

UNIVERSITY HOSPITALS BRISTOL NHS FOUNDATION TRUST

STANDING FINANCIAL INSTRUCTIONS

June 2008

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SECTION 1

INTRODUCTION

OBJECTIVE

- 1.1 To ensure that the Trust's financial affairs are managed in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.**

GENERAL

- 1.2 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of the Trust Directors and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.3 At the start of each section is a brief statement of objectives. When situations arise which are not specifically covered by the document, staff and Trust Board members are required to act in accordance with the spirit of the instructions as set out in the objectives.
- 1.4 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with the requirements of the Independent Regulator in order to achieve probity, accuracy, economy, efficiency and effectiveness. They, and any Government policy, should be used in conjunction with the Scheme of Delegation adopted by the Trust.
- 1.5 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 1.6 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.7 **THE FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS CAN IN CERTAIN CIRCUMSTANCES BE REGARDED AS A DISCIPLINARY MATTER THAT COULD RESULT IN DISMISSAL.**
- 1.8 **OVERRIDING STANDING FINANCIAL INSTRUCTIONS** – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit and Assurance Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance

with these Standing Financial Instructions to the Director of Finance or Director of Governance as soon as possible.

RESPONSIBILITIES AND DELEGATION

1.9 THE TRUST BOARD

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
- (d) defining specific responsibilities placed on Directors of the Board and employees as indicated in the Scheme of Delegation document.

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

THE CHIEF EXECUTIVE AND DIRECTOR OF FINANCE

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State and Independent Regulator, 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 Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust’s system of internal control.

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

THE DIRECTOR OF FINANCE

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

BOARD MEMBERS AND EMPLOYEES

- 1.14 All members of the Board and employees, severally and collectively, are responsible for:
- (a) The security of the property of the Trust;
 - (b) Avoiding loss;
 - (c) Exercising economy and efficiency in the use of resources;
 - (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation, Constitution and Terms of Authorisation.

CONTRACTORS AND THEIR EMPLOYEES

- 1.15 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.
- 1.16 For all Directors of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Director of Finance.

SECTION 2

BUSINESS PLANNING, BUDGETS AND BUDGETARY CONTROL

OBJECTIVE

- 2.1 To provide the Trust Board with sufficient information on the development of the Trust's activities and finances to enable Directors to fulfil their responsibilities and to ensure the exercise of proper control over income and expenditure throughout the year.**

PREPARATION AND APPROVAL OF FINANCIAL PLANS AND ESTIMATES

- 2.2 The Chief Executive will, in consultation with the Director of Finance, compile and submit to the Trust Board an Annual Financial Plan (Resources Report/Book), taking into account financial targets and forecast income and service developments. The annual plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.
- 2.3 The Trust will give information as to its forward planning in respect of each financial year to the Independent Regulator. This information will be prepared by the Directors who must have regard to the views of the Council of Member Representatives.
- 2.4 Prior to the start of the financial year the Director of Finance 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 with regard to the Prudential Borrowing Limit
 - (e) identify potential risks
- 2.5 Service budgets shall be compiled by managers within guidelines and policies set by the Trust Board. The Director of Finance shall co-ordinate the preparation of the overall budget within the total income receivable by the Trust, and in accordance with its agreed policies.
- 2.6 Officers must provide financial, statistical and other relevant information as may be required by the Director of Finance for the compilation of budgets.
- 2.7 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to Service Managers to help them manage their budgets successfully.

BUDGETARY DELEGATION

- 2.8 The Chief Executive may delegate the management of budgets for defined services to the officers responsible for the management of those services. Control of budgets shall be exercised in accordance with these Standing Financial Instructions and supplementary guidance issued by the Director of Finance.
- 2.9 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Trust Board.

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- 2.10 Budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.
- 2.11 Budget limits, individual and group responsibilities for the control of expenditure, exercise of virement, and achievement of planned levels of expenditure, shall be set out annually in a Resources Book approved by the Trust Board.

BUDGETARY CONTROL AND REPORTING

The Director of Finance 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) analysis of material items on the Balance Sheet;
 - (iii) monthly cash flow monitoring of actual against planned cash expenditure and income;
 - (iv) capital project spend and projected outturn against plan;
 - (v) explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
 - (vii) performance against the Prudential Borrowing Limit.
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and workforce budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

- 2.12 Each Budget Holder is responsible for ensuring that:
- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
 - (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
 - (c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and workforce establishment as approved by the Board.
- 2.13 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.

CAPITAL EXPENDITURE

- 2.14 The general rules applying to delegation and reporting shall also apply to capital expenditure. (See Section 1.1 for details relating to Capital)

MONITORING RETURNS

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

2.16 **RESEARCH AND DEVELOPMENT PROJECTS**

All bids for Research and development projects both within the NHS and to external bodies (for commercial grants) must be approved by the Director of Finance.

SECTION 3

NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

OBJECTIVE

3.1 To ensure that income for services is properly planned and controlled.

CONTRACTS

3.2 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Contracts with service commissioners for the provision of NHS services. Contracts with commissioners are legally binding and appropriate legal advice identifying the Trust's liabilities within the terms of the contract should be considered.

All Contracts should aim to implement the agreed priorities contained within the Annual Business Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHS National Performance Assessment Framework;
- that Contracts build where appropriate on existing Joint Investment Plans;
- that Contracts are based on integrated care pathways.

3.3 **Involving Partners and jointly managing risk**

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

3.4 A ‘Patient Led NHS and ‘Practice Based Commissioning’’

The Department of Health has published its document ‘Creating a Patient-led NHS’ and ‘Practice Based Commissioning’ setting out the basis upon which the Government’s major reform agenda will be carried forward.

3.5 A ‘Patient-led NHS’

Every aspect of the new system is designed to create a service which is patient-led, where:

- people have a far greater range of choices and of information and guidance to help make choices;
- there a stronger standards and safeguards for patients;
- NHS organisations are better at understanding patients and their needs, use new and different methodologies to do so and have better and more regular sources of information about preferences and satisfaction.

3.6 What services will look like

In order to be patient-led the NHS will develop new service models which build on current experience and innovation to:

- give patients more choice and control wherever possible;
- offer integrated networks for emergency, urgent and specialist care to ensure that everyone throughout the country has access to safe, high quality care;
- make sure that all services and all parts of the NHS contribute to health promotion, protection and improvement.

3.7 Securing services

The NHS will develop the way it secures services for its patients. It will:

- promote more choice in acute care by offering choice to the patient both in number and type of provider;
- encourage development of new community and primary services alongside new practices;
- strengthen existing networks for emergency, urgent and specialist services;
- build on current practices in shared commissioning to create a far simpler contract management and administration system that can be professionally managed.

3.8 Changing the way the NHS works

The NHS needs a change of culture as well as of systems to become truly patient-led, where:

- everything is measured by its impact on patients and type of provider;
- the NHS is as concerned with health promotion and prevention as with sickness and injury;
- frontline staff have more authority and autonomy to better support the patient;
- barriers which create rigidity and inflexibility are tackled and codes of conduct and shared values are instilled into the culture.

3.9 Making the changes

A Patient-led NHS needs effective organisations and incentives, with:

- a new development programme to help NHS Trusts become NHS Foundation Trusts;
- a similar structured programme to support PCTs in their development of ‘Practice Based Commissioning’;
- further development of Payment by Results to provide appropriate financial incentives for all services;
- greater integration of all the financial and quality incentives along with full utilization of new human resources and Information Technology programmes

Commissioning a Patient-led NHS and Practice Based Commissioning are being rolled out by the Department of Health and full support and latest guidance may be accessed at <http://www.dh.gov.uk>

SECTION 4

ANNUAL ACCOUNTS AND REPORTS

OBJECTIVE

- 4.1 To ensure the preparation of Annual Accounts in accordance with statutory requirements**

GENERAL

- 4.2 The Director of Finance, on behalf of the Trust, will prepare financial returns in accordance with the accounting policies and guidance given by the Independent Regulator, with the approval of the HM Treasury, the Trust's accounting policies, and generally accepted accounting practice;
- (a) prepare and submit annual financial reports to the Independent Regulator and Department of Health certified in accordance with current guidelines;
 - (b) submit in year financial returns to the Independent Regulator and Department of Health for each financial year in accordance with their timetable
- 4.3 The Trust's audited annual accounts must be presented to a public meeting and made available to the public. A copy of the annual accounts and any report of the external auditor are laid before Parliament and following this copies of these documents are sent to the Independent Regulator.
- 4.3** The Trust's audited annual accounts must be presented to the Board of Directors for approval and received by the Council of Member Representatives at a public meeting.
- 4.4 The Trust will prepare an annual report as required by the 2006 Act. These will be presented to the Board for approval and presented to the Council of Member Representatives at a public meeting. A copy of which will be forwarded to the Independent Regulator the reports will give:
- (a) information on any steps taken by the Trust to secure that (taken as a whole) the actual membership of the public constituency and the Patient's Constituency is representative of those eligible for such membership, and
 - (b) any other information the Independent Regulator requires.

SECTION 5

TREASURY MANAGEMENT

- 5.1 The Director of Finance is responsible for ensuring that the Trust has the cash to meet all its commitments within limits placed upon it.
- 5.2 The Director of Finance is responsible for the operation of the bank and Paymaster General's Office (PGO) accounts and for the management of accounts payable, accounts receivable, cash flow forecasting and investment of surplus funds. The Director of Finance will ensure that these functions are properly managed and that adequate information is provided.

BANKING ARRANGEMENTS

OBJECTIVE

- 5.3 **To ensure that the Trust's bank accounts are properly controlled and fully accounted for.**

GENERAL

- 5.4 The Director of Finance shall prepare procedural instructions on the operation of all Commercial Bank accounts, Investments accounts and the Office of the Paymaster General account for the approval by the Finance Committee.
- 5.5 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued by the Regulator.
- 5.6 The Finance Committee shall ensure proper safeguards are in place for security of the Trust's funds by:
- a. Approving the Trust's Commercial Bankers, selected by competitive tender.
 - b. Approving a list of permitted 'relationship' banks and investment institutions.
 - c. Setting investment limits for each permitted investment institution.
 - d. Approving permitted types of investments /instruments.
 - e. Approving the establishment of new/ changes to existing bank accounts.

Ensuring approved bank mandates are in place for all accounts and that these are updated regularly for any changes in signatories and authorised limits.

- 5.7 No officer other than the Director of Finance shall open any bank account in the name of the Trust or any of its constituent parts. All funds shall be held in accounts in the name of the Trust.
- 5.8 The Trust's Commercial Bankers shall be selected by competitive tenders and formally approved by the Finance Committee. Competitive tenders shall be sought at least every 5 years.

Standing Financial Instructions

- 5.9 The Director of Finance, on behalf of the Finance Committee, shall advise the Trust's Commercial and Relationship Bankers in writing of the conditions under which each account shall be operated, the limits to be applied to any overdraft, the limitation on single signatory payments and the officers authorised to release money from and draw cheques or other payable orders on each account. This must contain the Chief Executive and Director of Finance. The cancellation of any such authorisation shall be notified promptly to the bank.
- 5.10 The Director of Finance may open and operate such National Giro or Patients Money Deposit accounts as may be considered necessary and authorise minor imprest bank accounts to be opened at such branches as may be decided, operated according to instructions by any officers specified by the Director of Finance.
- 5.11 Where a new banking relationship is suggested this must be pre-approved by the Director of Finance before a proposal is made to the Finance Committee. The Finance Committee will consider the need for and potential benefit of the new relationship and sanction or reject the proposal. The Trusts Bankers shall be notified by the Director of Finance, on behalf of the Finance Committee of any alterations in the conditions of operation of the Trust's accounts that may be required by the Finance Committee.

BANK ACCOUNTS

- 5.12 There shall be a bank account in the name of the University Hospitals Bristol NHS Foundation Trust with the Office of the Paymaster General (OPG) for the purpose of receiving payments from other NHS bodies and for making payments to other NHS and public bodies.
- 5.13 There shall be a bank account known as the University Hospitals Bristol NHS Foundation Trust MAIN ACCOUNT into which all monies received on behalf of the Trust, from non-NHS sources, shall be paid, and out of which payments may only be made for the purpose of:-
- 5.13.1 Funding the subsidiary bank accounts by cheque or other order signed by any two officers from a panel of signatories approved by resolution of the Trust Board.
- 5.13.2 Telephone transfers by CHAPS (Clearing House Automated Payments Systems) to the OPG Bank Account for the purposes described in Section 5.8.
- 5.14 There shall be bank accounts known as the University Hospitals Bristol NHS Foundation Trust NO. 1 and NO. 2 ACCOUNTS into which shall be paid only cheques and other orders drawn on the Main Account in favour of the No. 1 or No. 2 accounts respectively for the total amount on each occasion of payments listed on schedules prepared in respect of salaries and wages, or payments of suppliers respectively. Cheques and orders drawn on the No. 1 and No. 2 accounts shall be signed by the Director of Finance or other authorised signatory except that cheques for amounts in excess of £5,000 on the No. 1 account or £20,000 on the No. 2 account shall individually require the signature of a second authorised signatory.
- 5.15 There shall be a bank account known as the University Hospitals Bristol NHS Foundation Trust NHS Foundation Trust ADVANCES ACCOUNT which shall be funded from the Main Account. The Advances Account shall be used to meet urgent payroll and supplier disbursements. The cheques or other orders drawn on the Advances Account shall be signed by the Director of Finance or other authorised signatory. Cheques in excess of £3,000 shall additionally require a second signature of another authorised signatory.
- 5.16 There shall be a bank account known as the University Hospitals Bristol NHS Foundation Trust – SKILLS FOR HEALTH ACCOUNT into which only monies received from the Sector Skills Development Agency should be received and out of which payments may only be made to transfer monies to the Trusts' Main Account (Section 5.10 above).

CHEQUES

- 5.17 Cheques will only be drawn to "cash" with the specific, written authority of the Director of Finance or Deputy. All cheques drawn to "cash" must have a second authorised signature.
- 5.18 All blank cheques or other orders for payment shall be ordered only on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.

BACS (Bankers Automated Clearing Service)

- 5.19 The Director of Finance may enter into a formal agreement with the Trust's bankers or other agents, as appropriate, for payments to be made on behalf of the University Hospitals Bristol NHS Foundation Trust by electronic funds transfer (e.g. The Bankers Automated Clearing Services). Where such an agreement is entered into, the Director of Finance shall ensure that appropriate security procedures are observed in relation to the Trust's bank accounts concerned.

CASH FLOW MONITORING

- 5.20 The Director of Finance is responsible for managing and monitoring the overall cash flow of the Trust and for providing reports thereon to the Board and the Finance Committee. These reports will include:-
- (a) a comparison of month end outturn with the plan (monthly)
 - (b) a 12 month projection of month end cash balances (monthly)

INVESTMENT OF TEMPORARY CASH SURPLUSES

OBJECTIVE

- 5.21 To ensure that temporary cash surpluses are identified and prudently invested with approved institutions and in accordance with the policies of the Trust, to ensure a competitive rate of return within an acceptable risk profile.

GENERAL

- 5.21 Temporary cash surpluses shall be held in the Trust's Office of the Paymaster General Accounts, the National Loans Fund Account or any other accounts approved by the Finance Committee.
- 5.22 Surpluses shall be invested short-term and subject to the overall cash flow position.
- 5.23 The Director of Finance is responsible for advising the Finance Committee on investments and shall report quarterly to the Finance Committee concerning the performance of investments held.
- 5.24 The operation of investment accounts and the records maintained must be in accordance with detailed procedural instructions issued by the Director of Finance and approved by the Finance Committee.

- 5.25 The Finance Committee shall:
- a. Approve a list of permitted investments institutions.
 - b. Set investment limits for permitted investment institutions.
 - c. Approve a schedule of permitted types of investments and financial instruments
- 5.26 Cash surpluses must only be invested with Financial Institutions and in Financial Instruments which meet Monitors 'safe harbour' criteria and have been approved by the Finance Committee.
- 5.27 The use of Financial Institutions and/or Financial Instruments that do not satisfy 'safe harbour' criteria are prohibited, unless explicitly approved by the Trust Board.
- 5.28 New Commercial deposit options must be pre-approved by the Director of Finance or the Head of Finance and formally approved by the Finance Committee.
- 5.29 Temporary cash surpluses must not be placed on deposit for more than three months without the prior approval of the Finance Committee.
- 5.30 Temporary cash surpluses shall only be held in the National Loans Fund or a Clearing Bank, which meets Monitors 'safe harbour' criteria, and with which the Trust has an approved relationship.
- 5.31 Investments for purely speculative purposes are strictly prohibited.

EXTERNAL BORROWING AND ORIGINATING DEBT

OBJECTIVE

- 5.32 To ensure that borrowings are properly controlled and promptly repaid.

GENERAL

- 5.33 As a Foundation Trust, the trust has the freedom to borrow externally subject to three constraints:-
- a. a prudential borrowing limit agreed with the Regulator and reviewed annually;
 - b. prohibition on the use of protected assets as security for borrowing; and,
 - c. any additional financial and non financial covenants with financial institutions.
- 5.34 The Trust's prudential borrowing limit, as approved by the Regulator under the terms of the Prudential Code, applies to the Trust's total debt liability. The Prudential Code requires external debt to be kept within designated limits, taking account of affordability in terms of capacity to generate revenue to service debt.
- 5.35 The Trust can access working capital facilities, subject to an overall limit agreed with the Regulator. All such borrowing should be kept to the minimum period of time possible, consistent with the overall cash flow position.

University Hospitals Bristol NHS Foundation Trust

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- 5.36 The Director of Finance shall be responsible for advising the Trust Board concerning the Trust's ability to pay interest on, and repay the public dividend capital within the Trust's borrowing limit set by the Terms of Authorisation and reviewed annually by the Independent Regulator (the Prudential Borrowing Code). The Director of Finance shall also be responsible for reporting periodically to the Trust Board concerning the PDC debt and all loans or overdrafts.
- 5.37 Any application for new borrowing shall only be made by the Director of Finance or an officer designated for this purpose following approval by the Finance Committee, and in accordance with the Scheme of Delegation as appropriate.
- 5.38 The Director of Finance shall maintain a schedule of employees (including specimens of their signatories) approved by the Finance Committee who are authorised to make short term borrowings (within the limits specified in the current Annual Plan) on behalf of the Finance Committee. This must contain the Chief Executive and Director of Finance.
- 5.39 Director of Finance shall ensure that the Trust operates within the working capital facility limit set by the Regulator
- 5.40 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short term borrowing at the next meeting.
- 5.41 All long term borrowing in respect of Strategic Capital Schemes must be consistent with the plans outlined in the current Financial Plan approved by the Finance Committee.
- 5.42 The Director of Finance must prepare detailed procedural instructions concerning applications for new borrowing and on the form of records to be maintained, which comply with the instructions issued by the Independent Regulator from time to time.
- 5.43 Assets protected under the Terms of Authorisation shall not be used or allocated for borrowing non-protected assets will be eligible as security for loans.
- 5.44 The Finance Committee shall approve the Trust's overdraft facility provider.
- 5.45 All short term borrowings must be kept to the minimum period of time consistent with the overall cash flow position, represent good value for money, comply with the Trust's Treasury Management Policy and all guidance issued by Monitor.
- 5.46 The Trust's overdraft facility may only be used with the pre-approval of the Director of Finance and approval of the Finance Committee.
- 5.47 Long term borrowings will only be used to finance longer term Capital or Investment Programmes
- 5.48 Long term borrowings in respect of strategic Capital Projects shall be formally approved by the Finance Committee.

SECTION 6

PAYMENT OF STAFF

OBJECTIVE

6.1 To ensure proper control over the appointment and payment of staff.

REMUNERATION AND TERMS OF SERVICE

6.2 In accordance with Standing Orders and the 2006 Act, the Board shall establish a Remuneration and Terms of Service Committee consisting of Non-Executive Directors to decide the remuneration and allowances and other terms of office of the Executive Directors, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

6.3 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of Executive Directors of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual Executive Directors (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

6.4 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Executive Directors. Minutes of the Board's meetings should record such decisions.

6.5 The Council of Member representatives will decide the remuneration and allowances and other terms of office of the Chair and Non-Executive Directors.

- 6.6** The Trust will pay allowances to the Chairman and Non-Executive Directors in accordance with all relevant guidance.

STAFF APPOINTMENTS

- 6.7** No Director of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Chief Executive;
 - (b) not within the limit of their approved budget and funded establishment.

CONTRACTS OF EMPLOYMENT

- 6.8** The Board shall delegate responsibility to the Director of Workforce and Organisational Development for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;
 - (b) dealing with variations to, or termination of, contracts of employment.

NOTIFICATION

- 6.9** The Director of Finance's Payroll Department shall be promptly notified in an agreed form of full details in respect of:-
- (a) Commencement of employment or office.
 - (b) Change of status of employment or circumstance.
 - (c) Termination of employment or office.
- 6.10** A duly authorised appointment form and such documents as the Director of Finance may require shall be submitted to the Payroll Department immediately (on appointment).
- 6.11** A duly authorised change of conditions form shall be submitted to the Payroll Department immediately a change in status of employment or personal circumstances of an employee or office holder is known.
- 6.12** A duly authorised termination of employment form and other relevant information shall be submitted to the payroll department immediately the effective date of an employee's or office holder's resignation, retirement or termination is known. Where an employee fails to report for duty in circumstances which suggest that they have left without notice, the payroll department shall be informed immediately.
- 6.13** All absence due to sickness shall be notified to the payroll department at the end of each week on a duly authorised form.

- 6.14 All time records, pay sheets and other pay records and notifications shall be in a form approved by the Director of Finance.

PROCESSING OF PAYROLL

- 6.15 The Director of Finance is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;
 - (c) making payment on agreed dates;
 - (d) agreeing method of payment.
- 6.16 The Director of Finance will issue instructions regarding:
- (a) Verification and documentation of data.
 - (b) The timetable for receipt of data, preparation of payroll and the payment of staff.
 - (c) Maintenance of subsidiary records for superannuation, income tax, national insurance, social security and other authorised deductions from pay.
 - (d) Security and confidentiality of payroll information.
 - (e) Checks to be applied to completed payroll before and after payment.
 - (f) Authority to release payroll data under the provisions of the Data Protection Act.
 - (g) Methods of payment available to various categories of staff.
 - (h) Procedures for payment of cheques, bank credits or cash to staff.
 - (i) Procedures for unclaimed wages and the recall of bank credits and cheques.
 - (j) Pay advances and their recovery.
 - (k) Separation of the duties of initiating and making payments.
 - (l) A system to ensure the recovery from leavers of sums due by them to the Trust.
 - (m) Maintenance and regular reconciliation of adequate control accounts with appropriate internal check procedures.

- 6.17 Appropriately nominated managers have delegated responsibility for:
- (a) submitting time records, and other notifications in accordance with agreed timetables;
 - (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;
 - (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.
- 6.18 Regardless of the arrangements for providing the payroll service, the Director of Finance 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.
- 6.19 The Director of Finance shall pay salaries and wages on the currently agreed dates but may vary these when necessary due to special circumstances (e.g. Christmas and other bank holidays). Payments shall not normally be made in advance of the authorised normal pay date.

TRAVEL AND SUBSISTENCE

- 6.10 Payment of staff allowances, e.g. travelling and subsistence, to officers, shall be made by the Director of Finance in accordance with the current regulations, subject to verification of claim details, upon receipt of the prescribed form, duly completed and authorised by a budget holder or other officer notified to the Director of Finance as authorised for this purpose.

SECTION 7

PAYMENT OF ACCOUNTS

OBJECTIVE

7.1 To ensure that:

- (a) Payments are only made for goods and services which have been ordered and received in accordance with these instructions, and are of the appropriate quality and quantity.**
- (b) Contract invoices are paid in accordance with contract terms or otherwise in accordance with National Guidance.**
- (c) Invoices and other valid claims are paid promptly.**

GENERAL

- 7.2 The Director of Finance is responsible for the payment of all properly authorised accounts and claims.
- 7.3 All officers shall inform the Director of Finance promptly of all monies payable by the Trust arising from transactions which they initiate:
 - (a) payments to non-NHS bodies must be notified to Creditor Payments;
 - (b) payments to NHS bodies must be notified to Financial Accounts.

VERIFICATION

- 7.4 The Director of Finance is responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Trust.

This system shall provide by certification or by compliance with an authorised computer system that:-

- (a) Goods and services have been ordered in accordance with Section 15.
- (b) Goods have been duly received, are in accordance with specification and order and that prices are correct;
- (c) Services have been satisfactorily executed in accordance with the order and that the charges are correct;
- (d) In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time records, that the rates of labour are in accordance with the appropriate rates, that the materials have been checked as regards quantity, quality and price, and that the charges for the use of vehicles, plant and machinery and other expenses have been examined and are reasonable;
- (e) The invoice is arithmetically correct;
- (f) The account has not been previously passed for payment or paid;
- (g) The account is in order for payment.

- 7.5 A list will be maintained of Directors and employees (including specimens of their signatures) who are authorised to certify invoices. All changes to this list must be notified to the Director of Finance.

TIMETABLE

- 7.6 The Director of Finance shall ensure that all invoices and accounts are paid promptly having regard to:
- (a) The Trust's cash flow and
 - (b) The possibility of receiving a discount for early payment.
 - (c) Current DEPARTMENT OF HEALTH guidance on prompt payment.

CHECKING

- 7.7 Where an employee certifying accounts relies upon other employees to do preliminary checking they shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.
- 7.8 In the case of contracts for building or engineering works which require payment to be made on account during the progress of the work, the Director of Finance shall make payment on receipt of a certificate from the appropriate technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractor's account shall be subjected to financial and general examination by the person responsible to the Trust as Project Manager before the final certificate is issued.

PREPAYMENTS

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

OFFICIAL ORDERS

7.10 Official Orders must:

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

DUTIES OF MANAGERS AND OFFICERS

7.11 Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

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

(This provision needs to be read in conjunction with Standing Order No. 7 and the principles outlined in the national guidance contained in HSG 93(5) and Register of Interests Policy (2006) "Standards of Business Conduct for NHS Staff");

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";

- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (l) petty cash records are maintained in a form as determined by the Director of Finance.

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

OTHER

7.13 The Director of Finance may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments from such imprests must not exceed an amount authorised by the Director of Finance and must be properly reconciled to petty cash sheets, which are supported by vouchers showing details of the transaction (see Section 10).

NEGOTIATION WITH SUPPLIERS

7.14 Where there are ongoing disputes with suppliers, that require compromise arrangements to resolve, these will be considered and approved as follows:

- £0 - £1,000 – the Head of Finance
- £1,001 - £25,000 – the Director of Finance
- Over £25,000 – the Finance Committee

SECTION 8

SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

OBJECTIVE

- 8.1**
- a) To ensure that cash, cheques, payable orders and similar documents of value are kept securely and properly controlled.**
 - b) To design and securely control all controlled stationery e.g. receipt books, agreement forms, income books.**

GENERAL

- 8.2** The General Manager of a Division where cash is handled (other than in a ward) must:-
- (a) Obtain written confirmation from all members of staff concerned with the handling of cash that they are aware of their duty to comply with Standing Financial Instructions and with any supplementary instructions which may be issued by the Director of Finance.
 - (b) Be satisfied by inspection or otherwise, that the provisions of this section of the Standing Financial Instructions are strictly observed. Procedure manuals for ward staff shall incorporate the requirements of paragraphs 8.5, 8.16 and 9.13, 10.4 and 15.7.
- 8.3** Cash handling shall be kept to a minimum and banking facilities used whenever possible.
- 8.4** On every occasion when cash is transferred from the custody of one person to another it shall be the duty of the recipient to check it and of the other to obtain a written acknowledgement, except that, where the custody of cash in sealed packets is transferred, the packets shall be counted and acknowledged unopened.

CASH EXPENDITURE

- 8.5** If the Manager of a Division considers it necessary to enable an employee to make petty or other cash disbursements in cases where cheque payment or bank transfer is impractical that employee shall be provided with an imprest of a sufficient amount, subject to such conditions as the Director of Finance shall prescribe.
- 8.6** Disbursements of such cash shall be made only for:
- cases where cheque payment or bank transfer is impractical, such as reimbursements to patients; or
 - small or exceptional purchases.
- 8.7** Official money shall not, under any circumstances, be used for the encashment of private cheques and official funds shall not be used for private purposes.
- 8.8** Every payment must be entered immediately on a petty cash record in duplicate in a form approved by the Director of Finance and supported by a voucher giving full details of the transaction and signed by:
- The recipient in the case of payments to patients; and
 - The budget holder in the case of minor purchases

The latter must also be supported by a receipt for the purchase.

University Hospitals Bristol NHS Foundation Trust

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- 8.9 It shall be the duty of each employee who is authorised to hold cash to reconcile, at least once a week, the record of transactions with the amount actually in hand and to forward the top copy to the Director of Finance. Any discrepancy shall be reported to the Divisional Manager and Director of Finance without delay.
- 8.10 It is the duty of each Manager responsible for holders of cash to exercise appropriate review by countersigning the weekly return after such checks as they consider necessary and, from time to time, conducting spot checks in more detail.

CASH INCOME

- 8.11 Income received shall be handled and accounted for in accordance with the requirements of Section 9.

SECURITY

- 8.12 Safes and/or lockable cash boxes shall be provided for the custody of cash in all places where it is necessary for cash to be held. Coin-operated machines shall wherever possible be fitted with separately lockable compartments for cash.
- 8.13 Cash boxes holding cash shall not be left unattended at any time and shall be kept in a safe when not in use.
- 8.14 Cash held in a safe overnight shall be limited to such an amount as the Director of Finance may approve.
- 8.15 The inspection of safes shall be included in security patrol duties.
- 8.16 Only the employee responsible for custody of the contents of a safe or cash box or for collection from a coin-operated machine shall hold its key. The key shall be carried on the person.
- 8.17 The loss of any key shall be reported to the Director of Finance by the responsible officer immediately its loss is discovered.
- 8.18 Duplicate keys shall be deposited in accordance with the arrangements which the Director of Finance shall prescribe.

UNOFFICIAL FUNDS

- 8.19 The Trust shall not be liable in any circumstances for the loss of unofficial funds. The holder of the key of a safe provided for the custody of official cash shall not accept unofficial funds for safe keeping except in identifiable sealed packages or locked containers. When such deposits are made, a written indemnity shall be obtained from the person or organisation concerned absolving the Trust from responsibility for any loss.

HAND-OVER

- 8.20 When an employee, whose duties include the holding of cash or receipt or cheque forms or tickets, hands over responsibility prior to leave or termination of appointment, both the outgoing and the incoming officer shall sign a handing over certificate stating:-
- (a) The composition of the cash;
 - (b) The consecutive numbers of the receipts and cheque forms and of tickets;

(c) Particulars of keys handed over;

(d) Particulars of anything else being held for safekeeping.

- 8.21 In the unavoidable absence of the outgoing employee, one or more other employee shall be appointed to carry out the hand-over to the incoming officer.
- 8.22 Where the responsibility for an imprest changes permanently, this fact shall be notified to the Director of Finance. Hand-over certificates evidencing the change in responsibility should be retained at the unit for future reference.
- 8.23 During the absence of the substantive holder of the key to a safe or cash box, the officer or officers appointed to act temporarily shall be fully accountable for the performance of such duties and shall be subject to these Standing Financial Instructions as though they were the substantive key holder.

MOVEMENT OF CASH

- 8.24 The Director of Finance shall prescribe the system for the transporting of cash and shall be responsible for making all arrangements with any security company operating under a contract with the Trust. Cash in transit (including cash moved from one office or building to another on Trust premises) and during the make-up and pay-out of pay shall be suitably safeguarded. When substantial amounts have to be moved, special security arrangements shall be made.

CHEQUES

- 8.25 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash: bulk stocks of cheques shall normally be retained by the Trust's bankers and released by them only against a requisition signed by the Director of Finance.
- 8.26 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported to the Director of Finance immediately, in accordance with the agreed procedure for reporting losses (see Section 14 Losses and Special Payments).
- 8.27 Any employee who has any indication that the safe custody of cash on the Trust's premises or in transit to or between premises may be at risk shall immediately notify the Director of Finance and the Security Officer confidentially of the circumstances.

SECTION 9

INCOME

OBJECTIVE

9.1 To ensure that:

- a) income due is promptly assessed and collected; and**
- b) income received is promptly banked and fully accounted for.**

GENERAL

- 9.2 The Director of Finance is responsible for designing and maintaining systems for the proper recording, invoicing and collection of all monies due, including income due under contracts or extra-contractual arrangements for the provision of services, together with systems for financial coding. The Director of Finance is also responsible for the prompt banking of all monies received.
- 9.3 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable, shall be consecutively numbered and in a form approved by the Director of Finance. Such stationery shall be ordered, controlled and issued subject to the same precautions as are applied to cash (Section 8). Records showing the consecutive numbers of forms and tickets received, issued for use and remaining in stock, shall be kept by each holder.
- 9.4 Cash payment for charges made by the Trust, for the provision of any goods or services, must not normally be accepted where the value of any single transaction is in excess of €15,000 (£10k). In the unlikely event of this occurring, the transaction must be notified by Finance to HM Customs & Excise.
- 9.5 The Trust's price tariff for private patient treatment is set by the Director of Finance. The pricing structure ensures that prices are at least equal to those charged to NHS Commissioners and ensures that Public funds are not used to subsidise private patient activity. Any proposed variations to the Private Patient Tariff prices must be approved by the Director of Finance before patients are advised of the cost of their treatment.

INCOME DUE

- 9.6 All employees shall promptly inform the Director of Finance of money due to the Trust arising from transactions which they initiate including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
- 9.7 The notification of income due shall be on the appropriate form and shall be sufficiently detailed to enable prompt payment by the debtor.
- 9.8 The Director of Finance shall ensure that debtors are invoiced promptly on receipt of the advice of income due.
- 9.9 Persons responsible for initiating the collection or accounting for amounts due to the Trust shall not handle cash or cheque remittances which shall be dealt with by a separate officer.

Standing Financial Instructions

- 9.10 Employees arranging the pricing of goods and services offered for sale to both NHS and non-NHS bodies shall consult the Director of Finance. Appropriate, independent professional advice shall be taken on matters of valuation. Prices and charges shall be reviewed at least annually. This paragraph applies equally to:
1. tenders for the sale of goods and services;
 2. quotations for support to commercial research trials and projects; and
 3. pricing of service agreements with other NHS bodies.

9.11 The Director of Finance shall take appropriate recovery action on all outstanding debts and no claims shall be abandoned except as in accordance with Section 14 - Losses and Special Payments.

9.12 Disposal of scrap material and items surplus to requirements shall be dealt with in accordance with Section 19 of these Instructions.

INCOME RECEIVED

9.13 All cheques, postal orders, cash, etc shall be banked intact promptly in accordance with the Director of Finance's instructions, to the credit of the Main Account. Disbursements shall not be made from cash received.

9.14 The opening of incoming post shall be undertaken by officers working in pairs and all cash, cheques, postal orders and other forms of payment shall be entered immediately in an approved form of register and certified by both officers.

9.15 All cheques or other orders received that are in respect of income or other receipts due to the Trust shall be immediately crossed "NOT NEGOTIABLE ACCOUNT"– UNIVERSITY HOSPITALS BRISTOL NHS FOUNDATION TRUST".

9.16 Whenever a cheque is paid into the bank, sufficient details to identify the transaction, shall be quoted on the paying in slip, including the official receipt number if one has been issued by special request.

9.17 It is the duty of each employee who is authorised to receive remittances in cash or other forms to keep up to date a record in duplicate in a form approved by the Director of Finance of amounts received and, at least once a week, to reconcile that record with the amount actually in hand and to forward the top copy to the Director of Finance. Any discrepancy shall be reported immediately to the Divisional Manager and the Director of Finance.

9.18 Official receipts shall be issued in all cases involving cash or postal orders and only where especially requested by the payer for cheques, etc.

9.19 All cash received, if not paid directly into the bank, shall be locked as soon as possible in the safe or cash box provided for the purpose, which shall be safeguarded as specified in Section 8.

9.20 Collections from cash tills, telephone and other coin boxes and from night safes shall be made at such intervals as shall be prescribed by or with the approval of the Director of Finance. The opening of each such box or safe and the counting and recording of the contents shall be undertaken by two employees together. Both shall sign the record and the keys shall, at other times, be separately held by a senior officer.

9.21 The Director of Finance shall ensure that all income received into the OPG Account (as per Section 5) is accounted for promptly.

SECTION 10

PATIENTS' PROPERTY

OBJECTIVE

10.1 To ensure that property of patients is properly safeguarded and fully accounted for.

RESPONSIBILITIES

- 10.2 The Trust has a responsibility to provide safe custody for money or other personal property (herein 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.
- 10.3 Staff shall be informed, on appointment, by the appropriate departmental head or senior officers of their responsibilities and duties for the administration of the property of patients.
- 10.4 The Chief Executive shall be responsible for ensuring that patients or their Guardians, as appropriate, are informed before or at admission that the Trust will not accept responsibility or liability for patients' monies and personal property brought into the Trust's premises, unless it is handed in for safe custody and a copy of the patients' property record is obtained as the official receipt.

Where possible patients should be advised to make their own arrangements for the immediate safe custody of property - outside of the hospital.

These matters shall be drawn to patients' attention by means of:-

- a) Notices and information booklets;
 - b) Hospital admission documents and property records; and
 - c) The verbal advice of administrative and nursing staff responsible for admissions.
- 10.5 The Director of Finance must provide detailed written instructions on the collection, custody, recording, safekeeping, and disposal of patient property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff whose duty it is to administer in any way the property of patients.
- 10.6 It shall be the duty of every employee of the Trust into whose personal custody any money or other property of a patient is received to comply with the requirements of these instructions concerning transfer of cash to another member of staff, the use of safes and cash boxes and the holding of keys. See also Sections 8 and 9.

Valuable articles shall be dealt with in the same way as cash.

SAFEKEEPING

- 10.7 A Patients' Property Record in a form determined by the Director of Finance shall be completed in respect of the following:-
- 10.7.1 Property handed in for safe custody by any patient (or guardian, as appropriate); and
 - 10.7.2 Property taken into safe custody having been found in the possession of:-

- a) Mentally ill patients;
- b) Confused and/or disorientated patients;
- c) Unconscious patients;
- d) Patients dying in hospital;
- e) Persons found to be dead on arrival at hospital;
- f) Children not accompanied by a parent;
- g) Patients severely incapacitated for any other reason.

A record shall be completed in respect of all persons covered by Section **10.7.2** including a nil return if no property is taken into safe custody.

- 10.8 The Patients' Property Record shall be completed by a member of staff in the presence of the patient. It shall then be signed by both the member of staff and by the patient, except where the latter is restricted by physical or mental incapacity, in which case two members of staff shall act. Any alteration shall be validated by signatures as required for the original entry on the Record.
- 10.9 Property handed over for safe custody shall be placed in the care of the employee nominated by the Divisional Manager, unless such a person is not available, in which case the property shall be placed into the care of the most senior member of the nursing staff on duty. Cash received from patients for safe custody shall be placed in a sealed pouch and held in the Cashier's safe.
- 10.10 Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements specified by the Director of Finance. Monies deposited in excess of the patients' needs shall be invested in accordance with guidance from the Secretary of State and in accordance with arrangements specified by the Director of Finance.
- 10.11 Except as provided below in Section 10.12 to 10.15, refunds of cash handed in for safe custody will be dealt with in accordance with current DEPARTMENT OF HEALTH instructions (the provisions of HM(71)90, and any subsequent amendment thereto). Property other than cash which has been handed over for safe custody shall be returned to the patient, as required, by the employee who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate, and witnessed.

DECEASED PATIENTS

- 10.12 The disposal of property of deceased patients shall be effected by the employee who has been responsible for its custody in accordance with the written instructions issued (as referred to in section 10.5 above).
- 10.13 In all cases where property, including cash and valuables of a deceased patient is of a total value of more than £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 a Grant of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of the property is £5,000 or less, forms of indemnity shall be obtained.

- 10.14 In respect of a deceased patient's property, if there is no Will and no lawful kin, the property vests with the Crown, and particulars shall, therefore, be notified to the Treasury Solicitor, or to the Duchies of Lancaster and Cornwall, as appropriate.
- 10.15 Any funeral expenses necessarily borne by the Trust are a first charge on a deceased person's estate. Where arrangements for burial or cremation are not made privately, any cash of the estate held by the Trust shall be appropriated towards funeral expenses. No other expenses or debts shall be discharged out of the estate of a deceased patient.

SECTION 11

STORES AND RECEIPT OF GOODS

OBJECTIVE

- 11.1 To ensure that all stockholdings of significant value are properly safeguarded and accounted for.**

GENERAL

- 11.2 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
 - (b) subjected to annual stock take;
 - (c) valued at the lower of cost and net realisable value.
- 11.3 Subject to the responsibility of the Director of Finance for the systems of control, the overall control of stores shall be the responsibility of the relevant Divisional Manager.
- 11.4 The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by the designated employees and agreed with the Director of Finance. Wherever practicable, stocks shall be marked as Health Service Property.
- 11.5 The Director of Finance shall be informed of any variations in policy that are likely to result in any significant variation in overall stock levels.

RECEIPT OF GOODS

- 11.6 All goods received shall be checked to the original order as regards quantity and/or weight and inspected as to quality and specification. If satisfactory, all goods received shall be immediately recorded against the order in a form approved by the Director of Finance.
- 11.7 A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods and the top copy retained. If the quantity of goods delivered differs from the order, the goods received record and the delivery note shall be marked accordingly.
- 11.8 If goods are unsatisfactory or have not been ordered they should be rejected and the delivery note should not be signed.
- 11.9 In the event of any discrepancy, the supplier shall be notified immediately and a record made.

STORES RECORDS

- 11.10 All stores records shall be in such a form and shall comply with such a system of control as the Director of Finance may approve. Where a complete system of stores recording is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 11.11 The issue of stores shall be supported by an authorised requisition note, and a receipt for the stores issued shall be returned to the Department. Where a "topping up" system is used, a record shall be maintained in a form approved by the Director of Finance.

- 11.12 Where a system of stores recording is operated, goods received into store shall be added to the record of stock held on the day of receipt and issues shall be deducted from such record on the day of issue.
- 11.13 All transfers and returns shall be recorded on forms provided for the purpose and approved by the Director of Finance.

STOCKTAKING

- 11.14 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the Storekeeper. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check.
- 11.15 Any surpluses or deficiencies revealed on stocktaking shall be reported to the responsible officer for investigation. Evidence of such investigation shall be recorded and all confirmed surpluses or deficiencies shall be reported immediately to the Director of Finance.
- 11.16 The responsible employee shall provide the Director of Finance with a signed certificate on 31st March each year, stating the year-end value of stock and the basis of stock-taking.

LOSSES AND SLOW-MOVING ITEMS

- 11.17 The responsible employee shall maintain a system approved by the Director of Finance for a review of slow moving and obsolete items at least annually and for condemnation, disposal and replacement of all unserviceable items. They shall formally report to the Director of Finance any evidence of significant overstocking and of negligence or malpractice.
- 11.18 Breakages, deteriorations due to overstocking and other losses of goods in stores shall be recorded as they occur, and a summary should be presented to the Director of Finance at quarterly intervals. Tolerance limits shall be established for all stores subject to unavoidable loss, such as certain foodstuffs and natural deterioration of certain goods.
- 11.19 It is a duty of employees responsible for the custody and control of stores to notify all losses including those due to theft, fraud and arson, in accordance with Section 17 of these Instructions.

SECTION 12

PROCUREMENT OF GOODS AND SERVICES

OBJECTIVE

- 12.1 To ensure that proper control is exercised and value for money is obtained in the procurement of goods and services.**

GENERAL

- 12.2 Duty to comply with Standing Orders and Standing Financial Instructions

The Board may enter into contracts on behalf of the Trust within the statutory powers delegated to it. The procedure for making all contracts by or on behalf of the Trust shall comply with these and Standing Financial Instructions.

All contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an employee who shall oversee and manage each contract on behalf of the Trust.

- 12.3 Goods, services and works shall only be ordered through a formal system, approved for the purpose by the Director of Finance. Such systems must comply with the financial limits and other principles set out in this Section.

- 12.4 EU Directives Governing Public Procurement

European Union Directives on public sector purchasing promulgated by the Department of Health (under HSG995)38) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Financial Instructions and the Trust shall comply with such Directives and EU procurement law generally.

- 12.5 Reverse eAuctions

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

- 12.6 Capital Investment Manual and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" and shall consider the guidance "Best Practice in making investments for NHS Foundation Trusts" and such other guidance as may be issued by the Independent regulator from time to time in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

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- 12.7 No order shall be issued to any firm which has made an offer of gifts or rewards to Directors or employees. The Trust Standing Orders set out the Standards of Business Conduct which apply at all times.

FINANCIAL LIMITS

- 12.8 A minimum of four competitive tenders shall be invited in accordance with the requirements of Section 16 for any purchase of goods or services over £25,000 (excluding VAT) including:
- a) a specification for equipment, goods, service contract, construction contract or other project;
 - b) a period standing order, call-off contract or other purchase of goods or services where the aggregate value exceeds £25,000 in any year.
- 12.9 Where such purchases exceed £5,000 but are less than £25,000 a minimum of three competitive quotations in writing shall be obtained.
- 12.10 Where such purchases do not exceed £5,000, non-competitive quotations in writing may be obtained.
- 12.11 In all cases, sources and cost of supply shall be adequately investigated, prior to ordering, including consultation with the Procurement Department.
- 12.12 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Trust Board.
- 12.13 If the Procurement Department is asked to issue orders outside these thresholds, they will refer the requisition back to the budget holder or to the Director of Finance. Ordering above £25,000 without competitive tendering will not be allowed but if the budget holder believes there is an exceptional case for doing so, that case must be submitted to the Director of Finance for consideration of approval as a Single Tender. When orders between £5,000 and £25,000 are not supported by competitive quotations, the case for proceeding must be submitted to the Divisional Manager to decide whether to approve as a Single Quotation.

OTHER

- 12.14 No requisition or order shall be placed for items for which there is no provision in an authorised budget.
- 12.15 Access to the requisitioning/ordering system shall only be granted to budget holders and officers delegated by them.
- 12.16 Details of every order shall be notified to the Director of Finance in an agreed form immediately the order is issued.
- 12.17 Official orders shall be consecutively numbered, in a form approved by the Director of Finance, and shall include such information concerning prices, discounts, and other conditions of trade as he/she may require. The order shall incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations, etc.
- 12.18 The ordering of supplies and certification of the receipt of those supplies shall be carried out by separate persons. When EROS is used, a second person must perform at least one of the three stages of Requisitioning, Authorising and Receiving.

- 12.19 All contracts, leases, tenancy agreements and other commitments, which may result in a long-term liability, must be notified to the Director of Finance in advance of any commitment being made.
- 12.20 Where consultancy advice is being obtained, the procurement of such skills must be in accordance with the latest guidance issued by the NHS Executive.

SECTION 13

TENDERING PROCEDURE

OBJECTIVE

13.1 To ensure that major purchases are tendered in a manner which can be demonstrated to ensure fair competition and value for money.

the Trust shall ensure that competitive tenders are invited for:

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

GENERAL

13.2 The following instructions shall apply to any purchase over £25,000 as required by Section 19.8. The principles in this instruction apply equally to the separate tendering procedures operated by the Estates Department (for capital contracts) and the Procurement Department. Formal tendering procedures may be waived by the Chief Executive, where the supply is proposed under special arrangements negotiated by the DoH, in which event the said special arrangements must be complied with.

13.3 Contracts above specified thresholds must be advertised and awarded in accordance with EC and World Trade Organisation rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621). The Bristol & Weston NHS Purchasing Consortium will advise on these requirements.

13.4 Any capital project must be managed in accordance with the NHS Capital Investment Manual-

13.5 **Lists of Approved Firms**

The Trust shall maintain lists of approved firms from whom tenders and quotations may be invited and shall keep these under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. The lists shall be reviewed annually and a report made to the Chief Executive of:

- firms carried forward after re-appraisal of their financial standing and the quality of work done, if any;
- firms not carried forward;
- other firms considered for addition to the lists.

Applications to be considered for inclusion on such lists shall be invited by public advertisement at least every three years.

13.6 Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will

comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975 (as amended), the Race Relations Act 1976 (as amended), the Disabled Persons (Employment) Act 1944, the Disability and Discrimination Act 1995 (as amended), the Equality Act 2006, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Age) Regulations 2005 and any amending and/or related legislation.

13.7 Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

13.8 Financial Standing and Technical Competence of Contractors

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

13.9 Health Care Services

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

INVITATION TO TENDER

13.10 The Trust shall ensure that:

- a) invitations to tender are sent to a sufficient number of firms to provide fair and adequate competition and that a minimum of four firms shall be invited to tender in all cases; and
- b) that normally the firms invited to tender are among those on approved lists compiled as in Section 15.5, having regard to their capacity to supply the goods or materials or to undertake the services or works required.
- c) invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (d) invitations to tender shall state that no tender will be accepted unless:
 - (i) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - (ii) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

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- 13.11 Before inviting tenders the appropriate officers shall compile a formal estimate of the probable expense of meeting the specification. Such estimates must quote the value of the relative item in the Capital and/or Revenue Budget for the year approved by the Trust Board.
- 13.12 Every tender for goods, services or disposals shall include such of the NHS Standard Contract Conditions as are applicable.
- 13.13 Every tender for building or engineering works (except for maintenance works, when ESTMANCODE guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract in accordance with CONCODE. These documents shall be modified and/or amplified to accord with CONCODE guidance. In the case of land and property transactions the requirements of ESTATECODE shall be followed.
- 13.14 In the case of IT procurements the requirements of POISE (Procurement of Information Systems Effectively) shall be followed.

13.15 Receipt and Safe Custody of Tenders and Records

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

The Nominated employee shall be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening, and of records maintained in accordance with Section 12.16.

13.16 Opening Tenders

- a) Within three working days after the date and time stated as being the latest time for the receipt of tenders, they shall be opened in the presence of persons specified in the separate procedures for Capital and Procurement. In the case of J C T tenders, for capital projects, they shall be opened by:
- Executive members of the Trust Board
 - Head of Finance*
 - Deputy Director of Operations
 - Head of Human Resources
- b) Every tender received shall be stamped with the date of opening and initialled by the persons in Section 13.16(a) above, who witnessed the opening.

Every envelope shall be referenced to the tenderer and shall be retained with the tender documents.

- c) All pages of the tender documents containing the tender prices or making specific reference to terms and conditions stipulated by the tenderer shall be stamped in the presence of the persons witnessing the opening, with a uniquely identifiable stamp, which shall be held securely in the charge of a nominated officer.
- d) A record shall be maintained by the Nominated employee for each set of competitive tender invitations despatched, which shall be initialled by the witnesses to the opening of tenders. The register shall contain the following information:-
- (i) the names of all the firms invited;

- (ii) in the case of building and engineering contracts, the estimate of the probable cost in accordance with Section 13.11
 - (iii) the names and the number of firms from which tenders have been received and the amount of each tender where applicable;
 - (iv) the date the tenders were opened;
 - (v) the persons present at the opening and their signatures;
 - (vi) particulars of any anomalies in accordance with Section 13.17(a), 13.17(d) and 13.14(f).
- e) Every price alteration appearing on the tender shall be initialled by two of those present at the opening.
- f) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders.

13.17 Admissibility and Acceptance of Tenders within Prescribed Limits in Section 13.16

- a) If for any reason it appears that tenders received are not strictly competitive, no contract shall be awarded without the approval of the Chief Executive.
- b) Tenders received after the due date, but prior to the opening date may be considered. Tenders received after the opening may not be considered unless it is agreed by the Chief Executive that there is adequate reason for the late arrival and that it is in the interest of the Trust so to do and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.

If none of the tenders that were received in time is economically or in other ways acceptable, re-tendering to a new date shall be invited.

While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

- c) Necessary discussion and consultation with a tenderer to clarify the tender before the award of a contract need not disqualify. However, if such discussions result in clarifications of the specification, which result in a tender price being reduced below what were previously lower prices of other tenderers, a contract shall not be awarded unless all the other tenderers have been given the benefit of any clarification to the specification that has resulted from the discussions, and an opportunity to re-tender if they wish.
- d) The lowest tender if payment is to be made, or the highest if payment is to be received, shall be accepted unless, for good and sufficient reasons which must be formally recorded, the Chief Executive decides otherwise.
- e) No tender shall be accepted until the professional officer concerned has formally agreed that it is technically satisfactory.

- f) No tender for building works which is in excess of the budget sum under Section 13.11 by more than 10% or £5,000, whichever is the greater, should be accepted without the approval of the Chief Executive.
- g) All tenders shall be treated as confidential and should be returned for inspection.

13.18 Form of Contract

- a) Every contract including those for building and engineering works shall embody or be in the same terms and conditions of contract as those on the basis of which tenders were invited - see Section 13.13.
- b) Every contract for building and engineering works, which exceeds the sum of £150,000, shall be executed under the common seal of the Trust (except those executed under the JCT form of contract for minor works).

13.19 Payments to Contractors by Instalments

- a) Where contractors provide for payment to be made by instalments, the Director of Finance shall keep a contract register to show the state of account on each contract, between the Trust and the contractor, together with any other payments and the related professional fees.
- b) Payment to contractors on account shall be made only on a certificate issued by the appropriate Works Officer, Private Architect or other consultant nominated as Contract Administrator.

13.20 Variations

- a) Subject to the provision of the contract in each case, no extra or variation shall be authorised except in writing by the appropriate employees as in Section 13.19(b) above. Such variation or instruction orders must be issued prior to the commencement of the work in question, excepting in the case of emergency when it must be issued on the next working day. All such orders must be priced within one month at the most from the date of issue.
- b) A report to the Chief Executive must be made when 66% of the contingency sum has been expended and a further report if the contingency sum is 90% expended.

13.21 Final Certificates and Accounts

- a) The final payment certificate of any contract shall not be issued until the appropriate Contract Administrator, as in Section 13.19(b), has certified the accuracy and completeness of the value of the final account submitted by the contractor.

Any final account that is agreed at a figure in excess of the approved sum in the contract shall be reported to:-

- (i) the Chief Executive if in excess of 5%;
- (ii) the Trust Board if in excess of 10%.
- b) The Director of Finance may examine final accounts for contracts and may make all such enquiries and receive such information and explanations as may be required in order to be satisfied of the accuracy of the accounts.

COMPETITIVE TENDERING OF SUPPORT SERVICES

- 13.22 The costs of support services may be tested by competitive tendering in accordance with EL(95)29.
- 13.23 For each tendering exercise the following groups shall be set up:-
- a) Specification group, comprising a nominee of the Chief Executive and a specialist technical officer who will obtain such support from Management Services as is required.
 - b) In-house tender group, comprising a nominee of the Chief Executive with technical support as necessary.
 - c) Evaluation team, comprising a specialist functional officer, from the ***Bristol and Weston NHS Purchasing Consortium*** and a Director of Finance's representative.
- 13.24 All groups should work independently of each other. Individual officers may be members of more than one group, although no member of the in-house tender group may participate in evaluation of tenders.
- 13.25 The evaluation team shall make recommendations on the award of contracts to the Trust Board.
- 13.26 The price at which a tender is accepted becomes the new budget for the service and shall not be varied except for:-
- (a) subsequent changes in specification authorised by the Chief Executive (being a different person to the in-house contract manager) at prices to be negotiated by the Divisional Director of the NHS Supplies Authority.
 - (b) price variations allowed for in the contract.
- 13.27 Monitoring of performance against the contract shall be the responsibility of the in-line senior manager utilising such advice as is appropriate.
- 13.28 The provisions of Section 13.3 - 13.21 of these Instructions relating to tendering and contracting shall also be observed in competitive tendering for support services.

SECTION 14

LOSSES AND SPECIAL PAYMENTS

OBJECTIVE

- 14.1 To ensure that losses and special payments are properly controlled and fully accounted for.

GENERAL

- 14.2 The Director of Finance shall prepare procedural instructions on the recording of and account for losses and special payments.

REPORTING OF LOSSES

- 14.3 It is the duty of any employee discovering or suspecting a loss to immediately inform their Head of Department, who must ensure that the Divisional Manager is informed.

The Divisional Manager must immediately inform the Chief Executive, Director of Finance or Chief Internal Auditor. Employees may also report suspicions direct to the Chief Internal Auditor.

For any loss the Divisional Manager shall consider whether an insurance claim can be made and where possible pursue such.

Where a criminal offence (i.e. theft or arson) is suspected, the *police* shall be immediately informed.

For initial suspicions of fraud, the Director of Finance will discuss the particular circumstances with the NHS Local Counter Fraud Unit. If the case involves suspicion of fraud, and it is suspected that a criminal offence has been committed the Director of Finance will discuss the particular circumstances of the case with the NHS Regional Counter Fraud Operational Service in deciding how to proceed.

- 14.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance shall notify:

- a) the Trust Board and
- b) the Statutory Auditor.

- 14.5 The Director of Finance must also prepare a 'Counter Fraud Plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

WRITE-OFF

- 14.6 The Trust Board shall approve the writing-off of losses within the limits delegated to it by the Department of Health. The Trust Board shall delegate its responsibility for the approval of write-off and authorisation of special payments to the Chief Executive and Director of Finance, acting jointly, for such categories or values of losses as the Trust Board may determine. In this context the "write-off of loss" means also:-

- (a) the abandonment of claims;
- (b) the charging of fruitless payments; and
- (c) the making of compensation and ex-gratia payments.

The Trust Board shall delegate its authority for the approval of write-offs and special payments in accordance with the limits in Section 17.11.

- 14.7 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 14.8 For any loss the Director of Finance shall consider whether an insurance and claim can/has been made.
- 14.9 Every loss shall be recorded without delay in the Trust's Losses register to be maintained by the Director of Finance and investigated in such a manner as the Director of Finance may require. Write-off action shall be recorded against each entry in the register.
- 14.10 The Director of Finance shall submit to the Trust Board (Public Meeting) a summary of losses each quarter with details of all cases for which the Trust Board's specific approval is required.

EX-GRATIA PAYMENTS

- 14.11 Powers to Make Ex-gratia Payments including Payments to Patients and Staff for the Loss of Personal Effects

- a) Rules for Ex-gratia Payments

Ex-gratia payments for loss or damage to employees' or patients' personal effects should only be paid if there has been negligence on the part of the Trust or of any of its employees. Divisional Managers must confirm that the loss occurred on Trust property and that there was negligence on the Trust's part which contributed to the loss. Accidental damage to an employee's clothes, etc., where no other person is involved does not qualify for compensation unless caused by defects in equipment or conditions which are the responsibility of the Trust and which could not reasonably have been foreseen or avoided by the employee. Accidental damage to staff's personal effects caused by a patient should be dealt with on the merits of the case. In case of doubt, the relative impact of the sum involved on an individual's finances and the avoidance of bad public relations should be weighed against the cost to the Trust.

All ex-gratia payments over the value of £50 must be supported by a receipt for the replacement items which are actually subject to the loss. Such payments may be approved in accordance with the delegated limits included in Section 17.11.

- b) Delegated Limits (excluding Personal Injury and Clinical Negligence Cases)

Up to £1000	- Approval by an Executive Director
£1001 - £50,000	- Approval by the Chief Executive
Over £50,000	- Approval by the Trust Board.

- c) Recommendations for ex-gratia payments should be made to the Director of Finance. Only the Director of Finance or Deputy can authorise such payments.

d) Personal Injury and Public Liability Cases

Personal Injury cases will be dealt with in the following manner:

Over £10,000 – decided in conjunction with the NHS Litigation Authority.

Up to £10,000 – may be settled without legal advice with the approval of the Director of Human Resources or the Chief Executive or Director of Finance.

Public Liability cases will be dealt with in the following manner:

Over £3,000 – decided in conjunction with the NHS Litigation Authority.

Up to £3,000 – may be settled without legal advice with the approval of the Appropriate Divisional Manager or the Chief Executive or Director of Finance.

e) Clinical Negligence Cases

All Clinical Negligence cases are handled and decided by the NHS Litigation Authority (NHSLA) on behalf of the Trust. Whilst the NHSLA are administratively and financially responsible for all Clinical Negligence cases the Legal Liability remains with the Trust.

14.12 Insurance

The Trust may not insure commercially against most risks. There is a scheme available, administered by the NHS Litigation Authority, through which the Trust insures. A small number of specified risks are not insurable through the NHS scheme and these may be insured commercially if the Trust Board considers that this is appropriate. The Trust Board, acting on the advice of the Director of Finance, will review annually the costs and benefits of the insurance cover available. The Director of Finance shall establish procedures so that claims are made for all insured losses that are reported.

SECTION 15

FUNDS HELD IN TRUST

OBJECTIVE

- 15.1 To ensure that funds held in trust are properly safeguarded and used for the benefit intended.**

GENERAL

- 15.2 Within this section of Standing Financial Instructions "funds held in trust" are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the National Health Service, the objects of which are for the benefit of the National Health Service in England.
- 15.3 The Charitable Trusts for the United Bristol Hospitals NHS Foundation Trust are administered on behalf of the Trust Board within their own systems of accounting and financial control.
- 15.4 All gifts, donations and proceeds of fund-raising activities which are intended for the Trust's use shall be handed immediately to the cashier, to be banked and credited to the Charitable Trusts, with a clear indication of the donor's intentions.
- 15.5 The Director of Finance shall be required to advise the Trust Board on the financial implications of any proposal for fund-raising activities which the Trust may initiate, sponsor or approve.
- 15.6 The Charitable Trusts will set budgets annually at hospital/service level for expenditure and a budget holder will be determined for each.
- 15.7 Expenditure of any funds held in trust shall be conditional upon:-
- (a) the item being within the terms of the appropriate trust; and
 - (b) being within the budget set for the fund; and
 - (c) the prior approval of the Trust's Chief Executive being obtained for items falling within the capital definition; and
 - (d) being authorised by the budget holder in writing, or by a person to whom the budget holder has delegated, in writing, power to authorise expenditure.

SECTION 16

AUDIT, FRAUD AND CORRUPTION

OBJECTIVE

16.1 To ensure a systematic and continuous review of financial and management controls.

AUDIT AND ASSURANCE COMMITTEE

16.2 In accordance with the Constitution, 2006 Act, Standing Orders (and as set out in the Audit Code for NHS Foundation Trusts, issued by the Independent Regulator), the Board shall formally establish an Audit and Assurance Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005), which will provide an independent and objective view of internal control by:

- a) overseeing Internal and External Audit services;
- b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (e) reviewing schedules of losses and compensations and making recommendations to the Board;
- (f) reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

16.3 Where the Audit and Assurance Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit and Assurance Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Independent Regulator via the Director of Finance in the first instance.

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

DIRECTOR OF FINANCE

- 16.5 The Director of Finance is responsible for:
- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
 - (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards and any directions given by the Independent Regulator.
 - (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
 - (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit and Assurance Committee [and the Board]. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - (ii) major internal financial control weaknesses discovered;
 - (iii) progress on the implementation of internal audit recommendations;
 - (iv) progress against plan over the previous year;
 - (v) strategic audit plan covering the coming three years;
 - (vi) a detailed plan for the coming year.
- 16.6 The Director of Finance or designated auditors are entitled without necessarily giving prior notice to require and receive:
- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - (b) access at all reasonable times to any land, premises or members of the Board or employee of the Trust;
 - (c) the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
 - (d) explanations concerning any matter under investigation.

ROLE OF INTERNAL AUDIT

- 16.7 Internal Audit will review, appraise and report upon:
- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;

- (b) the adequacy and application of financial and other related management controls;
 - (c) the suitability *and reliability* of financial and other related management data;
 - (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
 - (e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health and/or the Independent Regulator.
- 16.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property *of the Trust* or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.
- 16.9 The Chief Internal Auditor will normally attend the Audit and Assurance Committee meetings and has a right of access to all Audit and Assurance Committee members, the Chairman and Chief Executive of the Trust.
- 16.10 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit and Assurance Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.
- 16.11 Internal Audit primarily provides an independent and objective opinion to the Accountable Officer (Chief Executive), the Board and the Audit and Assurance Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives.
- 16.12 The Chief Internal Auditor is responsible for developing and maintaining an Internal Audit Strategy for providing the Chief Executive, economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the organisation's risk management, control and governance arrangements. The Chief Internal Auditor's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the Annual Statement on Internal Control. The delivery of this strategy will be realised through the delivery of considered and approved annual plans which will systematically review and evaluate risk management, control and governance.
- 16.13 Internal Audit's planning will embrace risk management, control and governance processes of the organisation including all its operations, resources, services and responsibilities for other bodies.

Standing Financial Instructions

- 16.14 The Chief Internal Auditor will co-ordinate Internal Audit Plans and activities with line managers, external audit and other review agencies to ensure effective audit coverage is achieved and duplication of effort is minimised.
- 16.15 Internal Audit have the right to access all records, assets, personnel and premises of the Trust in the pursuit of information necessary to fulfil its responsibilities. In any instances of conflict this will be referred for resolution to the Director of Finance, Chief Executive or Chair of Audit and Assurance Committee as appropriate.
- 16.16 If the Chief Internal Auditor, Chief Executive, Director of Finance or the Audit and Assurance Committee consider that the level of Internal Audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they should advise the Board accordingly.
- 16.17 Internal Audit also provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion, which Internal Audit provides on risk management, control and governance.
- 16.18 Internal Audit must be sufficiently independent of the activities which it audits to enable auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements and recommendations. Internal Audit will have no Executive responsibilities.
- 16.19 Internal Auditors will have an impartial, unbiased attitude, characterised by integrity and an objective approach to work, and should avoid conflicts of interest. Internal Auditors must declare any conflicts of interest to the Chief Internal Auditor. Any conflicts of interest encountered by the Chief Internal Auditor must be declared to the Director of Finance.
- 16.20 The Director of Finance is responsible for ensuring the Chief Internal Auditor is of sufficient status. The Chief Internal Auditor must be of sufficient status to facilitate the effective discussion and negotiations of the results of Internal Audit work with senior management.
- 16.21 Appointment at all levels of the Internal Audit team will endeavour to fulfil the four main principles of the code of Ethics for Internal Auditor's Audit ie Integrity, Objectivity, Competency (ie professional qualifications, skills and experience) and Confidentiality.
- 16.22 Within the parameters of the contract for the Internal Audit Service, the Chief Internal Auditor is responsible for ensuring the team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Internal Audit Plan in line with the NHS Internal Audit Standards. The team will undertake regular assessments of professional competence through an on-going appraisal and development programme (ie Personal Development Plans and Continuing Professional Development) with training provided where necessary.

EXTERNAL AUDIT

- 16.23 The External Auditor is appointed by the Council of Members Representative at a general meeting of the Council of Member Representatives and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and reported to the Audit Committee and Council of Member Representatives.
- 16.24 The Trust will seek to ensure that the external auditor appointed by the Council of Member Representatives meet the criteria included by the Independent Regulator within the Audit Code for NHS Foundation Trusts at the date of appointment and on an on-going basis throughout the term of appointments.

FRAUD AND CORRUPTION

- 16.25 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 16.26 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 16.27 The Local Counter Fraud Specialist shall report to the Director of Finance and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) and the Regional Counter Fraud and Security Management Services (CFSMS) in accordance with the Department of Health Fraud and Corruption Manual.
- 16.28 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

SECURITY MANAGEMENT

- 16.29 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 16.30 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 16.31 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 16.32 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director and the appointed Local Security Management Specialist.

SECTION 17

INFORMATION TECHNOLOGY

OBJECTIVE

17.1 To define responsibilities for the management of Information Technology Systems.

RESPONSIBILITIES AND DUTIES OF THE DIRECTOR OF FINANCE

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

**RESPONSIBILITIES AND DUTIES OF OTHER DIRECTORS IN RELATION TO
COMPUTER SYSTEMS OF A GENERAL APPLICATION**

- 17.5 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:
- (a) details of the outline design of the system;
 - (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

**CONTRACTS FOR COMPUTER SERVICES WITH OTHER HEALTH BODIES OR
OUTSIDE AGENCIES**

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

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

RISK ASSESSMENT

- 17.7 The Director of Finance shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.
- 17.8 Requirements for Computer Systems which have an impact on corporate financial systems

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

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

SECTION 18

CAPITAL INVESTMENT AND PRIVATE FINANCING

OBJECTIVE

18.1 To ensure that capital investments are properly planned, approved and controlled.

CAPITAL INVESTMENT

18.2 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 of availability of resources to finance all revenue consequences, including capital charges.

18.3 For every capital expenditure proposal the Chief Executive shall ensure

- a) that a business case (in line with the guidance contained within the Capital Investment Manual and/or the Independent Regulator) is produced setting out
 - i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - ii) the involvement of appropriate Trust personnel and external agencies
 - iii) appropriate project management and control arrangements; and
- b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.
- c) approval to accept a successful tender

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

18.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customers Guidance.

18.5 The Director of Finance shall issue procedural instructions for the regular reporting of expenditure and commitments against the Trust’s approved Capital Programme.

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

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

- a) specific authority to commit expenditure; and

- b) authority to proceed to tender.

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

- 18.7 Schemes must be tendered and managed in accordance with the requirements of Section 13. These procedures shall fully take into account the delegated limits for Capital schemes included in Annex C of HSC (1999) 246.
- 18.8 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

PRIVATE FINANCE

- 18.9 When the Trust proposes to use finance under the Private Finance Initiative the following procedures shall apply:
- a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
 - b) Where the sum involved exceeds delegated limits, the business case must be referred to the appropriate Department of Health body and/or treated as per current guidelines.
 - c) The proposal must be specifically agreed by the Trust Board.
- 18.10 All proposals for Private Finance or Leasing must be submitted to the Director of Finance for advice and approval to ensure compliance with SSAP21 and other current guidance. Leasing proposals must demonstrate value for money.

SECTION 19

FIXED ASSET REGISTER AND SECURITY, DISPOSAL AND ACCOUNTING OF ASSETS

OBJECTIVE

19.1 To ensure that assets are properly safeguarded and accounted for.

ASSET REGISTER

- 19.2 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating and arranging for a physical check of assets against the asset register to be conducted once every two years.
- 19.3 The Director of Finance must maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health.
- 19.4 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads.
 - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 19.5 The Trust shall maintain a publicly available property asset register recording protected property in accordance with the guidance issued by the Independent Regulator.
- 19.6 The Trust may not dispose of any protected property assets without the approval of the Independent Regulator. This includes the disposal of part of the property or granting an interest in it.
- 19.7 Where capital assets are sold, scrapped, lost or otherwise disposed of, the budget holder must notify the Director of Finance, who will ensure that their value is removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 19.8 The Director of Finance shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers.
- 19.9 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the Department of Health.
- 19.10 The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the Department of Health.
- 19.11 The Director of Finance shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department.

SECURITY OF ASSETS

- 19.12 The overall control of fixed assets is the responsibility of the Chief Executive.
- 19.13 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of and title to, assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset; and
 - (g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 19.14 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 19.15 Each employee has a responsibility for the security of the Trust's property and should ensure that equipment and property is secured when not attended and should report suspicious incidents and losses to their appropriate manager. 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 Trust Board. Any breach of agreed security practices must be reported to the Chief Executive.
- 19.16 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Directors and employees in accordance with the procedure for reporting losses.
- 19.17 Where practical, assets should be marked as Trust property.
- 19.18 Inventories shall also be additionally maintained and receipts obtained for
- (a) equipment on loan; and
 - (b) all contents of furnished lettings.

DISPOSALS

- 19.19 The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations and ensure that these are notified to Managers.
- 19.20 When a Department decides to dispose of a Trust asset, the Head of Department will
- (a) establish whether it is needed elsewhere in the Trust; and if not
 - (b) determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

19.21 In the event of a private sale (e.g. to a member of staff) the Head of Department should first follow the procedure in Section 19.19. If the private sale is more beneficial the Divisional Manager should be notified of the course of action.

CONDEMNATIONS

19.22 All unserviceable articles shall be

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance:
- (b) recorded by the Condemning Employee in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.

19.23 The Condemning Employee shall establish whether or not there is evidence of negligence in use and shall report such evidence to the Director of Finance who will take appropriate action.

SECTION 20

RETENTION OF DOCUMENTS

OBJECTIVE

- 20.1 To define arrangements for the Retention of Documents in the Trust.**
- 20.2 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with Department of Health guidelines.
- 20.3 The documents held in archives shall be capable of retrieval by authorised persons.
- 20.4 Documents held under HC(89)20 shall only be destroyed at the express instigation of the Chief Executive. Records shall be maintained of documents so destroyed.
- 20.5 Where latest Department of Health guidelines supercede HC(89)20 then these provisions should be applied

SECTION 21

RISK MANAGEMENT AND INSURANCE

OBJECTIVE

21.1 To define the requirements for Risk Management and Insurance.

21.2 PROGRAMME OF RISK MANAGEMENT

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

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including; Internal Audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured;
- g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

21.3 INSURANCE: RISK POOLING SCHEMES ADMINISTERED BY NHSLA

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

21.4 INSURANCE ARRANGEMENTS WITH COMMERCIAL INSURERS

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

Trusts may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;

where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and

where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Director of Finance should consult the Department of Health.

21.5 Arrangements to be followed by the Board in agreeing Insurance cover

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

SECTION 22

GIFTS AND HOSPITALITY

- 22.1 The policy on the Register of Interests and Hospitality shall have effect as if incorporated into Standing Financial Instructions. The Board may also, from time to time, agree and approve policy statements / procedures which will apply to all or specific groups of staff employed by the Trust. The decision to approve such policies and procedures shall be recorded in an appropriate Trust Board minute and shall be deemed, where appropriate, to be incorporated into these Standing Orders.