribery through the Local Counter Fraud Specialist. The steps to be taken are incorporated in the Trust's Anti-Fraud and Bribery Policy. The Trust will ensure that Policies/procedures for all work related to fraud and bribery are implemented. The Trust will consider the major findings of investigations and respond accordingly.

2.5.22 Senior Managers are expected to deal firmly and promptly and in accordance with the Trust's disciplinary procedure with anyone who attempts to defraud the Trust or who acts in a corrupt manner reporting any such activity to the LCFS or Chief Finance Officer or The NHS National Fraud Hotline or website.

2.5.23 Any abuse of the procedures, such as unfounded or malicious allegations, is itself subject to full investigation and appropriate disciplinary action.

### **Related Policies**

2.5.24 Further information can be found in the Anti-Fraud and Bribery Policy, the Speak Up Policy [Trust Docs ID: 688](#), the Conflicts of Interest and Business Conduct Policy and the Misconduct Policy [Trust Docs ID: 15355](#).

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

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

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

(a) A statement of the significant assumptions on which the plan is based;

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(b) Details of major changes in workload, delivery of services or resources required to achieve the plan.

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

(a) Be in accordance with the aims and objectives set out in the annual business plan;

(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; and

(e) Identify potential risks.

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

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

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

3.1.6 Operating surpluses may be used to:

(a) Spend on revenue

(b) Meet locally determined health needs

(c) Build up cash reserves for future investments

(d) Finance an investment or purchase

(e) Make payments on a loan

3.1.7 Operating surpluses may not be distributed to members.

## **3.2 Budgetary Delegation**

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

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

3.2.2 The Chief Executive and delegated budget holders must manage within the budgetary total set by the Board in the Annual Plan.

3.2.3 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.

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

### **3.3 Budgetary Control, Reporting and the Programme Management Office**

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

- (a) Monthly financial reports to the Board in a form approved by the Board containing:
  - (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 Finance 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;

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(b) Investigation and reporting of variances from financial, workload and workforce budgets;

(d) Monitoring of management action to correct variances; and

(e) Arrangements for the authorisation of budget transfers.

3.3.2 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 Finance 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 Finance Officer are complied with fully

3.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and a balanced budget. The Programme Management Office (PMO) is responsible for supporting the Financial Improvement Programme, including:

(a) Facilitating ideas generation for projects and financial improvements

(b) Reviewing and challenging project development

(c) Supporting staff in the completion of documentation

(d) Delivery of projects through the programme approval gates

(e) Management of progress *and*

(f) Reporting to governance meetings and Trust management.

### **3.4 Capital Expenditure**

3.4.1 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 to this document.)

### **3.5 Financial Performance Monitoring and Returns**

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Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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- 3.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.
- 3.5.2 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.

### **4 Annual Accounts and Reports**

- 4.1 The Chief Finance Officer, on behalf of the Trust, will:
- (a) Prepare financial returns in accordance with the accounting policies and guidance given by NHS England & NHS Improvement (NHSE/I), the Department of Health and Social Care, the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
  - (b) Prepare and submit certified annual financial reports in accordance with current guidelines; and
  - (c) Submit financial returns to the appropriate bodies for each financial year in accordance with the timetable prescribed by NHS Improvement and the Department of Health.
- 4.2 The Trust's audited Annual Report and Accounts must be presented to the Board of Directors for formal approval and then presented to a general meeting of the Council of Governors.

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

#### **5.1 General**

- 5.1.1 The Chief Finance Officer is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts consistent with the Trust's internal treasury management policy.
- 5.1.2 The Board shall approve the banking arrangements.

#### **5.2 Bank and Government Banking Services (GBS) Accounts**

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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- 5.2.1 The Chief Finance 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; and
  - (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

### **5.3 Banking Procedures**

- 5.3.1 The Chief Finance Office 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; and
  - (c) those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 5.3.2 The Chief Finance 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**

- 5.4.1 The Chief Finance 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.
- 5.4.2 Competitive tenders should be considered at least every 5 years. The results of which should be reported to the Board.

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

### **6.1 Income Systems**

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

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

## **6.2 Fees and Charges**

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

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

6.2.3 All employees must inform the Chief Finance 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**

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

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

6.3.3 Recovery must be initiated for any overpayments identified.

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

6.4.1 The Chief Finance Officer is responsible for:

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

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

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- 6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.
- 6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 6.4.5 Where cash collection is undertaken by an external organisation, this shall be subject to such security and other conditions as required by the Chief Finance Officer.
- 6.4.6 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 - Losses and Special Payments) Any loss or surplus of cash should be immediately reported to the Chief Finance Officer.
- 6.4.7 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 Finance Officer, as appropriate, who shall be satisfied about security arrangements. Uncrossed cheques shall be regarded as cash.

## **7 Service and Financial Framework: Provision of Services**

- 7.1 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 for providing non contracted activity. In carrying out these functions, the Chief Executive should take into account the advice of the Chief Finance Officer regarding:
- (a) Costing and pricing of services;
  - (b) Payment terms and conditions;
  - (c) Billing systems and cash flow management; and
  - (d) Any other matters of a financial nature.
  - (e) The contract negotiation process and timetable;
  - (f) The provision of contract data;
  - (g) Pricing of services;

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- (h) Contract monitoring arrangements;
  - (i) Amendments to contracts and
  - (j) Any other matters relating to contracts of a legal or non-financial nature.
- 7.2 Contracts should be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income.
- 7.3 The Chief Finance 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.
- 7.4 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**

- 8.1.1 In accordance with Standing Orders the Board shall establish a Remuneration and a Nomination Committee, each with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 8.1.2 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;
  - (b) Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments.
- 8.1.3 The Committee has full powers of decision over those matters within its remit. Minutes of the Board of Directors' meetings should record such decisions and a minute book will be kept by the Trust Secretary.
- 8.1.4 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.
- 8.1.5 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**

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Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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- 8.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 8.2.2 The funded establishment of any department may not be varied without the approval of the Chief Finance Officer or Nominated Deputy.

**8.3 Staff Appointments**

- 8.3.1 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 by the Chief Executive or nominated deputy; and
  - (b) Within the limit of his or her approved budget and funded establishment.
- 8.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc. for employees.

**8.4 Processing Of Payroll**

- 8.4.1 The Chief Finance Officer is responsible for:
- (a) Specifying timetables for submission of properly authorised time records and other notifications;
  - (b) The final determination of pay;
  - (c) Making payment on agreed dates; and
  - (d) Agreeing method of payment.
- 8.4.2 The Chief Finance 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;
  - (c) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - (d) Security and confidentiality of payroll information;
  - (e) Checks to be applied to completed payroll before and after payment;

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- (f) Authority to release payroll data under the provisions of the Data Protection Act 1998;
- (g) Methods of payment available to various categories of employee;
- (h) Procedures for payment by cheque or bank credit employees;
- (i) Procedures for the recall of cheques and bank credits;
- (j) Pay advances and their recovery;
- (k) Maintenance of regular and independent reconciliation of pay control accounts;
- (l) Separation of duties of preparing records; and
- (m) A system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) Submitting time records, and other notifications in accordance with agreed timetables;
- (b) Completing time records and other notifications in accordance with the Chief Finance Officer instructions and in the form prescribed by the Chief Finance Officer; and
- (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 Finance Officer must be informed immediately.

8.4.4 Regardless of the arrangements for providing the payroll service, the Chief Finance 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**

8.5.1 The Board shall delegate responsibility to the Chief People Office 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; and

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(b) Dealing with variations to, or termination of, contracts of employment.

## **9 Non-Pay Expenditure and Procurement**

### **9.1 Delegation of Authority**

- 9.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.
- 9.1.2 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; and
  - (b) The maximum level of each requisition and the system for authorisation above that level.
- 9.1.3 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**

- 9.2.1 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 Associate Director of Procurement or his/her nominated deputy shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance 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.
- 9.2.2 The Trust's Associate Director of Procurement 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 Finance Officer shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 9.2.3 The Chief Finance Officer will:
- (a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated and regularly reviewed;
  - (b) Prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget holders) on the obtaining of goods, works and services incorporating the thresholds;

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- (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 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).

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e., cash flows must be discounted to NPV) and the intention is not to circumvent cash limits;
- (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

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out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;

- (c) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed; and
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

### 9.2.5 Official Orders must:

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

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

- (a) All contracts, 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 Department of Health and Social Care instructions, Public Contract Regulations and EU rules on public procurement as may be applicable at the time and in accordance with the Trust's Contract Management Policy [Trust Docs ID: 17858](#)
- (c) 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
  - (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;

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- (d) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Executive;
- (e) All goods, services, or works are ordered on an official order except purchases from petty cash and purchases using a purchasing card;
- (f) Verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive;
- (g) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (h) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future un-competitive purchase;
- (i) Changes to the list of directors/employees authorised to certify invoices are notified to the Chief Finance Officer or nominated deputy;
- (j) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer; and
- (k) Petty cash records are maintained in a form as determined by the Chief Finance Officer

9.2.7 The Chief Finance 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.

### **9.3 Grants to Local Authorities and Voluntary Bodies**

9.3.1 Grants to local authorities and voluntary organisations shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts.

## **10 External Borrowing and Investments**

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

### **10.2 External Borrowing**

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

10.2.2 The Chief Finance 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 Finance Officer is also

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

- 10.2.3 Any application for new borrowing will only be made by the Chief Finance Officer or nominated officer.
- 10.2.4 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for new borrowing which comply with instructions issued by the Independent Regulator.
- 10.2.5 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.
- 10.2.6 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Chief Finance Officer.
- 10.2.7 All long term borrowing must be consistent with the plans outlined in the current Business Plan.

### **10.3 Investments**

- 10.3.1 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.
- 10.3.2 The Chief Finance Officer is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 10.3.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

## **11 Capital Investment, Private Financing, Fixed 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.

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

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Author/s title: Finance Business Partner

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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.

### 11.1.1 The Chief Executive:

- (a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; 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 regular reporting on progress against plan in terms of both expenditure and scheme delivery at meetings of the Board of Directors.
- (e) Shall ensure that for each capital expenditure proposal it is funded from the Trust's own resources and prioritised for implementation
- (f) Shall ensure a relevant business case is prepared and submitted to the appropriate governance committee depending on the expected investment level.
- (g) 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; and
  - ii) Appropriate project management and control arrangements;
  - iii) Certification by the Chief Finance Officer to indicate endorsement of any proposed procurement approach, the cost and activity assumptions and to demonstrate financial concurrence;
  - iv) Certifications by the Chief Executive or the Chief Nurse and Medical Director to indicate endorsement of the operational assumptions;
  - v) That the appropriate approval process is followed according to the estimated investment level and;
  - 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

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targets and subject to legal advice, from the Trust's legal advisor, on the terms of the proposed contract.

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

11.1.3 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.

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

The Chief Finance Officer shall determine the discount rate for calculating future cash flows from 'investments'.

### 11.2 Private Finance

11.2.1 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 Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

(b) Where the 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.

(d) The proposal must be agreed by the Board.

### 11.3 Asset Registers

11.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of

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any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

- 11.3.2 The Trust shall maintain an asset register recording fixed assets, sufficiently detailed to meet Financial Reporting requirements.
- 11.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads; and
  - (c) Lease agreements in respect of assets held under a finance lease and capitalised.
- 11.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 11.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.3.6 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 Financial Reporting Manual (FReM) as issued yearly by NHSE/I.
- 11.3.7 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

- 11.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- (a) Recording managerial responsibility for each asset;

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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- (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; and
- (g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

11.4.3 All material (>£5,000 NBV) discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.

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

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

### 11.5 Capital Charges

The Chief Finance Officer is responsible for calculating and paying capital charges in accordance with guidance issued by the Department of Health.

## 12 Stores and Receipt of Goods

12.1 The Chief Finance Officer shall set out procedures and systems to regulate stores 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.

12.2 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an officer by the Chief Executive. The day-to-day responsibility may be delegated

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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 oil of a designated estates manager.

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

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

### **13.1 Disposals and Condemnations**

- 13.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 13.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 13.1.3 All unserviceable articles shall be:
- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
  - (b) Recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.
- 13.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

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

- 13.2.1 The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Chief Finance Officer must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 13.2.2 Any employee discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Chief Finance Officer or inform an officer charged with

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responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved.

13.2.3 The Chief Finance 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

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

- (a) The Trust Board, and
- (b) The Local Counter Fraud Manager and
- (c) The Local Security Management Specialist.
- (d) The External Auditor.

For losses apparently caused through inefficient operation of administrative controls or financial control systems or any other losses the Chief Finance Officer shall review the reasons for the loss and take action to amend the relevant systems and/or such other action as appropriate.

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

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

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

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

13.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Trust Board.

## **14 Information Technology**

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

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

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- (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 1998 and the General Data Protection Regulation 2018;
  - (b) Ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system. Details of the relevant procedures are set out in the IT Security Policy [Trust Docs ID: 985](#)
  - (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. Agreed audit trail facilities are encompassed in the governing supplier contract and are subject to inspection from Trust authorised personnel.
- 14.2 The Chief Finance Officer shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.
- 14.3 The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract shall also ensure rights of access for audit purposes.
- 14.4 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.
- 14.5 Where computer systems have an impact on corporate financial systems the Chief Finance 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) Finance staff have access to such data;

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- 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 Finance Officer.
- 14.6 The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 14.7 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.
- 14.8 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance Officer shall periodically seek assurances that adequate controls are in operation.
- 14.9 Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall ensure 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) Relevant staff have access to such data; and
  - (d) Such computer audit reviews as are considered necessary are being carried out.

## **15 Patients' Property**

- 15.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 15.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- Notices and information booklets,
  - Hospital admission documentation and property records,
  - The oral advice of administrative and nursing staff responsible for admissions,

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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.

- 15.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 15.4 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.
- 15.5 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.
- 15.6 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 – for The Norfolk and Norwich University Hospitals NHS Foundation Trust Charitable Fund**

### **16.1 Introduction**

- 16.1.1 The Trust's Standing Orders (SOs) [Trust Docs ID: 1015](#) 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 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.
- 16.1.2 The reserved powers of the Board and the Scheme of Delegation [Trust Docs ID: 1014](#) 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.

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- 16.1.3 As management processes overlap most of the sections of these SFIs will apply to the management of funds held on trust.
- 16.1.4 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.
- 16.1.5 The Chief Finance Officer is responsible for ensuring each fund held on trust is managed appropriately (subject to the discretion and approval of the Charitable Funds Committee).

## **17 Retention of Documents**

- 17.1 The Chief Executive shall be responsible for defining retention periods and maintaining archives for all documents required to be retained.
- 17.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 17.3 Documents so held shall only be destroyed at the express instigation of the Chief Executive; records shall be maintained of documents so destroyed.

## **18 Risk Management and Insurance**

- 18.1 The Chief Executive shall ensure that the Trust has a risk management strategy which will be approved and monitored by the Board.
- 18.2 The programme of risk management shall include:
- (a) A process for identifying and quantifying risks and potential liabilities;
  - (b) Engendering among all levels of staff a positive attitude towards the control of risk;
  - (c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
  - (d) Contingency plans to offset the impact of adverse events;
  - (e) Audit arrangements including; internal audit, clinical audit, health and safety review;
  - (f) Arrangements to review the risk management programme.
  - (g) Decision on which risks shall be insured through arrangements with either the NHS Litigation Authority Pooling Schemes or commercial insurers.

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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.

- 18.3 The Chief Finance Officer shall ensure that insurance arrangements exist in accordance with the risk management programme.
- 18.4 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.
- 18.5 The designated officer shall ascertain the amount of cover required and shall affect such insurances as are necessary to protect the interests of the Trust.
- 18.6 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 Finance 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.
- 18.7 The Chief Finance Officer shall ensure that all engineering plant is inspected by the relevant Insurance Companies within the periods prescribed by legislation.
- 18.8 The value of all assets and risks insured shall be reviewed or index-linked on an annual basis by the designated officer.
- 18.9 The Chief Finance 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.
- 18.10 Where the risk pooling schemes are used the Chief Finance Officer and Medical Director, shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer and Medical Director shall ensure that documented procedures cover these arrangements.
- 18.11 The Liability to Third Parties Scheme requires members to contribute to the settlement of claims (the 'deductible'). The Chief Finance Officer and Medical Director shall ensure documented procedures also cover the management of claims and payments below the deductible in each case.
- 18.12 The Chief Finance Officer and Medical Director shall ensure documented procedures cover the management of claims and payments in respect of the arrangements with commercial insurers.

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

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

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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- 19.1.1 The acceptance of gifts, hospitality or consideration of any kind from contractors and other suppliers of goods or services as an inducement or reward is not permitted under the Bribery Act 2010. The Trust's Conflicts of Interest and Business Conduct Policy must be followed, and the Chief Executive and Chief Finance Officer notified immediately of any breaches so that the appropriate action can be taken.
- 19.1.2 Where offers of goods and services do not involve inducement or reward, officers should not accept gifts from commercial sources other than inexpensive articles such as calendars or diaries, under the currently permitted allowance level in the above Policy. If such gifts arrive unsolicited, the advice of the Head of Procurement or the Chief Finance Officer should be sought.

### 19.2 Private Transactions

- 19.2.1 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.

### 19.3 Declaration of Interest

- 19.3.1 In accordance with Standing Orders 9 the Trust Secretary shall be advised of declared pecuniary interests of members of the Board of Directors or officers for recording in the register he/she will maintain for that purpose.

## 20 Tendering and Contract Procedure

- 20.1 **Duty to comply with Standing Orders** - The procedure for making all contracts by or on behalf of the Trust shall comply with the Standing Orders and Standing Financial Instructions (except where SO 6.29 (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 for spending** - In making its decisions the Trust may have due regard to the "Capital Regime" guidance provided by NHSE/I. In the case of management consultancy contracts the Trust may consider the Consultancy spending approval criteria guidance provided by NHSE/I as may be amended from time to time.
- 20.4 **Formal Competitive Tendering** - The Trust shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of services and should include all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health and Social Care (DHSC), or where other NHS bodies have conducted a tendering exercise); for the design, construction and

## Norfolk and Norwich University Hospitals NHS Foundation Trust Standing Financial Instructions

maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and for 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 requirements or formal tendering procedures may be waived by officers to whom powers have been delegated by the Chief Executive Officer where:

- a) the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with; or
- b) the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender; or
- c) specialist expertise is required and is available from only one source; or
- d) 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; or
- e) 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; or
- f) 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 CFO

Requisitioners are responsible for documenting the reasons why a waiver is requested. An appropriate authorised signatory must confirm there is a genuine business requirement and that they believe that one of the reasons (a) to (f) above applies. The authorised signatory must be at least one level of approval authority higher than would normally be required for the order value being waived. Formal approval for the waiver must be received from the Chief Finance Officer or Nominated Deputy before a purchase order is placed.

The Trust's executive lead for procurement shall provide a quarterly 'Use of Waivers' report to the Audit Committee detailing the following:

- the number of waivers
- the total value of waivers
- analysis by value
- a summary of the reason for waivers against the allowable criteria set out in SFIs section 20.5 (a to f)

The report shall cover the previous 3-month financial period and provide trend analysis against the preceding period and year-to-date.

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- 20.6 Except where SFI 20.5, or a requirement under SFI 20.2, applies, the Board shall ensure that invitations to tender are appropriately sent.
- 20.7 Tendering procedures are set out in Annex B to these Standing Financial Instructions.
- 20.8 Where a direct award of contract is permitted under a compliant purchasing framework, a waiver will also be required for all orders over £150,000 to justify a decision not to further compete. This will be recorded separately on the waiver register
- 20.9 Where quotations are required under SFI 20.4 they should be obtained in accordance with the limits and procedures detailed in Annex A, based on specifications or terms of reference prepared by, or on behalf of, the Board. Procedures should be in place to ensure multiple orders to one supplier do not breach the quotation procedures.
- 20.10 Quotations, where limits within the Annex A dictate written quotations are appropriate, should be in writing, unless the Chief Executive Officer or his nominated officer determines that it is impractical to do so.
- 20.11 All quotations should be treated as confidential and should be retained for inspection.
- 20.12 The Chief Executive Officer or his/her nominated officer should evaluate the quotations and select the one that gives the best value for money. If this is not the lowest price then this fact and the reasons why the lowest quotation was not chosen should be approved by the CFO or his/her nominated officer and recorded in a permanent record.
- 20.13 Non-competitive quotations in writing may be obtained for the following purposes:
- (a) the supply of goods/services of a special character for which it is not, in the opinion of the Chief Executive Officer or his/her nominated officer, possible or desirable to obtain competitive quotations;
  - (b) the goods/services are required urgently.
- 20.14 **Where tendering or competitive quotation is not required** - the Trust shall 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
- 20.15 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.

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- 20.16 **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; and
  - (b) having satisfied itself that it is acting within the Terms of Authorisation.
- 20.17 **Contracts** - The Trust may only enter into contracts within its statutory powers and shall comply with:
- (a) these Standing Financial Instructions;
  - (b) the Trust's Standing Orders;
  - (c) Other statutory provisions
- 20.18 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.
- 20.19 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.
- 20.20 **Personnel 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.
- 20.21 The Chief Executive Officer shall nominate officers with power to negotiate for the provision of healthcare services with purchasers of healthcare.
- 20.22 **Cancellation of Contracts** - Except where specific provision is made in model Forms of Contracts or standard Schedules of Conditions approved for use within the National Health Service and in accordance with Standing Financial Instructions 20.2 and 20.3, there shall be inserted in every written contract a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have committed any offence under the Bribery Act 2010 and other appropriate legislation.
- 20.23 **Determination of Contracts for Failure to Deliver Goods or Material** - There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered.

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- 20.24 The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.
- 20.25 Contracts Involving Funds Held on Trust - shall do so individually to a specific named fund. Such contracts involving charitable funds shall comply with the requirements of the Charities Acts.

### **21 Development and Consultation Process**

The authors listed above drafted this document on behalf of the Chief Finance Officer who has agreed the final content. During its development it has been circulated for comment to the Local Counter Fraud Service to ensure validity.

### **22 Associated Documentation**

#### **Internal Documentation**

Anti-Fraud and Bribery Policy: [Trust Docs ID: 7428](#)

Conflicts of Interest and Business Conduct Policy: [Trust Docs ID: 979](#)

Contract Management Policy: [Trust Docs ID: 17858](#)

IT Security Policy: [Trust Docs ID: 985](#)

Misconduct Policy: [Trust Docs ID: 15355](#)

Standing Orders: [Trust Docs ID: 1015](#)

Scheme of Delegation: [Trust Docs ID: 1014](#)

Speak up Policy: [Trust Docs ID: 688](#)

#### **External Documentation**

HM Treasury Green Book: [HM Treasury](#)

Guide to Developing the Project Business Case: [Gov UK](#)

NHSE/I Business Case Approval Guidance: [NHS England](#)

### **23 Equality Impact Assessment**

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021 Review date: May 2023

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This policy has been screened to determine equality relevance for the following equality groups: race, gender, age, sexual orientation and religious groups. This policy is considered to have little or no equality relevance.

Standing Financial Instructions:

Author/s: Thomas Woods

Author/s title: Finance Business Partner

Approved by: Audit Committee 26<sup>th</sup> May 2021; Trust Board 2<sup>nd</sup> June 2021    Review date: May 2023

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**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:

<b>Value of Goods/Services ordered</b>	<b>Process to follow</b>
up to and including £10,000	3 verbal quotations are needed
over £10,000 and up to Government Threshold	3 written quotations are needed
Government Threshold and over	Government tender process to be followed

Where legally compliant frameworks exist (that NNUH can access), which have been let through a full OJEU or replacement 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 EU or replacement UK Government Threshold. Procurement are required to be made aware of any requirement, and must advise on the correct procurement process.

**Receipt of Quotes**

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. (If quotes are not submitted with requisitions, there will be delay whilst compliance with Standing Financial Instructions is verified.)

**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 for review and then onto the Trust's Chief Finance Officer for approval, if acceptable.

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**Annex B TENDERING PROCEDURE**

**Invitation to tender**

(i) 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;
- contract management;
- and archiving of tender documentation

(ii) 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 their nominated deputy

(iii) 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

(iv) 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.

(v) Acceptance of tender:

- 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 Finance Office
- Where only one tender is sought and/or received, the Chief Executive and Chief Finance 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

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

(vi) The Associate Director of Procurement will report to the Trust Board on an exceptional circumstance basis as required by the Chief Executive.

### Corporate Social Responsibility

A supplier's commitment to Corporate Social Responsibility (CSR) 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<sup>1</sup>.

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1 As mandated by NHSE/I and the Cabinet Office