



# STANDING FINANCIAL INSTRUCTIONS AND SCHEME OF DELEGATION

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1	April 2007	Deputy Director of Finance	New policy	New document to comply with gaining foundation trust status.
1a	April 2010	Deputy Director of Finance		Minor amendments following a planned periodic review.
2	October 2012	Deputy Director of Finance		Major review following serious incident (STEIS 2011/968)
3	September 2014	Interim Director of Finance		Major review following an external financial review of the trust after the departure of the turnaround team.
4	October 2015	Deputy Director of Finance		Significant changes following a planned periodic review.
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4c	November 2018	Deputy Director of Finance		Amendments to approval limits and process for business case approval and increasing the quotation threshold for procurement. Other minor changes also incorporated.
4d	December 2018	Director of Finance		Minor amendments following the December Board of Directors.
5	June 2021	Deputy Director of Finance		Amendments to approval limits and process for business case approval. Further review of all sections with the Interim Director of Finance and Chair of Finance & Performance Committee.
5a	July 2021	Deputy Director of Finance		Further amendments to approval limits from the newly appointed substantive Director of Finance.
5b	August 2021	Deputy Director of Finance		Further amendments following discussions at Executive Team and with Divisional Finance Managers.
5c	September 2021	Deputy Director of Finance		Insertion of diagrammatical presentation in Appendices 2, 5 and 6.

5d	July 2022	Deputy Director of Finance		Realignment of procurement thresholds consistent across the Integrated Care System.
5e	January 2023	Deputy Director of Finance		Increase in procurement thresholds consistent across the Integrated Care System; changes to SFI waiver requirements and an increased delegated limit for provider capital investment from £15m to £25m.
5f	October 2023	Deputy Director of Finance		Minor amendments following a planned periodic review. Amendments to Appendix 8 to add clarity to limits for the procurement of Works. Amendments to Appendix 10 authorisation of expenditure from Charitable Funds (funds held on trust).

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## **1. FOREWORD**

- 1.1 The Board operates within a statutory framework in which it is required to adopt standing orders. The Code of Conduct and Code of Accountability in the NHS requires boards to draw up standing orders, a schedule of decisions reserved to the board and standing financial instructions. The Code also requires boards to ensure that there are management arrangements in place to enable responsibility to be clearly delegated to senior executives.
- 1.2 Additionally, boards will need locally generated rules and instructions, including financial procedural notes, for use within their organisation. Collectively these must comprehensively cover all aspects of (financial) management and control. In effect, they set the business rules, which all employees (including employees of third parties contracted to the Trust) must follow when taking action on behalf of the Board.
- 1.3 The purpose of this document is to provide clarity about the financial framework in which the Trust provides patient services. Once these Standing Financial Instructions have been adopted by the Board, they are mandatory for all employees of the Trust and any contractors, consultants or volunteers engaged by the Trust.

## 2. INTRODUCTION

### 2.1 General

- 2.1.1 These Standing Financial Instructions are issued in accordance with financial provisions of The National Health Service Act 2006, and The Health and Social Care Act 2012, as amended by The Health and Care Act 2022 for the regulation of the conduct of foundation trusts in relation to all financial matters. They shall have effect as if incorporated in the Trust's Standing Orders.
- 2.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Matters Reserved to the Board adopted by the Trust.
- 2.1.3 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Trust, including trading units. They do not provide detailed procedural advice. These statements should therefore, be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 2.1.4 Should any difficulties arise regarding the interpretation or application of any of these 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 and Matters Reserved to the Board.
- 2.1.5 **FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER, WHICH COULD RESULT IN DISMISSAL.**

### 2.2 Terminology

- 2.2.1 Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and
- (a) "Authorised Signatory" means an employee with delegated authority to commit expenditure on behalf of the Trust/Charity from within approved budgets.
  - (b) "Board" means the Board of Directors.
  - (c) "Budget" means a resource, expressed in financial terms, sanctioned by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
  - (d) "Budget Holder" means an employee with delegated authority to



manage finances (income and expenditure) for a specific area of the Trust with a delegated transactional financial limit of £5,000. Authorised signatories may commit expenditure on behalf of the budget holder for transactions above £5,000.

- (e) “Chief Executive” means the chief officer of the Trust who is designated as the Accounting Officer under The NHS Act 2006, as amended.
- (f) “Corporate Trustee” means a corporation that has been appointed to act as trustee of a charity. A corporation is a collection of persons, which, in the eyes of the law, has its own legal existence (and rights and duties) separate from those of the persons who form it from time to time. The Board is the corporate trustee for the Rotherham Hospital and Community Charity.
- (g) “Delegated Transactional Financial Limit” is the maximum amount of expenditure that any authorised signatory can commit in one transaction. A delegated transactional limit also applies to the Executive Team, Finance & Performance Committee and the Board for approving procurement contracts that can then be ordered against by an authorised signatory (see Appendices 3 and 4).
- (h) “Division” refers to a number of service units that are managed and controlled collectively and reported upon as a single entity to the Board. For clarity, the portfolio of each executive director and the Company Secretary is regarded as a separate division. A list of all divisions is included within Appendix 1.
- (i) “Funds Held on Trust” refers to those funds that the Trust held as at 1<sup>st</sup> April 1996 or date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under Section 90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- (j) “Legal Adviser” means the properly qualified person appointed by the Trust to provide legal advice.
- (k) “Management Team” refers to a number of budgets that are managed and controlled collectively and reported upon as a single entity (See Appendix 1).
- (l) “NHS England” means the body responsible for overseeing foundation trusts, NHS trusts, independent providers and commissioning organisations.
- (m) “Service Unit” refers to a number of budgets that are managed and controlled collectively and reported upon as a single entity (See Appendix 1).

(n) "Trust" means The Rotherham NHS Foundation Trust.

2.2.1 Wherever the title Chief Executive, Director of Finance or other nominated officer is used in these instructions, it shall be deemed to include such other employee who has been duly authorised to represent them.

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

2.2.3 All financial values quoted in these Standing Financial Instructions are exclusive of VAT where and when it is applicable.

### **2.3 Responsibilities and Delegation**

2.3.1 The Board exercises financial supervision and control by:

(a) Formulating the financial strategy.

(b) Requiring the submission and approval of budgets.

(c) Defining and approving essential features in respect of procedures and financial systems, including the need to obtain value for money.

(d) Defining specific responsibilities placed on employees as indicated in the Scheme of Delegation (see Appendices 1 to 10).

2.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the "Matters Reserved to the Board" document.

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

2.3.4 The general and specific responsibilities of the Chief Executive as the Accounting Officer for the Trust are outlined in more detail in the NHS Foundation Trust Accounting Officer Memorandum published by NHS England.

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

2.3.6 It is a duty of the Chief Executive to ensure that existing employees and all new appointees are notified of and understand their responsibilities within these Standing Financial Instructions.

2.3.7 The **Director of Finance** is responsible for:

- (a) Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies.
- (b) Maintaining an effective system of internal financial control including financial procedures, and systems incorporating the principles of separation of duties and internal checks, documenting, maintaining and disseminating procedures to supplement these Standing Financial Instructions. Appropriate registers of these procedures will be maintained.
- (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 employees of the Trust, the duties of the Director of Finance include:

- (d) The provision of financial advice to the Trust and its employees.
- (e) The design, implementation and supervision of systems of internal financial control.
- (f) The preparation and maintenance of financial accounts, certificates, estimates, records and reports as the Trust may require for the purposes of carrying out its work, including its statutory duties.

Additionally, the Director of Finance should ensure that all necessary requirements are fulfilled to enable the Trust's external auditors to be able to comply with the Code of Audit Practice published by the National Audit Office, which prescribes the way in which auditors are to carry out their functions as set out in the National Health Service Act 2006, as updated.

2.3.8 **All employees**, severally and collectively, are responsible for:

- (a) Security of the property of the Trust in accordance with NHS guidelines.
- (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, Scheme of Delegation and Matters Reserved to the Board.
- (e) Notifying the Director of Finance of any known instances of non-compliance with Standing Financial Instructions.

- 2.3.9 Under no circumstances should any **contractor or employee of a contractor** be empowered by the Trust to commit it to expenditure or authorised to obtain income on its behalf. This will help ensure compliance with the requirements of Intermediaries Legislation (IR35): Countering Avoidance in the Provision of Personal Services.
- 2.3.10 For any and all employees who carry out a financial function, the form in which financial records are kept and the manner in which employees discharge their duties must be to the satisfaction of the Director of Finance.

## **2.4 Escalation Procedures for Non-Compliance**

- 2.4.1 Any instance of non-compliance with Standing Financial Instructions must be notified to the Director of Finance as soon as it has been identified.
- 2.4.2 The Director of Finance will investigate all significant instances and report the detailed circumstances of each to Audit Committee at its next meeting.
- 2.4.3 The Director of Finance will determine what disciplinary or other action, if any, is necessary, having sought appropriate advice from the Director of People.
- 2.4.4 If the Director of Finance is suspected of breaching Standing Financial Instructions, then this should be notified to the Chief Executive who will similarly take action identified above.
- 2.4.5 Any potential breaches of Standing Financial Instructions by executive directors will be escalated to the Chair of the Audit Committee, who will advise on further actions to be instigated in accordance with the approved Governance and Compliance Framework. Any such breaches not involving the Director of Finance will also be reported to the Director of Finance.

### **3. AUDIT AND ASSURANCE**

#### **3.1 Audit Committee**

3.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference, consistent with 'Code of governance for NHS provider Trusts'. Specifically this will include:

- (a) Monitoring the integrity of the financial statements and any formal announcements relating to the Trust's financial performance, reviewing significant financial reporting judgements contained therein.
- (b) Ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.
- (c) Reviewing the internal financial controls.
- (d) Reviewing the internal control and risk management systems.
- (e) Monitoring and reviewing the effectiveness of the internal audit and counter fraud functions.
- (f) Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

Additionally, the Audit Committee will be responsible for:

- (g) Monitoring compliance with Standing Orders and Standing Financial Instructions.
- (h) Reviewing the appropriateness of waiving quotation and tender requirements in accordance with Section 11.5 and Appendix 8.
- (i) Reviewing schedules of losses and compensations and making recommendations to the Board.

3.1.2 The Audit Committee shall meet at least quarterly and in accordance with its terms of reference.

3.1.3 Where the Audit Committee considers that there is evidence of ultra vires transactions, evidence of improper acts, or other matters to raise, the chairperson of Audit Committee should report them to a full meeting of the Board. Exceptionally, the matter may need to be referred to NHS England (to the Director of Finance in the first instance or the Chief Executive, if the matter involves the Director of Finance).

3.1.4 Similarly, the Audit Committee shall report to the Council of Governors, identifying any matters in respect of which it considers that action or

improvement is needed and making recommendations as to the steps to be taken in accordance with 'Code of governance for NHS provider Trusts'.

- 3.1.5 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when the internal audit service provider is changed.

### **3.2 Fraud and Corruption**

- 3.2.1 The Chief Executive and Director of Finance shall monitor and ensure compliance with the Government Functional Standard (GovS 013: Counter Fraud) Management of Counter Fraud, Bribery and Corruption Activity issued by the Counter Fraud Centre of Expertise, part of the Cabinet Office) as well as any other best practice and guidance.
- 3.2.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as required by Government Functional Standard (GovS 013: Counter Fraud).
- 3.2.3 The Local Counter Fraud Specialist shall report to the Director of Finance and shall work with NHS Counter Fraud Authority staff in accordance with the NHS Counter Fraud Manual and in compliance with the Government Functional Standard (GovS 013: Counter Fraud).
- 3.2.4 The Local Counter Fraud Specialist shall develop a work plan following a comprehensive fraud risk assessment. This work plan shall be agreed with the Audit Committee at the beginning of each financial year, with progress against the plan being reported quarterly.
- 3.2.5 The Trust must maintain a Counter Fraud, Bribery and Corruption Policy and Response Plan.

### **3.3 Security Management**

- 3.3.1 The Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State and NHS England on NHS security management.
- 3.3.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist as specified by the Secretary of State and NHS England in guidance on NHS security management.
- 3.3.3 The Trust shall nominate a non-executive director to be responsible to the Board for NHS security management.
- 3.3.4 The Chief Executive has overall responsibility for controlling and co-ordinating security. However, key tasks are delegated to the Security Management Director and the appointed Local Security Management Specialist.

### **3.4 Director of Finance**

3.4.1 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 and will normally attend Audit Committee meetings.
- (b) Ensuring that the internal audit is adequate and meets the Internal Audit standards.
- (c) Deciding at what stage to involve the police in cases of misappropriation, and other irregularities, in conjunction with the Local Counter Fraud Specialist.
- (d) Ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee, as a minimum covering:
  - (i) A clear statement on the effectiveness of internal control.
  - (ii) Major internal financial control weaknesses discovered.
  - (iii) Progress on the implementation of internal audit recommendations.
  - (iv) Details of actual performance against plan.
- (e) Ensuring that regular and timely reports are prepared for the consideration of the Audit Committee, covering:
  - (i) Progress against plan over the previous year.
  - (ii) A detailed plan for the coming year.

3.4.2 The Director of Finance or designated auditors are entitled without necessarily giving prior notice (although this will usually be given unless circumstances warrant otherwise) to require and receive:

- (a) Access to all records (for patient records this will require approval by the Caldicott Guardian), 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 employee of the Trust.
- (c) The production of any cash, stores or other property of the Trust under an employee's control.

- (d) Explanations concerning any matter under investigation.

### **3.5 Role of Internal Audit**

3.5.1 Internal audit will review, appraise and report upon:

- (a) The extent of compliance with and the financial effect of, relevant established policies, plans and procedures.
- (b) The adequacy and application of financial and other related management controls.
- (c) The suitability of financial and other related management data.
- (d) The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - (i) Fraud and other offences.
  - (ii) Waste, extravagance and inefficient administration.
  - (iii) Poor value for money or other causes.

3.5.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature (of or pertaining to money), the Director of Finance must be notified immediately.

3.5.3 The Head of Internal Audit shall be accountable to the Director of Finance, where internal audit services are provided internally. Where internal audit services are provided by a third party organisation it will be the responsibility of the Director of Finance to manage the contract between the two organisations and agree a nominated individual to fulfil the role of Head of Internal Audit. At all times the Head of Internal Audit and internal audit services must remain independent and objective and must not be compromised by the role of the Director of Finance.

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

3.5.5 The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. This agreement shall be in writing and shall comply with the Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every 3 years or whenever a new internal audit provider is appointed.



### **3.6 External Audit**

- 3.6.1 The external auditor is appointed by the Council of Governors and paid for by the Trust.
- 3.6.2 In accordance with NHS England's 'Code of governance for NHS provider Trusts':-
- (a) The Council of Governors should take the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors.
  - (b) Audit Committee shall:
    - (i) Make a report to the Council of Governors in relation to the performance of the external auditor, including detail such as the quality and value of the work, and the timeliness of reporting and fees, to enable the Council of Governors to consider whether to re-appoint them.
    - (ii) Make recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.
  - (c) If the Council of Governors does not accept the recommendations from Audit Committee, the Board should include in the annual report a statement from the latter explaining the recommendation and should set out the reasons why the Council of Governors has taken a different position.
- 3.6.3 The Audit Committee must ensure a cost-efficient service by periodically seeking competitive tenders for the Trust's external audit service. Cost efficiency must not be used as a reason to compromise the quality of the external audit service and compliance with Code of Audit Practice issued by the National Audit Office.
- 3.6.4 Competitive tenders should be sought at least every 3 years, with an option to extend this to 5 years at the discretion of the Audit Committee. The reasons for agreeing to any extension must be clearly documented in the minutes of the meeting when it was discussed and agreed. The results of the tendering exercise should be reported to the Board.
- 3.6.5 Should there appear to be a problem with the external audit service being provided, then this should be raised with the external auditor and escalated appropriately within the external audit firm to ensure that the issue is resolved promptly and to the satisfaction of the Audit Committee.
- 3.6.6 If requested by the external auditor, during part of one Audit Committee meeting each financial year, executive directors and others normally in

attendance will be excluded from the meeting in order to allow private discussions between Audit Committee non-executive members and the external auditor.

- 3.6.7 The External Audit Engagement Lead and/or the Audit Manager will normally attend Audit Committee meetings.

## **4. FINANCIAL PLANNING, BUDGETS AND BUDGETARY CONTROL AND MONITORING**

### **4.1 Preparation and Approval of Financial Plan and Budgets**

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

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

4.1.2 The plan must take into account the views of the Council of Governors in accordance with the Constitution of The Rotherham NHS Foundation Trust and be submitted to NHS England in line with required deadlines.

4.1.3 The local Integrated Care System will be responsible for reviewing the Trust's financial plan as part of its co-ordinating role in compiling a system wide plan for submission to NHS England.

4.1.4 The Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. This will normally happen prior to the start of the financial year or in exceptional circumstances as soon as possible after the start of the financial year, but only in agreement with the Board. Such budgets will:

- (a) Be in accordance with the aims and objectives set out in the annual business plan and also meet the necessary requirements within the Trust's terms of authorisation granted by NHS Improvement.
- (b) Be consistent, wherever practical and possible, with national guidance and/or instructions.
- (c) Accord with workload and workforce plans.
- (d) Be produced following discussion with appropriate budget holders.
- (e) Be prepared within the limits of available income, unless agreed otherwise by the Board.
- (f) Identify potential risks and opportunities.

4.1.5 The Director of Finance shall monitor financial performance against budget and business plan, periodically review them, and report to the Board on a monthly basis.

4.1.6 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.

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

## **4.2 In Year Changes to Budgets**

4.2.1 With the exception of budget transfers and virements (see Appendix 6) there will be no changes to budgets in year unless duly authorised via the approval of a business case. Only expenditure that has already been budgeted for can be committed by budget holders and in accordance with their delegated spending limits.

4.2.2 The only corporate bodies with the authority to commit additional (net) expenditure on behalf of the Trust are:

- (a) The Executive Team;
- (b) Finance & Performance Committee;
- and
- (c) The Board;

in accordance with limits detailed in Appendix 6.

4.2.3 Where a workforce re-structure is proposed this must follow the establishment change process and only where additional costs are incurred would the above process need to be followed.

4.2.4 Where additional expenditure has already been approved in accordance with either Paragraphs 4.2.2 or 4.2.3 above and there is a likelihood that this resource will be insufficient to fulfil the objectives of the original business case then the budget holder must ensure that:

- (a) This is brought to the attention of the Director of Finance as soon as is practicably possible;
- (b) No additional expenditure is incurred beyond that already approved in the first instance;
- (c) A revised business case is submitted in accordance with limits detailed in Appendix 6 for the additional expenditure to be incurred.

4.2.5 These requirements apply equally to both income and expenditure (see also Paragraph 7.2.4 below) and capital budgets.

## **4.3 Retrospective Approval for In Year Changes to Budgets**

4.3.1 Under normal circumstances, all in year changes to budgets need to be

approved prospectively in accordance with Section 4.2 above before any additional expenditure is committed or incurred.

- 4.3.2 In exceptional circumstances, approval can be sought and granted retrospectively, but only with the approval of the Director of Finance who will be responsible for ensuring that the necessary governance arrangements are then followed in accordance with the limits detailed in Appendix 6.
- 4.3.3 Should the Trust come to a view that the expenditure thus committed and or incurred, prior to retrospective approval being granted, cannot be legitimately justified and supported via arrangements contained in Section 4.2 above, then the Director of Finance must:
- (a) Consider the necessary actions required to expedite the cancellation of any existing and/or contractual commitments with a view to limiting the amount of any further unapproved expenditure to be incurred in the future;
  - (b) Escalate the matter in accordance with Section 2.4 above, for non-compliance.
- 4.3.4 Legitimate justification and support referred to in Paragraph 4.3.3 above, is a matter of subjectivity, but is intended to prevent any authorised signatories making decisions that cannot be substantiated appropriately via consideration of a proper business case.

#### **4.4 Budgetary Delegation**

- 4.4.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation will be in accordance with the financial plan and the Scheme of Delegation (See appendices 1 to 10), both approved by the Board.
- 4.4.2 The Director of Finance is responsible for maintaining the lists of authorised signatories and their delegated transactional financial limits. Managers are responsible for advising the Director of Finance of all changes in accordance with agreed procedures. An overview of budget delegation within the budgetary control process is diagrammatically presented in Appendix 2.
- 4.4.3 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 4.4.4 The Board, as advised by Finance & Performance Committee, will determine what action is necessary where budgetary totals are being exceeded, if appropriate action has not already been instigated by the Executive Team.
- 4.4.5 Any budgeted funds not required for their designated purpose(s) must be declared to the Director of Finance who will determine what action, if any is to be taken.

4.4.6 Non-recurring budgets must not be used to finance recurring expenditure.

#### **4.5 Budgetary Control, Forecasting and Reporting**

4.5.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:

- (a) Financial reports to the Board, in a form approved by Finance & Performance Committee on behalf of the Board, containing:
  - (i) Monthly income and expenditure to date showing trends and, as advised by the Director of Finance and/or requested by Finance & Performance Committee, forecast year-end position.
  - (ii) Monthly movements in working capital, including cash, where significant.
  - (iii) Capital scheme spend, commitments and forecast year-end position.
  - (iv) Explanations of any material variances from plan.
  - (v) Details of any corrective action where necessary and the Director of Finance's view of whether such actions are sufficient to correct the situation.
  - (vi) Details of the financial risk ratings and indicators of forward financial risk as set out in NHS England's Risk Assessment Framework.
- (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible. These will be produced monthly and will be made available to budget holders and authorised signatories in a format agreed by the Director of Finance.
- (c) Investigation and reporting of variances from financial, activity and workforce budgets.
- (d) Monitoring of management action to correct variances.
- (e) Arrangements for the authorisation of budget transfers and virement.

4.5.2 Each budget holder is responsible for ensuring that:

- (a) Any likely overspend or reduction of income, which cannot be met by virement, is not incurred without the formal approval of the Board. This will be achieved via the Board's acceptance of the monthly finance report produced by the Director of Finance.

- (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) Permanent employees are appointed in accordance with agreed procedures and numbers provided for in the budgeted establishment as approved by the Board. Establishment will be reviewed annually as a minimum.
- (d) Their use of temporary staff complies with Trust policies.

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

#### **4.6 Capital Expenditure**

4.6.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. The particular applications relating to capital are contained in Chapter 13.

#### **4.7 Monitoring Returns**

4.7.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to NHS England and any other requisite monitoring organisations. These returns must be accurate and timely and key financial returns will be subject to review by the Director of Finance prior to submission.

## **5. ANNUAL ACCOUNTS AND REPORTS**

5.1 The Director of Finance, on behalf of the Trust, will:

- (a) Prepare annual accounts in accordance with International Financial Reporting Standards, as adjusted from time to time with accounting policies and guidance issued by the Department of Health & Social Care in its annually updated Group Accounting Manual, together with the Trust's own accounting policies and generally accepted accounting practice, as appropriate.
- (b) Prepare and submit annual financial reports to NHS England certified in accordance with current guidelines.
- (c) Submit financial returns to NHS England for each financial year in accordance with the prescribed timetable.

5.2 The annual accounts must be approved by the Board, although this may be delegated to the Audit Committee, which will then make recommendations to the Board, as appropriate.

5.3 The Trust's audited annual accounts must be presented to a public meeting within six months of the end of the financial year to which they relate.

5.4 The Trust will publish an annual report in accordance with its Constitution and in compliance with the NHS England's NHS foundation trust annual reporting manual 2022/23.

5.5 The annual report will be presented to the Council of Governors at a general meeting and similarly presented to the same public meeting as the annual accounts.



## **6. BANKING AND GOVERNMENT BANKING SERVICES**

### **6.1 General**

6.1.1 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 and directions issued from time to time by NHS England, which will be consolidated in a Treasury Management Policy.

6.1.2 The Board, via Audit Committee, shall approve the banking arrangements.

### **6.2 Bank and Government Banking Services Accounts**

6.2.1 The Director of Finance is responsible for:

- (a) Bank accounts and Government Banking Services accounts.
- (b) Establishing separate bank accounts for funds held on trust on behalf of the Corporate Trustee.
- (c) Ensuring payments made from bank or Government Banking Services accounts do not exceed the amount credited to the account except where arrangements have been made i.e. accounts should not become overdrawn without explicit prior approval.
- (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

### **6.3 Banking Procedures**

6.3.1 The Director of Finance will prepare detailed instructions on the operation of bank and Government Banking Services accounts, which must include:

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

6.3.2 The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated. This will normally be achieved through the list of authorised signatories supplied to the bank.

6.3.3 All funds shall be held in the name of the Trust.

6.3.4 No employee other than the Director of Finance shall open any bank account in the Trust's name. For the Trust's main commercial bank and Government Banking Services, the Director of Finance has discretion to open the number

and type of accounts as necessary to expedite normal day-to-day business activities. For accounts to be used for investment of surplus cash these must be in accordance with the requirements of the Treasury Management Policy.

#### **6.4 Tendering and Review**

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

6.4.2 Competitive tenders should be sought at least every 3 years, with an option to extend this to 5 years at the discretion of the Audit Committee. The reasons for agreeing to any extension must be clearly documented in the minutes of the meeting when it was discussed and agreed. The results of the tendering exercise should be reported to the Board.

#### **6.5 Electronic Transfer of Funds**

6.5.1 All electronic transfers of funds must only be made under secure arrangements approved by the Director of Finance.

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

### **7.1 Income Systems**

7.1.1 The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

7.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.

### **7.2 Fees and Charges**

7.2.1 The Trust shall follow guidance issued by the Department of Health and Social Care for the pricing of its patient related services with commissioners, supplemented by any additional guidance provided by NHS England.

7.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health & Social Care or by statute. This should be incorporated into and documented in the financial planning process to ensure that this happens annually as a minimum.

7.2.3 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions. This must be via prompt and regular presentation of cash transactions for banking or through the formal debt recovery process for credit income.

7.2.4 The Director of Finance, shall approve business cases for schemes where potential gross income generation exceeds £20,000 per annum (excluding VAT), in order to ensure profitability of such schemes to the Trust overall. Schemes with gross income above £20,000 will need to be approved, similar to business cases, in accordance with the limits referred to in Appendix 6.

7.2.5 The requirements outlined in paragraph 7.2.4 above equally apply to a discontinuation of, or disinvestment in a service or operation.

7.2.6 All contracts and/or service level agreements must be agreed by the Head of Contracts & Business Development who will then sign contracts under £100,000 and pass contracts over £100,000 for signing by the Director of Finance. All such contracts must be retained and stored securely by the Head of Contracts & Business Development.

### **7.3 Tendering for Services**

7.3.1 A decision to submit a bid for services tendered by another organisation must be approved by the Chief Executive in accordance with the formal Business Case Process and Guidance document.

- 7.3.2 Once a decision has been made to submit a bid for services so tendered, the bid will be co-ordinated, prepared and presented in a form determined by the tender specification and process.
- 7.3.3 The financial elements of the tender bid must have been agreed by the Director of Finance.
- 7.3.4 The final tender bid must be approved prospectively in accordance with the financial limits contained in Appendix 6. A register of all submitted tenders will be maintained.

#### **7.4 Debt Recovery**

- 7.4.1 The Director of Finance is responsible for the appropriate recovery action for all outstanding debts. This will include the use of external debt recovery services, where appropriate.
- 7.4.2 Income not received should be dealt with in accordance with losses procedures described in Section 15.2 and delegated financial limits detailed in Appendix 9.
- 7.4.3 Overpayments should be detected (or preferably prevented) wherever is reasonably possible and recovery initiated.

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

- 7.5.1 The Director of Finance is responsible for:
- (a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable.
  - (b) Ordering and securely controlling any such stationery.
  - (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines.
  - (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 7.5.2 Official Trust monies shall not under any circumstances be used for the encashment of private cheques.
- 7.5.3 All cheques, postal orders, and cash, shall be banked intact. Disbursements shall not be made from cash received under any circumstances.

- 7.5.4 The holders of safe keys shall not accept unofficial funds for depositing in their

safes under any circumstances.

- 7.5.5 The opening of post shall be undertaken by two employees together and all cash, cheques and other forms of payment shall be entered in an approved register before handing to the Director of Finance.
- 7.5.6 The opening of cash tills, telephones and other coin operated machines and the counting and recording of takings shall be recorded by two officers together. Both shall sign the records and the keys shall be held by a separate nominated officer.

## **8. CONTRACTING FOR PROVISION OF HEALTHCARE SERVICES**

8.1 The Chief Executive is responsible for:

- (a) Negotiating legal contracts with commissioners for the provision of services to patients in accordance with the financial plan; and for
- (b) Establishing the arrangements for providing non-contract activity treatment services in accordance with the guidance contained in 'Who Pays? - Determining which NHS commissioner is responsible for making payment to a provider' published by NHS England and any other best practice guidance.

8.2 In carrying out these functions, the Chief Executive should take into account the advice of the Director of Finance regarding:

- (a) Costing and pricing of services.
- (b) Payment terms and conditions.
- (c) Amendments to contracts.
- (d) Non-contract activity arrangements.
- (e) Provision of contract data.
- (f) Any other financial matters.

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

8.4 Contracts should be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income. Contract prices shall comply with guidance issued by the Department of Health & Social Care and NHS England.

8.5 The Director of Finance shall produce regular reports detailing actual and forecast contract income linked to patient activity with a detailed assessment of the impact of the variable elements of income. These will be presented monthly for review to Finance & Performance Committee and the Board.

8.6 Any pricing of contracts at marginal cost must be approved by the Director of Finance and reported to the Board if material. Materiality is deemed to be when such contracts have a financial impact in excess of £100,000 (excluding VAT) in this instance.

8.7 The Chief Executive is responsible for ensuring procedures are in place to ensure all patient related activity is recorded appropriately and that flex and freeze dates for agreeing actual levels of activity against contracts are strictly adhered to in order to maximise the level of income received by the Trust.

- 8.8 Where the Trust wants to procure healthcare services from a third party organisation in order to deliver its contractual obligations with one or more of its commissioners, then this will:
- (a) Require a business case to be approved in accordance with Section 4.2 above and financial limits contained in Appendix 6; and
  - (b) Be undertaken by the Procurement Department, consistent with the requirements contained in Chapter 11.
- 8.9 Submission of bids for services tendered by another organisation must be undertaken in accordance with the requirements of Section 7.3.

## **9. TERMS OF SERVICE AND PAYMENT OF ALL STAFF**

### **9.1 Remuneration and Terms of Service**

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

9.1.2 The Trust's Remuneration Committee will:

- (a) Review the ongoing appropriateness and relevance of the Trust's remuneration policy.
- (b) Agree the appropriate remuneration and terms of service for the Chief Executive and other executive directors, 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.
- (c) Monitor the evaluation of the performance of individual executive directors.
- (d) Advise on and oversee appropriate contractual arrangements for executive directors including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- (e) Approve remuneration or other awards made to executive directors outside of contractual obligations only with the approval of HM Treasury, where applicable.
- (f) Monitor compliance with Off Payroll Working (IR35): Deemed employer responsibilities under off-payroll working rules.
- (g) Monitor redundancy and capitalised pension costs for all staff groups and to approve any such individual arrangements in excess of £100,000.

The Remuneration Committee will take into account the principles contained in NHS England's 'Code of governance for NHS provider Trusts' when exercising its responsibilities.



- 9.1.3 There shall be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration of individual executive directors. No executive director should be involved in deciding their own remuneration.
- 9.1.4 Whilst the Board may delegate decision-making about remuneration to the Remuneration Committee, it remains accountable for taking decisions on the remuneration and terms of service of executive directors.
- 9.1.5 The Trust will remunerate the Chairman and non-executive directors in accordance with instructions issued by the Council of Governors.

## **9.2 Funded Establishment**

- 9.2.1 The people plans incorporated within the annual business plan and budgets will form the funded establishment.
- 9.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive, in accordance with the requirements of establishment control procedures agreed by the Director of People.
- 9.2.3 Increases to funded establishments can only be approved in accordance with Section 4.2 and financial limits contained in Appendix 6.
- 9.2.4 The funded establishment of any department may not be exceeded without the prior approval of the Director of Finance and subject to authorised powers of virement contained in Appendix 5.

## **9.3 Staff Appointments**

- 9.3.1 No 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 and in accordance with the requirements of establishment control procedures agreed by the Director of People; and
  - (b) Within the limit of their approved budget and funded establishment.
- 9.3.2 The arrangements for securing the services of temporary (agency) staffing must follow establishment control procedures agreed by the Director of People in accordance with :
- (a) Master vendor arrangements for all medical staff; and
  - (b) NHS Professionals for all other staff.

The only exception to this is Board level posts, which will be dealt with as and when required by the Nominations Committee.

- 9.3.3 The Board will approve procedures presented by the Director of People and Director of Finance for the determination of pay rates and conditions of service, for groups of staff not linked to national terms and conditions whose period of employment has not yet commenced. This relates to the initial establishment of local terms and conditions, which can then be supplemented by the requirements contained in Section 9.4 below.
- 9.3.4 When appointing staff, authorised signatories must ensure that:
- (a) The recruitment, selection and contracting processes are consistent with Trust policies.
  - (b) Any offer of employment complies with the appropriate terms and conditions of employment for that category of staff.
  - (c) Appropriate documentation is completed prior to the offer of employment being made and immediately on commencement of duty with the Trust or to a new post within the Trust.
- 9.3.5 Where a budget holder requires to deviate from national terms and conditions, or locally agreed terms and conditions where these exist, for an individual member of staff, this will need to be prospectively approved jointly by the Director of Finance and the Director of People prior to an offer of employment being made.

#### **9.4 Changes to Rates of Pay**

- 9.4.1 Proposals to pay individual members of existing staff other than in accordance with national terms and conditions, or locally agreed terms and conditions where these exist, will need to be prospectively approved jointly by the Director of Finance and the Director of People.
- 9.4.2 Proposals to pay groups of existing staff other than in accordance with national terms and conditions, or locally agreed terms and conditions where these exist (for example, changes in rates of pay for bank staff or local on call arrangements) should be approved in the form of a business case and in accordance with the financial limits contained in Appendix 6. There is provision for retrospective approval to support operational and clinical decision making in exceptional circumstances (See Section 4.3 above).
- 9.4.3 Where proposals outlined in Paragraph 9.4.2 are approved, a post implementation review should be carried out and reported to the Director of Finance and Director of People, with the outcome presented to the Finance & Performance Committee.

#### **9.5 E-Rostering**

- 9.5.1 Staff rosters will be maintained electronically in the E-Allocate system and will be managed and controlled in accordance with procedures agreed by the Director of People.

- 9.5.2 A separate list of authorised signatories will be maintained by the Director of People in order to ensure compliance with the aforementioned procedures.
- 9.5.3 An interface will be managed and controlled by the Director of People to ensure appropriate access to e-rosters by NHS professionals in accordance with the aforementioned procedures.

## **9.6 Processing of Payroll**

- 9.6.1 The Director of People is responsible for:
- (a) Specifying timetables for submission of properly authorised time records and other notifications.
  - (b) The final determination of pay, jointly with the Director of Finance.
  - (c) Making payment on agreed dates.
  - (d) Agreeing the method(s) of payment.
- 9.6.2 The Director of People will issue instructions, having taken appropriate advice from the Director of Finance, regarding:
- (a) Verification and documentation of data.
  - (b) The timetable for receipt and preparation of payroll data and the payment of employees.
  - (c) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay.
  - (d) Security and confidentiality of payroll information.
  - (e) Checks to be applied to the completed payroll before and after payment.
  - (f) Authority to release payroll data under the provisions of the Data Protection Act 2018.
  - (g) The payment of pay awards and arrears.
  - (h) Procedures for the change of bank account details by staff.
- 9.6.3 The Director of Finance will issue instructions regarding:
- (a) Methods of payment available to various categories of employee.
  - (b) Procedures for payment by cheque or bank credits to employees.
  - (c) Procedures for the recall of cheques and bank credits.

- (d) Pay advances and their recovery.
- (e) Maintenance of regular and independent reconciliation of pay control accounts.
- (f) Separation of duties between the preparation of records and the handling of cash and other types of payment.
- (g) A system to ensure the recovery from leavers of sums of money and property due by them to the Trust.
- (h) The secure operation of the system for payments by BACS.

9.5.4 Budget holders 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 instructions and in the form prescribed by the Director of People.
- (c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of People must be informed immediately and prompt action taken as necessary to prevent any over-payments arising.

This must be consistent with the requirements of establishment control procedures agreed by the Director of People and transactional financial limits detailed in Appendices 3 and 4, as appropriate.

9.5.5 Regardless of the arrangements for providing the payroll service, the Director of People, having taken appropriate advice from the Director of Finance, shall ensure that payments made by the payroll function are supported by appropriate contracted terms and conditions, adequate internal controls and audit review procedures where appropriate.

9.5.6 The Director of Finance will ensure that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

## **9.7 Contracts of Employment**

9.6.1 All contracts of employment shall be in a format agreed by the Director of People, in conjunction with the Remuneration Committee, as appropriate.

9.6.2 The Board shall delegate responsibility to a budget holder 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 (see also Paragraphs 9.3.3 and 9.3.4);

and

- (b) Dealing with variations to, or termination of, contracts of employment (save for instances arising from clause 9.4); in accordance with the requirements of establishment control procedures agreed by the Director of People.

9.6.3 Where termination of employment involves redundancy (voluntary or compulsory) agreements or any other form of contractual payments, this shall require formal and prospective approval from the Director of Finance or the Remuneration Committee if individually in excess of £100,000 as per Paragraph 9.1.2 (g) above. He or she will seek appropriate advice, as necessary, from the Director of People before making any such decision.

9.6.4 All payments outside contractual obligations (for example, compromise agreements) require formal and prospective approval from the Remuneration Committee to approve a submission to HM Treasury. All payments outside contractual obligations require prospective HM Treasury approval, irrespective of value.

## 10. NON-PAYROLL EXPENDITURE

### 10.1 Delegation of Authority

- 10.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget holders.
- 10.1.2 No employee shall commit or authorise expenditure unless they have delegated authority to do so.
- 10.1.3 As part of the approval of annual budgets, as set out in section 4.1, the Board will approve non-pay budgets.
- 10.1.4 Authorised signatories have delegated authority to commit or authorise non-pay expenditure up to the budget, for the purpose of the budget, subject to the transactional financial limits set out in Appendices 3 and 4.
- 10.1.5 Virement of budget is permissible within the Trust's approved rules and limits (See Appendix 5).
- 10.1.6 **Requisitions and Orders:** In line with best practice, most goods or services will be ordered through the Procurement Department (via web-based requisitioning) following a requisition raised by an authorised signatory. A list of goods and services where an official purchase order may not be required will be agreed, maintained and held by the Director of Finance and made available via the intranet.

A single requisition may involve, for example, the requisition of a contract involving a number of annual payments; these payments are added together to determine the transactional financial limit.

Requisitions may not be split or otherwise placed in a manner devised so as to avoid the transactional financial limits.

Requisitions should be placed prior to any goods or services being received and must not be used as a means to retrospectively comply with these instructions.

- 10.1.7 **Signing of Contracts or Licences:** An order for goods or service may result in a contract or license to be signed by both the Trust and the supplier. All contracts must be agreed by the Head of Procurement who will then sign contracts under £100,000 (excluding VAT) and pass contracts over £100,000 (excluding VAT) for signing by the Director of Finance. All such contracts must be retained and stored securely by the Head of Procurement.
- 10.1.8 **Authorisation of Invoices:** Most invoices relating to goods requisitioned and purchased via an order issued by the Trust do not require authorisation. The Finance Department will match the Goods Received Note to the invoice and invoice value, and resolve any differences, seeking assistance from

authorised signatories where this is necessary.

Invoices not matched in the way described above, will require authorisation before payment in accordance with delegated transactional financial limits.

## **10.2 Procedures for Obtaining Goods and Services**

- 10.2.1 In choosing the item to be supplied (or the service to be performed), the advice of the Procurement Department shall be sought in order to obtain value for money and, as far as possible, meet the sustainability obligations of the Trust.
- 10.2.2 The only exceptions to the above are the Pharmacy Department, which is permitted to procure drugs without seeking the advice of Procurement and patient bespoke Orthotics procurement.
- 10.2.3 Where the advice of Procurement is not accepted by an authorised signatory, the Director of Finance (and/or the Chief Executive) shall be consulted and may approve procurement contrary to the advice received, as long as the Trust complies with statutory requirements.
- 10.2.4 Goods may not be taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase.
- 10.2.5 The procedure that the Trust shall follow to raise official orders and the authorised signatory's role in this is set out in Chapter 11. All orders must:
- (a) Be consecutively numbered in batches, as controlled by the Head of Procurement, unless automatically system generated.
  - (b) Be in a form approved by the Director of Finance.
  - (c) State the Trust's terms and conditions of trade.
  - (d) Only be generated based on the delegated authority of the appropriate signatory as detailed in Appendices 3 and 4.
  - (e) Be authorised in accordance with procedures determined by the Director of Finance. All orders in excess of £1,000,000 (excluding VAT) must have already been approved in accordance with limits referred to in Appendices 3 and 4.
- 10.2.6 No order shall be issued for any item or items to any firm that has made an offer of gifts, rewards or benefit to directors or employees, other than isolated gifts of a trivial character or inexpensive seasonal gifts.
- 10.2.7 All contracts for example; leases, tenancy agreements and other commitments that may result in a liability shall be notified to the Director of Finance.
- 10.2.8 These Standing Financial Instructions apply equally to goods and services

relating to funds held on trust, see Appendix 10 for delegated financial limits.

10.2.9 No verbal instructions, without an official order number, are to be given to suppliers of goods and services.

10.2.10 No orders are to be raised after goods and services have already been supplied unless in accordance with agreed procedures approved by the Director of Finance.

10.2.11 No orders to be raised with suppliers of goods and services where the authorised signatory is related to an individual who will directly benefit from that order or, the authorised signatory has a financial interest with that supplier. The Trust's Standards of Business Conduct (including NHS England Conflicts of Interest Guidance) provide further information regarding personal and business integrity and instances where a close family or personal relationship may give rise to a conflict of interest or the perception of such.

### **10.3 Confirmation of Receipt for Goods and Services**

10.3.1 The system for receipt of goods and services shall provide for:

- (a) Details of employees authorised to certify invoices (see Paragraph 4.3.2).
- (b) Certification that goods have been duly received, examined and are in accordance with specification and the prices are correct.
- (c) Certification that work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct.
- (d) In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined.
- (e) Where appropriate, that the expenditure is in accordance with regulations and all necessary authorisation has been obtained.
- (f) The account is arithmetically correct.
- (g) The account is in order for payment.
- (h) Instructions to employees regarding the handling and payment of accounts within the Finance Department.



## **10.4 Payment for Goods and Services**

- 10.4.1 The Director of Finance is responsible for the prompt payment of accounts and claims, and these shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 10.4.2 The Director of Finance is responsible for designing and maintaining a system of verification, recording and payment of all amounts payable.
- 10.4.3 The Director of Finance is responsible for designing and maintaining procedures regarding the use and control of purchasing cards.
- 10.4.4 The Director of Finance is responsible for ensuring that payment for goods and services is only made once the goods and services are received unless in line with contractual terms and conditions imposed by the supplier, subject to the provisions contained in Paragraph 10.4.5.
- 10.4.5 Pre-payments, other than those specified by contractual terms and conditions imposed by the supplier, are only permitted where exceptional circumstances apply. In all such instances, the advice of both the Director of Finance and the Head of Procurement should be sought before entering into any contractual arrangements. In such instances:
- (a) The budget holder 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 their commitments. Any proposals must be discussed with the Head of Procurement before submitting a request to the Director of Finance.
  - (b) The Director of Finance may approve the prepayment arrangement to progress if:
    - (i) The proposed arrangements takes into account the European Union Public Procurement Policy where the contract is above a stipulated financial threshold;
    - and
    - (ii) The financial advantage outweighs the disadvantages.
- 10.4.6 The budget holder is responsible for ensuring that all items due under a pre-payment contract are received and they must immediately advise the appropriate Director or Chief Executive if problems are encountered.

## **10.5 Petty Cash**

- 10.5.1 Purchases from petty cash are restricted in value and by type of purchase as detailed in Appendix 7 and must be supported by receipt(s) and certified by an authorised signatory within their delegated limit.

10.5.2 The Director of Finance will determine record keeping and other instructions relating to petty cash.

## **11. TENDERING AND CONTRACTING FOR NON-PAYROLL EXPENDITURE**

### **11.1 Delegated Authority**

11.1.1 All tendering and contracting must be carried out by the Procurement Department with the exception of Pharmacy. However, the Procurement Department should still be involved to provide guidance and support, as appropriate, to ensure procurement in this area is undertaken in accordance with the requirements of these Standing Financial Instructions.

11.1.2 No employee is to enter into commercial discussions with potential or actual suppliers without the full agreement and involvement of the Procurement Department.

11.1.3 All contracts will:

- (a) Be within the Trust's powers as delegated by the Secretary of State.
- (b) Comply with relevant Department of Health & Social Care guidance as advised by the Head of Procurement.
- (c) Incorporate the Standard NHS terms and conditions.
- (d) Endeavour to obtain best value for money.
- (e) Be compliant with the latest government guidance and policy regarding transparency within procurement.

11.1.4 Further details are provided in the Policy and Guidance for the Procurement of Goods, Services and Works (Procurement Policy) which sets out the framework within which all procurement in the Trust should be undertaken.

### **11.2 Procedure for Procurement of Non-Payroll Items**

11.2.1 Paragraph 10.2.2 provides for the procurement of drugs to be undertaken through the Pharmacy Department, where the Chief Pharmacist will follow similar procurement procedures to those set out below. Relevant paragraphs below equally apply to patient bespoke Orthotics procurement.

11.2.2 Authorised signatories will requisition the required goods or services. All requisitioners will be required to follow the ordering procedures set by the Procurement Department, as referred to in the Policy and Guidance for the Procurement of Goods, Services and Works (Procurement Policy).

11.2.3 The Procurement Department will follow the processes outlined for the procurement of goods, services, and works in accordance with the financial limits detailed in Appendix 8.

11.2.4 Formal tendering is not required if goods and services are obtained via a framework contract put in place by a recognised body and which is open for

the Trust to utilise. This work will still be undertaken by the Procurement Department.

11.2.5 The Procurement Department will endeavour to obtain best value for money on all of its activity.

11.2.6 **Quotations – Goods, Services and Works:** A minimum of three written quotations are required where the contract value is expected to be between £10,000 and £35,000 (excluding VAT) for goods and services, and between £50,000 and £200,000 (excluding VAT) for works, unless using an already competitively tendered contract (excluding works). For spend below £10,000 for goods and services, and below £50,000 for works, then a value for money check must be completed by the budget holder along with Procurement input. Any contract entered into by the Trust regardless of value must be completed by Procurement and signed as per Paragraph 10.1.7 even those below the thresholds identified in this section. Competitive quotations should be:

- (a) Obtained based on specifications or terms of reference prepared by, or on behalf of, the budget holder.
- (b) Obtained in writing and published via an e-tendering platform, which includes sending the opportunity through to Contracts Finder for publication.
- (c) Treated as confidential and should be retained for inspection.
- (d) Evaluated by the Procurement Department in conjunction with the budget holder or delegated officer to select the quotation giving the best value for money. If this is not the lowest quotation, if payment is to be made by the Trust; or the highest, if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record. The Procurement Department will advise on which quotation should be accepted.

11.2.7 **Formal Tendering – Goods or Services and Works:** Where the likely contract value exceeds £35,000 for goods or services, and £200,000 for works, formal tendering will be undertaken.

Where a requirement for goods or services is likely to cost in excess of £35,000 and requisitions for works in excess of £200,000 is known, the budget holder will work with the Procurement Department on a formal tender process unless a framework can be used as referred to in Paragraph 11.2.4 above. The Procurement Department will lead the tendering process in conjunction with the budget holder.

11.2.8 Items estimated to be below the quotation and/or tender limits that subsequently exceed these limits shall be reported to the Director of Finance and Audit Committee along with circumstances where formal procedures have in effect been waived without approval to do so.

### **11.3 Procedure for Competitive Tendering**

- 11.3.1 Trust standard tendering documentation must be used at all times unless agreed by the Head of Procurement.
- 11.3.2 The tender specification must be robust and impartial.
- 11.3.3 Trust tendering procedures must at all times adhere to the transparency agenda set by the European Union and the UK Government. All tenders will be undertaken through the Trust's electronic tendering system. This shall enable suppliers to be alerted that there is a contract opportunity available, in line with the government's transparency agenda.
- 11.3.4 Tenders will be returned to an 'electronic safe' locked until the due date for the receipt of bids from invited suppliers. As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, the tenders shall be opened by the Procurement Department.
- 11.3.5 The Head of Procurement, as guardian for the e-tendering system, is responsible for ensuring all tenders are treated as confidential and retained for inspection. The system provides a register of the names of all firms or individuals invited to tender, those from which tenders have been received and the date these tenders were opened.
- 11.3.6 There is generally no discretion to receive tenders after the due date. In exceptional circumstances, the Head of Procurement may approve the inclusion of a late tender. This will only be approved if there is a technical reason why the tender could not be submitted and this reason must be ratified by the e-tendering system supplier.
- 11.3.7 Acceptance of Tender:
- (a) Any clarification questions from the Trust to a tenderer that are deemed necessary to clarify technical aspects of the tender before the award of a contract must be undertaken via the Procurement Department and not directly by the budget holder. All questions must be sent via the e-tendering portal for transparency purposes.
  - (b) The most economically advantageous tender shall be accepted as determined by the tender evaluation criteria set by the tender project team at the start of the tender process.
  - (c) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive. This will be in accordance with the requirements of Paragraph 4.2 above and financial limits contained in Appendix 6.

- (d) The Procurement Department will advise on the award of a contract to a supplier and provide a written de-brief to the unsuccessful bidders. Under no circumstances should an individual outside of the Procurement Department de-brief a supplier.
- (e) A duly completed formal contract document (terms and conditions) shall be issued by the Procurement Department for authorisation by the Head of Procurement, or Director of Finance if the contract is related to a private finance initiative/lease agreement or its value is over £100,000.
- (f) Following completion of the signed contract, an order should be raised for the goods, services or works.

11.3.8 The Head of Procurement will report to the Board on an exceptional circumstance basis as required by the Chief Executive.

11.3.9 Procurement will ensure that appropriate contract management arrangements are put in place for all accepted tenders in relation to contracts in excess of £500,000 per annum to ensure:

- (a) Best value is maintained.
- (b) Variations are controlled.
- (c) Service continuity is maintained.
- (d) Risk is managed.

#### **11.4 Frameworks**

11.4.1 The Head of Procurement will ensure the Trust's register of suppliers suitable for the supply of goods or services is kept via the Trust's contracts database. The Head of Procurement will also access such other registers available for use by the NHS.

11.4.2 The Head of Procurement will determine which register (framework agreements) may be used.

11.4.3 The Head of Procurement shall ensure all tenders provide open competition and comply with relevant Department of Health & Social Care guidance.

11.4.4 This does not preclude the assessment at either, or both, pre-qualification questionnaire or evaluation of tender stage, of contractor suitability in for example:

- (a) Experience and qualifications.
- (b) Understanding of the Trust's needs.

- (c) Feasibility and credibility of proposed approach.
- (d) Viability to deliver the goods or services.
- (e) Health and safety record.
- (f) Environmental considerations.
- (g) Financial standing - Director of Finance responsibility.
- (h) Clinical governance - Medical Director responsibility.

## **11.5 Waiving of Quotation and Tender Requirements**

11.5.1 Quotation and tender limits are detailed in Appendix 8. Consideration of the need for a waiver of quotation/tendering requirements may occur where:

- (a) In very exceptional circumstances, formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record.
- (b) Specialist expertise or goods and services are required and are available from only one source.
- (c) The task is essential to complete the project and arises as an unforeseen consequence of a recently completed assignment and engaging a different supplier for the new task would be inappropriate.
- (d) There is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering.
- (e) Permitted by Department of Health & Social Care guidance; details of which shall be documented in waiving formal tendering.

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

11.5.3 In addition to Paragraph 11.5.1 above, a waiver shall not be required under the following conditions:

- (a) Turnkey costs where a tender has been compliantly run for the associated equipment and where a Quantity Surveyor has deemed the turnkey costs to be in line with market value.
- (b) The payment is for non-domestic rates.

- (c) The payment is for mandatory NHS related fees such as CNST payments, etc.
- 11.5.4 The goods purchased for equipment specific parts which must, by their nature, be from the original manufacturer and where a cost effectiveness analysis of the current equipment solution has been conducted within the last 12 months to the satisfaction of the Head of Procurement. Where it is decided that competitive tendering is not applicable and therefore, the requirements of Standing Financial Instructions should be waived, the fact of the waiver and the reasons should be documented using the waiver form obtained from the Head of Procurement. Details of both authorised and unauthorised waivers will be reported to the Audit Committee.
- 11.5.5 All requests to progress with waivers must receive prior approval. All such non-competitive action will require the completion of a waiver form. Waiver forms should be initially sent to the Head of Procurement to review and authorise, if appropriate. Waiver forms require authorisation as set out in accordance with the financial limits detailed in Appendix 8.
- 11.5.6 It should be noted that European Procurement Law applies at all times and in particular to proposed procurements in excess of the financial thresholds (Official Journal of the European Union limits) appertaining at the time. This cannot be waived and the Procurement Department will advise budget holders as to how compliance can be achieved.
- 11.5.7 The Audit Committee may, at its discretion, invite regular users of the waiver and non-competitive action procedures, to explain the need and to advise how this action may be avoided.
- 11.5.8 The Head of Procurement will provide ongoing reports to the Audit Committee detailing the use made of waivers.

## **11.6 Auctions**

- 11.6.1 Should the Trust choose to access auctions (of any kind) as a process for procurement, this must be done through the Procurement Department and the Director of Finance must be assured the process complies with best practice guidelines.



## **12. EXTERNAL BORROWING AND INVESTMENTS**

### **12.1 Finance & Performance Committee**

- 12.1.1 The terms of reference for Finance & Performance Committee include overseeing all aspects of cash management as well as external borrowing (including temporary overdraft facilities and Public Dividend Capital) and investments.
- 12.1.2 The Finance & Performance Committee must operate within its terms of reference established by the Board.
- 12.1.3 The terms of reference will be reviewed annually.

### **12.2 Public Dividend Capital**

- 12.2.1 The Trust must always initially seek to maximise sources of funding other than borrowing to fund its capital investment.
- 12.2.2 Subject to paragraph 12.2.1, the Trust must always seek to maximise the amount of public dividend capital available to it, as appropriate, prior to considering any form of external borrowing (including finance leasing) to fund its capital investment.
- 12.2.3 The Director of Finance must report to the Board as and when public dividend capital is to be drawn down or repaid.
- 12.2.4 Repayments of public dividend capital must be approved prospectively by the Board.

### **12.3 External Borrowing**

- 12.3.1 The Director of Finance will advise the Board, as part of the annual financial planning process, concerning the Trust's ability to pay interest on, and repay the capital element of both public dividend capital and any other borrowing within any limits or restrictions set by NHS England.
- 12.3.2 All applications concerning external borrowing, either short-term or long-term must be approved prospectively by the Board. In this instance, borrowing excludes finance leases but does include planned temporary overdraft facilities with the Trust's commercial bankers.
- 12.3.3 All short-term borrowing must be proactively managed as part of a planned approach to monitoring and controlling total working capital with a view to minimising individual and cumulative borrowing applications.
- 12.3.5 All long-term borrowing must be consistent with the Trust's current financial plan and must not exceed any limits or restrictions set by NHS England.

- 12.3.4 Under no circumstances must long-term borrowing be used other than to
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support capital investment.

- 12.3.5 The Director of Finance is responsible for reporting periodically, but regularly, to the Board, via Finance & Performance Committee concerning all borrowing, which as a minimum must be annually as referred to in paragraph 12.3.1 above.

## **12.4 Investments**

- 12.4.1 Temporary cash surpluses must be held in such public or private sector investments in accordance with the Treasury Management Policy approved by the Board.
- 12.4.2 The Director of Finance is responsible for advising the Board on the investment of surplus cash and will report quarterly, as necessary, to Finance & Performance Committee and annually to the Board concerning the performance of investments held.
- 12.4.3 The Director of Finance will prepare detailed procedural instructions for the investment of surplus cash and on the records to be maintained.

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

### **13.1 Capital Investment**

#### 13.1.1 The Chief Executive:

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

13.1.2 For every appropriate capital expenditure proposal, the Chief Executive shall ensure that a business case is prepared, in line with the approved Business Case Process and Guidance document.

13.1.3 For capital schemes where the contracts stipulate stage payments, the Director of Finance will ensure that this is reflected appropriately in contractual terms and conditions that are communicated effectively between all parties involved.

13.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

13.1.5 The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Chief Executive shall approve each scheme and issue to the manager responsible :

- (a) Specific authority to commit expenditure.
- (b) Authority to proceed to tender.
- (c) Approval to accept a successful tender, subject to the requirements of Standing Orders

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with Health Building Note 00-08 (Parts A and B) guidance and the Trust's Standing Orders.

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

## **13.2 Post Project Evaluation**

- 13.2.1 Post project evaluation will be undertaken, as a minimum, on all capital investments where the business case is approved by the Board. The post project evaluation will be reviewed by the Board.
- 13.2.2 The project evaluation shall be produced in line with the approved Business Case Process and Guidance document.

## **13.3 Private Finance Initiative and Leasing**

- 13.3.1 The Trust should normally test for private financing or leasing when considering capital procurement. When the Trust proposes to use private financing or leasing (regardless of whether the lease is an operating or finance lease), the following procedures shall apply:
- (a) The proposal must obtain approval commensurate with that which is required of assets, goods or services obtained by outright purchase.
  - (b) The budget holder for the associated private financing/lease cost must authorise that the costs are acceptable within their managed budget.
  - (c) The Director of Finance shall demonstrate that the financing represents value for money and genuinely provides the desired transfer of risk.
  - (d) Any finance or lease document must be signed by the Director of Finance (see Paragraph 10.1.7).
  - (e) The proposal must comply with any guidance issued by NHS England.

## **13.4 Capital Delegated Limits**

- 13.4.1 All initial allocations for capital schemes within the constraints of the Board approved programme will be set by the Director of Finance.
- 13.4.2 Following the subsequent tendering/quotation action and the approval of the business case the Director of Finance must give approval before any expenditure is committed in line with procedures contained in the Policy and Guidance for the Procurement of Goods, Services and Works (procurement Policy).
- 13.4.3 The delegated transactional financial limits detailed in Appendix 4 relate to the subsequent authorisation of all expenditure including staff-related costs, requisitions, orders and invoices. All procurement is subject to the procedures set out in Chapter 11.

## **13.5 Asset Registers**

- 13.5.1 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 at least once a year.
- 13.5.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within this register shall be as determined by the Director of Finance taking account of any guidance issued by the Department of Health & Social Care.
- 13.5.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) Properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties.
  - (b) Stores, requisitions and payroll records for own materials and labour including appropriate overheads.
  - (c) Lease agreements in respect of assets held under a finance lease and capitalised.
- 13.5.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records. Each disposal must be validated by reference to authorisation documents and invoices, where appropriate, and in accordance with procedures approved by the Director of Finance.
- 13.5.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in the ledger against balances on the fixed asset register.
- 13.5.6 The value of each asset will be depreciated in accordance with methods and rates determined by the Director of Finance consistent with the requirements of relevant International Financial Reporting Standards, as interpreted by the Department of Health & Social Care within its Group Accounting Manual.
- 13.5.7 The Director of Finance will calculate capital charges in accordance with:
- (a) Useful economic asset lives and the Trust's accounting policies for depreciation; and
  - (b) In accordance with the Department of Health and Social Care's Group Accounting Manual for public dividend capital dividends payable.

## **13.6 Security of Assets**

- 13.6.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 13.6.2 Asset control procedures, including donated assets, must be approved by the Director of Finance. These procedures shall make provision for:
- (a) Recording managerial responsibility for each asset.
  - (b) Identification of additions and disposals.
  - (c) Identification of all repairs and maintenance expenses.
  - (d) Physical security of assets in accordance with the Trust's Security Policy.
  - (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.
- 13.6.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Director of Finance.
- 13.6.4 Whilst each employee has a responsibility for the security of property of the Trust, it is the responsibility of all authorised signatories in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with the Trust's Security Policy.
- 13.6.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by employees in accordance with the procedure for reporting losses (See Chapter 15 and Appendix 9).
- 13.6.6 Where practical, assets should be marked as Trust property.
- 13.6.7 The Chief Executive shall be responsible for establishing and maintaining separate records for equipment on loan from suppliers and items provided through operating lease arrangements (See the Policy and Guidance for the Procurement and Payment of Goods, Services and Works (Procurement Policy)).

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

- 14.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) Kept to a minimum.
  - (b) Subjected to annual stock take.
  - (c) Valued in accordance with the Trust's accounting policies as determined by the Director of Finance taking account of the requirements of International Financial Reporting Standards.
- 14.2 Subject to the responsibility of the Director of Finance for the systems of control, overall control of stores shall be the responsibility of an officer delegated by the Chief Executive. The day-to-day responsibility may be delegated to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of fuel oils the responsibility of a designated Estates Officer.
- 14.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the officer delegated by the Chief Executive and agreed with the Director of Finance. Wherever practicable, stocks should be marked as health service property.
- 14.4 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, returns to stores, losses and materials management.
- 14.5 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.
- 14.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 14.7 The designated officer shall be responsible for a system, approved by the Director of Finance, for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also Chapter 15). Procedures for the disposal of obsolete stock shall be determined and agreed by the Director of Finance.

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

### **15.1 Disposals and Condemnations**

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

15.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

15.1.3 All unserviceable articles shall be:

- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance.
- (b) Disposed of in accordance with a Board approved policy.
- (c) Recorded by the Condemning Officer, who must be an authorised signatory at budget holder level or above, in a form approved by the Director of Finance that 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.

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

### **15.2 Losses and Special Payments**

15.2.1 Losses and special payments are divided into categories, as defined below. These categories are:

Losses (excluding family practitioner services):

1. Losses of cash.
2. Fruitless payments and constructive losses.
3. Bad debts and abandoned claims.
4. Stores losses and damage to property.

Special payments (excluding family practitioner services):

5. Compensation under court order or legally binding arbitration award.
6. Extra-contractual payments.
7. Ex-gratia payments.
8. Special severance payments.
9. Extra statutory and extra regulatory payments.



- 15.2.2 The Director of Finance is responsible for ensuring that suitable procedural instructions are produced for the reporting, recording and accounting of all losses and special payments in accordance with the guidance issued by the Department of Health & Social Care. The Director of Finance must also prepare a Counter Fraud, Bribery and Corruption Policy that sets out the action to be taken in the event of a suspected fraud being detected.
- 15.2.3 Any employee discovering or suspecting a loss of any kind must notify their line manager immediately, who will ensure the incident is reported in line with the requirements of the Incident and Serious Incident Management Policy. Where a criminal offence is suspected, involving theft or arson, the police will be informed in accordance with the arrangements set down in the Trust's Security Policy. For all suspected losses, actions should be taken without undue delay having regard to the potential seriousness of the loss in each individual case.
- 15.2.4 The Director of Finance must ensure that all individual losses and special payments above £50 are reported to the Audit Committee and that smaller losses are reported in aggregate. A report of losses apparently caused by theft, arson, neglect of duty or gross carelessness must be made to the Audit Committee as soon as practicable, and must also be similarly reported to the external auditor.
- 15.2.5 The Board shall approve the writing-off of losses and the making of special payments in accordance with the approved financial limits detailed in Appendix 9.
- 15.2.6 The Director of Finance shall be authorised to take necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 15.2.7 For any loss, the Director of Finance should consider whether any insurance claim can be made or any other action taken to recover some of the loss.
- 15.2.8 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded. Details will be entered as they are known. Where an actual value cannot be immediately determined an estimated value should be inserted. The precise format of the register will be determined by the Director of Finance.
- 15.2.9 Audit Committee will review updates to the Losses and Special Payments Register at each of its scheduled meetings.

## **16. FINANCIAL SYSTEMS AND DATA**

16.1 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 he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage.
- (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 he or she may consider necessary, are being carried out.
- (e) Ensure, as appropriate, compliance with the requirements of the relevant Data Protection Acts.
- (f) Ensure that appropriate data back-up and recovery arrangements are in place.

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

16.3 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.

16.4 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.

16.5 Where computer systems have an impact on corporate financial systems the Director of Finance shall satisfy that:

- (a) Systems acquisition, development and maintenance are in line with

corporate policies.

- (b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists.
- (c) Finance and other appropriate staff have access to such data.
- (d) Such computer audit reviews, as are considered necessary, are being carried out.

## **17. PATIENTS' PROPERTY**

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

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

- 17.3 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 17.4 Where Department of Health & Social Care instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 17.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments) Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 17.6 Where a deceased patient is intestate and there is no lawful next of kin, details of any monies or valuables held should be notified to the Treasury solicitor.
- 17.7 Any funeral expenses necessarily borne by the Trust in respect of a deceased patient shall be reimbursed from any of that patient's monies held by the Trust.
- 17.8 Staff should be informed, on appointment, by the appropriate manager of their responsibilities and duties for the administration of the property of patients.
- 17.9 Where patients' property is received for specific purposes and held for

safekeeping the property shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

## **18. RETENTION OF DOCUMENTS**

- 18.1 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with guidance contained in The Records Management Code of Practice for Health and Social Care 2016 issued by the Information Governance Alliance.
- 18.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 18.3 Documents held in accordance with the above shall only be destroyed at the express instigation of the Chief Executive and records shall be maintained of documents so destroyed.

## **19. RISK MANAGEMENT & INSURANCE**

19.1 The Chief Executive shall ensure that the Trust has a programme of risk management, which will be approved and monitored by the Board.

19.2 The risk management strategy (see Risk Management Policy) shall, as a minimum, contain the following elements:

- (a) The continuous identification and prioritisation of key risks.
- (b) A description of actions taken to manage each key risk.
- (c) The identification of how risk is measured.

19.3 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, external audit, clinical audit, health and safety review.
- (f) Arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will provide a basis to make an annual governance statement within the Annual Report and Accounts as referred to in the Department of Health & Social Care's Group Accounting Manual.

19.4 The Director of Finance shall ensure that appropriate insurance arrangements exist in accordance with the risk management programme covering both the Trust and the Charity.

## **20. FUNDS HELD ON TRUST**

### **20.1 General**

- 20.1.1 All relevant sections of this document equally apply to funds held on trust, which are managed by the Corporate Trustee and registered with the Charity Commission under the charity name of the Rotherham Hospital and Community Charity.
- 20.1.2 There are, however, certain exceptions and specific requirements that only apply to funds held on trust, which are explained further in this section.
- 20.1.3 In all aspects of managing funds held on trust, the Corporate Trustee must be mindful of relevant legislation and best practice guidance issued by the Charity Commission.

### **20.2 External Audit**

- 20.2.1 The external auditor is appointed by the Corporate Trustee and paid for from funds held on trust.
- 20.2.2 The Corporate Trustee must ensure a cost efficient service by periodically seeking competitive tenders for this service. Cost efficiency must not be used as a reason to compromise the quality of the external audit service.
- 20.2.3 Competitive tenders should be sought at least every 3 years, with an option to extend this to 5 years at the discretion of the Corporate Trustee Committee. The reasons for agreeing to any extension must be clearly documented in the minutes of the meeting when it was discussed and agreed.
- 20.2.4 Should there appear to be a problem with the external audit service being provided then this should be raised with the external auditor and escalated appropriately within the external audit firm to ensure that the issue is resolved promptly and to the satisfaction of the Corporate Trustee.

### **20.3 Budgets, Authorisation of Expenditure and Transactional Financial Limits**

- 20.3.1 No budgets are set for funds held on trust.
- 20.3.2 All expenditure must be authorised and transacted in accordance with the delegated financial limits detailed in Appendix 10.
- 20.3.3 The Charity must manage its expenditure within its totality of income overall and commensurate with its policy on reserves.

### **20.4 Annual Accounts and Reports**

- 20.4.1 The Director of Finance, on behalf of the Corporate Trustee, will:



- (a) Prepare annual accounts in accordance with Financial Reporting Standards applicable in the UK, as adjusted from time to time with accounting policies and guidance issued by the Charity Commission, the Charity's own accounting policies and generally accepted accounting practice.
- (b) Produce an annual report for funds held on trust, which will comply with the provisions of the latest Statement of Recommended Practice (Charities SORP (FRS102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland)
- (c) Prepare and submit financial returns to the Charity Commission for each financial year in accordance with the prescribed timetable.

20.4.2 The formal published annual accounts and report must be received and approved by the Corporate Trustee and cannot be delegated.

## **20.5 Bank Accounts**

20.5.1 All funds shall be held in the name of the Charity.

20.5.2 Only the Director of Finance has the authority to open any bank account in the Charity's name. They have the discretion to open the number and type of bank accounts as necessary to expedite normal day-to-day business, including the investment of surplus cash.

2.5.3 No arrangements shall be made with the Charity's bankers for accounts to be overdrawn. This should not happen and any instances should be reported to the Charitable Funds Committee.

## **20.6 Income**

20.6.1 All gifts, donations and proceeds of fund raising activities that are intended for the Charity's use shall be handed immediately to the Director of Finance to be banked directly.

20.6.2 All gifts and donations shall be received and held in the name of the Charity and administered in accordance with the Charitable Funds Policy, subject to the specific objects for any restricted or designated funds.

20.6.3 Where it becomes necessary for the Charity to obtain a grant of representation in order to obtain a legacy due to the Charity under the terms of a will, the Director of Finance shall be the Trust's nominee for this purpose. Where appropriate, the Director of Finance shall seek legal advice upon the liabilities and other implications for the Charity of obtaining any such grant of representation.

20.6.4 All employees of the Trust who receive enquiries regarding legacies, shall

keep the Director of Finance informed and shall keep an appropriate record. After the death of a benefactor, all correspondence concerning a legacy shall be dealt with by the Director of Finance who will be solely responsible for legally acknowledging receipt of such monies on behalf of the Charity.

- 20.6.5 The Director of Finance shall advise the Corporate Trustee on the financial implications of any proposal for fund raising activities that the Charity may initiate, sponsor or approve.

## **20.7 Terms of Service and Payment of Staff**

- 20.7.1 Any staff working directly on behalf of the Charity will not be directly employed by the Charity. They will be employed by the Trust in accordance with the requirements of Chapter 9 above and their pay costs recharged to the Charity.
- 20.7.2 Any associated non-pay costs associated with their employment with the Trust will be similarly recharged to the Charity.
- 20.7.3 Any non-recurrent restructuring costs e.g. redundancy costs, etc. incurred by the Trust associated with staff working directly on behalf of the Charity will be similarly recharged.
- 20.7.4 The Director of Finance will ensure that sufficient funds are available within the Charity to be able to absorb any such costs so recharged.

## **20.8 Expenditure**

- 20.8.1 All expenditure from funds held on trust, with the exception of legitimate expenses for management and administration, must be in accordance with the specific objects for individual funds, as appropriate.
- 20.8.2 Expenditure must not result in further commitments and or liabilities for either the Charity or the Trust unless these have been fully identified and adequately funded.

## **20.9 Investments**

- 20.9.1 In order to discharge its duties as Corporate Trustee the Charity must:
- (a) Know and understand its investment powers.
  - (b) Discharge its duties properly when it takes decisions on investments.
  - (c) Have proper arrangements in place for holding investments on behalf of the Charity.
  - (d) Follow legal requirements if it is going to use someone to manage investments on its behalf.
  - (e) Know what it can and cannot do if it is going to apply an ethical

approach to investments.

(f) Seek professional external advice where appropriate.

20.9.2 These duties should be undertaken in accordance with a clearly defined investment strategy for the Charity, which is kept under regular review.

20.9.3 The Corporate Trustee may choose to adopt one of several approaches to investment management - advisory, discretionary or collective – and seek appropriate advice in arriving at that decision.

20.9.4 All investment decisions must be formally reported to both the Charitable Funds Committee and the Corporate Trustee. For the latter, presentation of the minutes from the previous meeting of the Charitable Funds Committee will be sufficient.

## **20.10 Capital Expenditure**

20.10.1 Other than in exceptional circumstances and agreed by the Corporate Trustee, any capital investment incurred by the Charity will be directly for the benefit of the Trust rather than the Charity itself and hence, will be accounted for as assets on the balance sheet of the Trust and not the Charity.

## **20.11 Reserves**

20.11.1 The Corporate Trustee is responsible for determining a policy on reserves in accordance with Statements of Recommended Practice issued by the Charity Commission.

20.11.2 This requires the Corporate Trustee to include in the Charity's annual report information about its reserves policy and the level of reserves held. In particular, the Corporate Trustee should:

(a) Describe its reserves policy.

(b) Explain why it holds or does not hold reserves.

(c) Quantify and explain the purpose of any material restricted, designated or endowment funds and, where set aside for future expenditure, the likely timing of that expenditure.

(d) Give the level of reserves at the last day of the financial year to which the report relates.

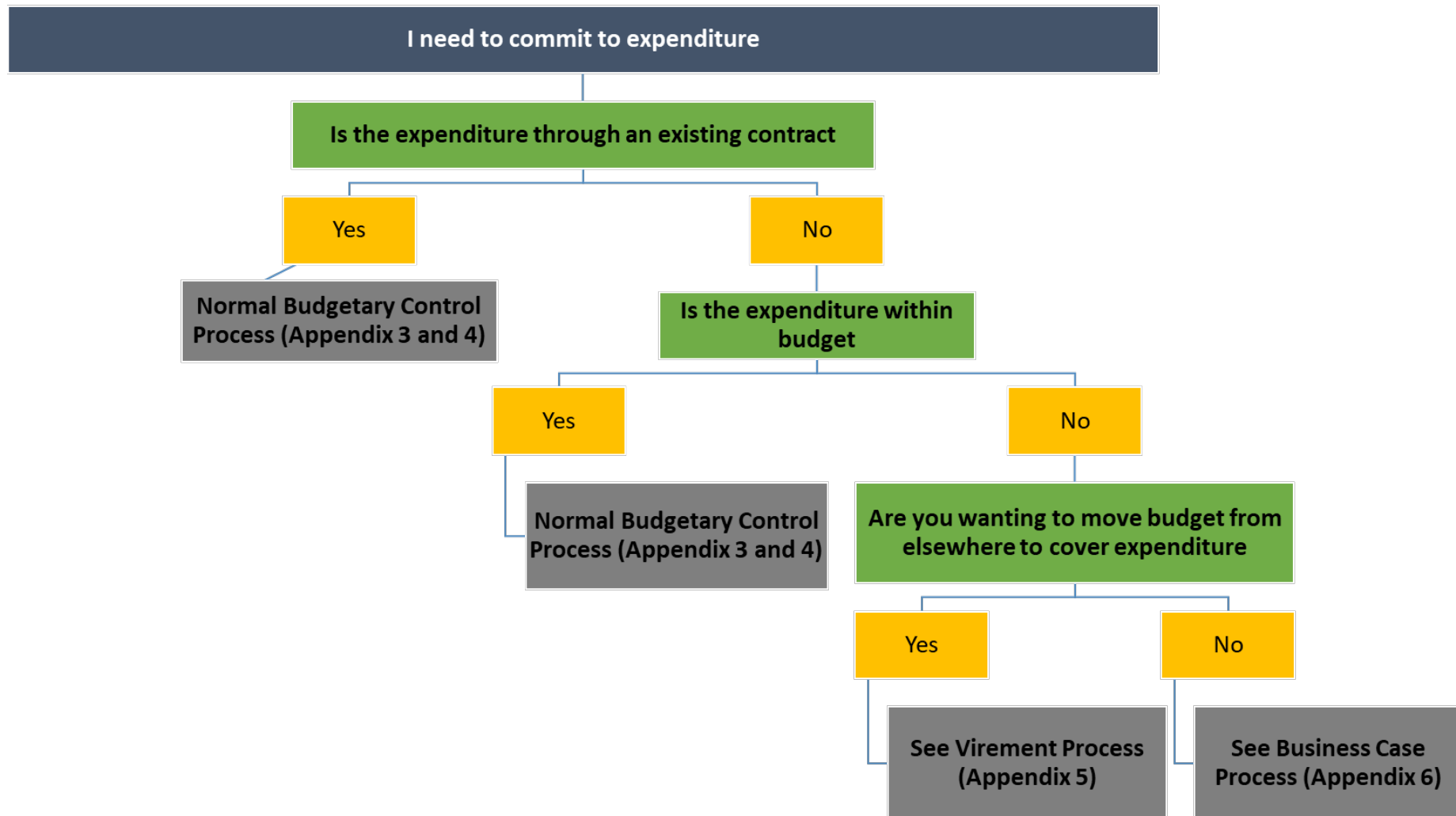
## **Scheme of Delegation – Appendices 1 to 10**

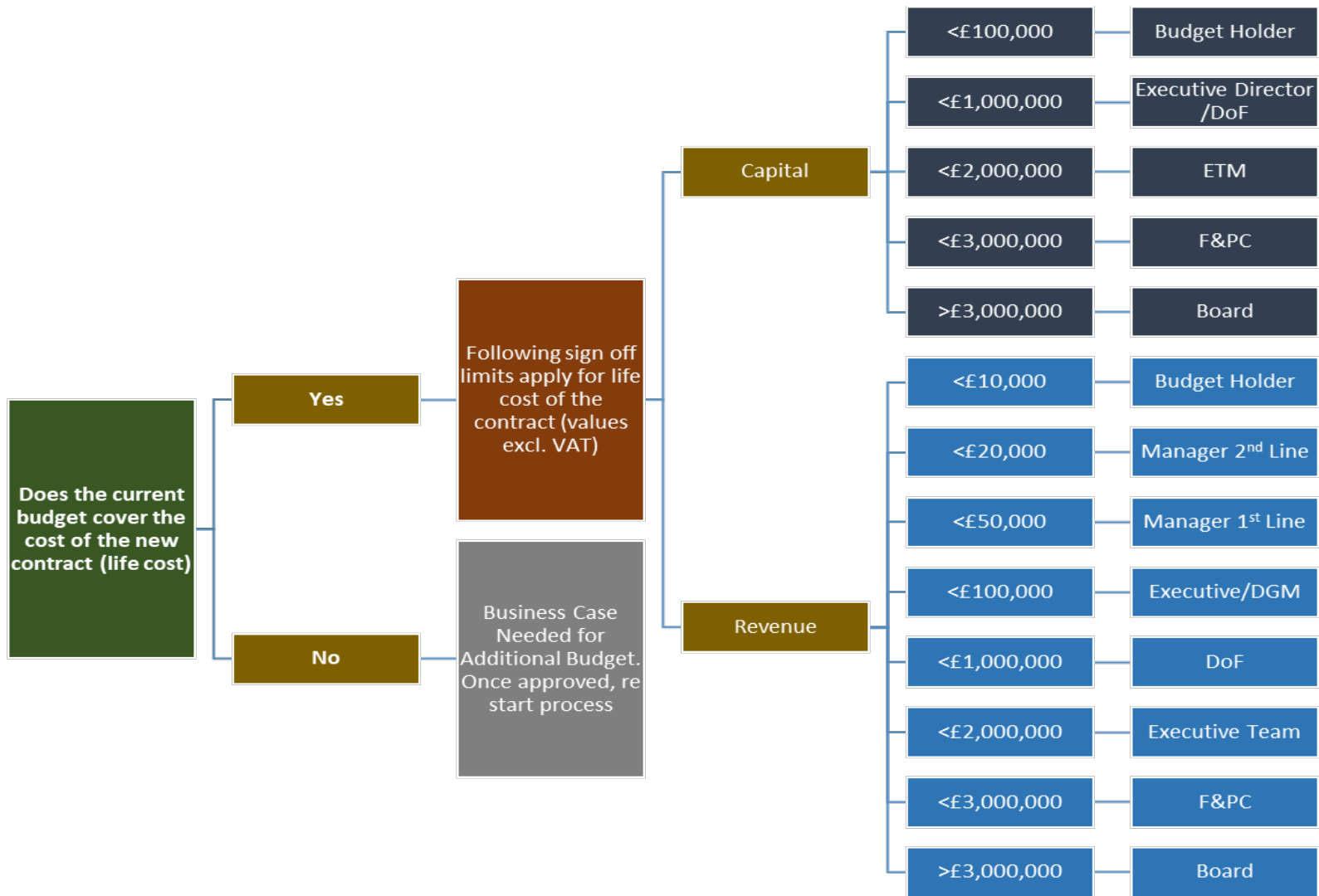
### **APPENDIX 1: LIST OF DIVISIONS<sup>1</sup>**

<b>A</b>	:	Acute Medicine
<b>B</b>	:	Surgery
<b>C</b>	:	Family Health
<b>D</b>	:	Clinical Support
<b>E</b>	:	Deputy Chief Executive
<b>F</b>	:	Company Secretary
<b>G</b>	:	Director of Finance
<b>H</b>	:	Chief Operating Officer
<b>I</b>	:	Income <sup>1</sup>
<b>J</b>	:	Medical Director
<b>K</b>	:	Chief Nurse
<b>L</b>	:	Director of People
<b>M</b>	:	Emergency Care
<b>N</b>	:	Chief Executive
<b>O</b>	:	Community Medicine
<b>Z</b>	:	Central Income & Costs <sup>2</sup>

1. A Division will consist of:
  - Several cost centres that constitute a Service Unit;
  - Several service units that constitute a Management Team;
  - Several management teams that constitute a Division.
  - The sum of divisions constitutes the Trust.
2. These are managed by the Director of Finance on behalf of the Board.

## APPENDIX 2: OVERVIEW OF BUDGET DELEGATION WITHIN THE BUDGETARY CONTROL PROCESS





## APPENDIX 3: BUDGET DELEGATION AND FINANCIAL LIMITS FOR AUTHORISED SIGNATORIES - REVENUE FUNDS

Standing Financial Instruction 4.4.1 allows the Chief Executive to delegate management of a budget to permit the performance of a defined range of activities. This appendix details the budgets so delegated on the understanding that the requirements of Standing Financial Instructions 4.4.2, 4.4.3, 4.4.5, 4.4.6, 4.5.2, 10.2.1, 10.2.4 and 10.2.7 will be strictly adhered to.

The budgets delegated include generic subjective (income, pay and non-pay) headings referenced to the objective (cost centre) headings identified for each Service Unit and Division. The generic headings are consistent with those contained in the Trust's annual accounts as defined in the Department of Health & Social Care's Group Accounting Manual, whilst the objective headings reflect the Trust's internal management and budgetary reporting structure.

The extent of delegation to budget holders will be reviewed annually by the Chief Executive and approved by the Board.

Within these budgets, the following transactional financial limits apply:

<b>Authorised</b>	<b>Limit (£)<sup>1</sup></b>
Budget Holder (Maximum of two per cost centre)	£5,000
Manager 2 <sup>nd</sup> in line to an Executive or Divisional General Manager	£20,000
Manager 1 <sup>st</sup> in line to an Executive or Divisional General Manager	£50,000
Executive/Divisional General Manager & Deputy Director of Finance	£100,000
Director of Finance <sup>2,3,4</sup>	£1,000,000
Executive Team <sup>2,3,4</sup>	£2,000,000
Finance & Performance Committee <sup>2,3,4</sup>	£3,000,000
Board <sup>2,3,4</sup>	No limit
<ol style="list-style-type: none"> <li>1. Figures exclude VAT.</li> <li>2. For the approval of procurement contracts before being ordered as in 3 or 4 below.</li> <li>3. Transactions that need to be physically signed will be done so by the Director of Finance and/or Chief Executive.</li> <li>4. Transactions that need to be approved electronically will be done so by the Deputy Director of Finance or the Director of Finance.</li> </ol>	

A detailed organisational structure populated with named authorised signatories is maintained and available on the Trust's intranet.

Some cost centres may have additional requisition points attached to them, which are not shown here. If there is any confusion about cost centres and/or requisition points please contact the Financial Management section of the Finance Department.

Cost centres may be added to the above list during the financial year to which these Standing Financial Instructions and Scheme of Delegation apply. This can only be done with the prior approval of the Director of Finance.

Responsibility for such new cost centres will be delegated to the appropriate budget holder referred to above and will be subject to the same transactional financial limits referred to above and subsequently included on the organisational structure available on the Trust's intranet.

The budget allocated to each cost centre will be consistent with the annual financial plan approved by the Board, updated for any in year changes approved by the Director of Finance, Executive Team or the Board. The total adjusted budget available will be shown in monthly budget statements issued by the Director of Finance and the monthly finance reports to Finance & Performance Committee and the Board.

Initial base budgets produced as part of the annual business plan must be signed-off at divisional or Executive Director level.



## APPENDIX 4: BUDGET DELEGATION AND FINANCIAL LIMITS FOR AUTHORISED SIGNATORIES - CAPITAL FUNDS

Standing Financial Instruction 13.1.5 authorises the Chief Executive to issue a scheme of delegation for capital investment management. This appendix details the budgets so delegated on the understanding that the requirements of Standing Financial Instructions 4.4.2, 4.4.3, 4.4.5, 4.4.6, 4.5.2, 10.2.1, 10.2.4 and 10.2.7 will be strictly adhered to.

The budgets delegated include generic subjective (pay and non-pay) headings referenced to the objective (cost centre) headings identified for each Scheme Manager. The generic headings are consistent with those contained in the Trust's annual accounts as defined in the Department of Health & Social Care's Group Accounting Manual, whilst the objective headings reflect the Trust's internal management and budgetary reporting structure.

The extent of delegation to budget holders will be reviewed annually by the Chief Executive and approved by the Board.

Within these budgets, the following transactional financial limits apply:

<b>Authorised</b>	<b>Limit (£)<sup>1</sup></b>
Budget Holder	£100,000
Project Director/Executive Director	£1,000,000
Director of Finance <sup>2,3,4</sup>	£1,000,000
Executive Team <sup>2,3,4</sup>	£2,000,000
Finance & Performance Committee <sup>2,3,4</sup>	£3,000,000
Board <sup>2,3,4</sup>	No limit
1. Figures exclude VAT. 2. For the approval of procurement contracts before being ordered as in 3 or 4 below. 3. Transactions that need to be physically signed will be done so by the Director of Finance and/or Chief Executive. 4. Transactions that need to be approved electronically will be done so by the Deputy Director of Finance or the Director of Finance.	

A detailed organisational structure populated with named authorised signatories is maintained and available on the Trust's intranet.

Cost centres may be added to the above list during the financial year to which these Standing Financial Instructions and Scheme of Delegation apply. This can only be done with the prior approval of the Director of Finance.

Responsibility for such new cost centres will be delegated to the appropriate budget holder referred to above and will be subject to the same transactional financial limits referred to above and subsequently included on the organisational structure available on the Trust's intranet.

The budget allocated to each cost centre will be consistent with the annual business  
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plan approved by the Board, updated for any in year changes approved by the Director of Finance, the Executive Team or the Board. The total adjusted budget available will be shown in monthly budget statements issued by the Director of Finance and the monthly finance reports to Finance & Performance Committee and Board.

Due to the nature of certain capital schemes that necessarily involve expenditure on building work, engineering work and/or professional fees, the Director of Estates & Facilities is authorised to commit expenditure on behalf of the budget holder.

Additionally, where services are subject to potential VAT recovery, the Director of Finance, via the Head of Financial Services will be necessarily involved in committing professional fees to identify the extent of such VAT.

Any queries regarding the budget available for any particular capital scheme should be addressed to the Deputy Director of Finance or the Head of Financial Services.

## **APPENDIX 5: VIREMENT RULES AND FINANCIAL LIMITS**

This appendix sets down the powers of virement available, both recurrently and non-recurrently, in accordance with Paragraphs 4.2.1 and 4.4.3.

### **Recurrent Revenue Virement**

Budget holders are authorised to vire recurrent savings and under-spends from one budget heading to offset or reduce an existing recurrent overspend on another budget heading. Thus, the impact upon the total budget will be neutral, which will be confirmed by the Director of Finance as part of the monthly budgetary control process.

Recurrent savings and under-spends cannot be utilised to develop new recurrent initiatives.

Recurrent savings or under-spends of a significant nature, as determined by the Director of Finance in discussion with the appropriate Finance Manager, must be identified and transacted as a cost improvement plan or alternatively declared to the Director of Finance for discussion about their potential use.

### **Non-Recurrent Revenue Virement**

Non-recurrent savings or under-spends of a significant nature, as determined by the Director of Finance in discussion with the appropriate Finance Manager, must be declared to the Director of Finance for discussion about their potential use. What this means in reality is that such a saving or under-spend occurring year to date cannot be used to commit unbudgeted expenditure in a future period, unless formally approved by the relevant Executive Director, Divisional General Manager or Deputy Director of Finance (i.e. £100,000 authorised signatory as per Appendix 3). This must be in accordance with an agreed procedure for exceptional spend requests, as approved by the Director of Finance. The maximum value for individual exceptional spend requests must not exceed £5,000 plus VAT, otherwise it will need formal approval of the Executive Team in accordance with the latest Business Case Process and Guidance document.

### **Non-Recurrent Capital Virement**

Capital scheme bids must have robust estimates prepared before funding can be allocated. This must give a clear indication of the split between the cost of works (i.e. building and engineering costs, inclusive of any professional fees) and the cost of equipment. For information technology schemes, this is likely to be split between implementation costs and the cost of equipment and intangible purchases. Any savings or under-spends on either of these two elements within a capital scheme in each case cannot be used for virement between each other unless this is necessary to:

- (a) Maintain the overall scheme cost within the total scheme budget allocated;
  - (b) Maintain the total cost of schemes within a total portfolio budget allocated;
- and is

- (c) Formally approved in accordance with the limits detailed below.

Otherwise, their impact must be declared as part of year-end out-turn forecasts reported to the Board.

In this instance, a portfolio budget is considered to be the budget allocated across several schemes being managed collectively but individually by the Director of Estates & Facilities and the Director of Health Informatics.

Where a capital scheme is constituted entirely by cost of works or entirely by equipment costs, the budget must be used to fund only those items included within the original estimate. Any savings or under-spends generated from the actual costing of the original specifications cannot be used to enhance the nature of the scheme without prior approval of the Executive Team, Finance & Performance Committee or the Board in accordance with authorisation limits contained in Appendix 6. This equally applies to information technology and any other schemes per se.

Capital virement is subject to the following limits:

- (a) Virement of up to 5% of the total scheme costs, up to a maximum of £50,000 is allowed at the discretion of the budget holder without any prior approval.
- (b) Virement of between 5% and 10% of the total scheme costs, up to a maximum of £100,000 must be approved by the Director of Finance.
- (c) Virement in excess of 10% or £100,000 of the total scheme costs, whichever is the lower must be approved by the Executive Team or the Board in accordance with authorisation limits contained in Appendix 6.

For example:

- (a) Scheme Cost £200,000

- Maximum virement approved by the budget holder is 5% i.e. £10,000.
- Maximum virement approved by the Director of Finance is a further 5% i.e. £10,000 giving a total of £20,000.
- Any virement above £20,000 must be approved by the Executive Team in accordance with authorisation limits contained in Appendix 6.

- (b) Scheme Cost £1,000,000

- Maximum virement approved by the budget holder is 5% i.e. £50,000.
- Maximum virement approved by the Director of Finance is a further 5% i.e. £50,000 giving a total of £100,000.
- Any virement above £100,000 must be approved by the Executive Team, Finance & Performance Committee or the Board in accordance with authorisation limits contained in Appendix 6.

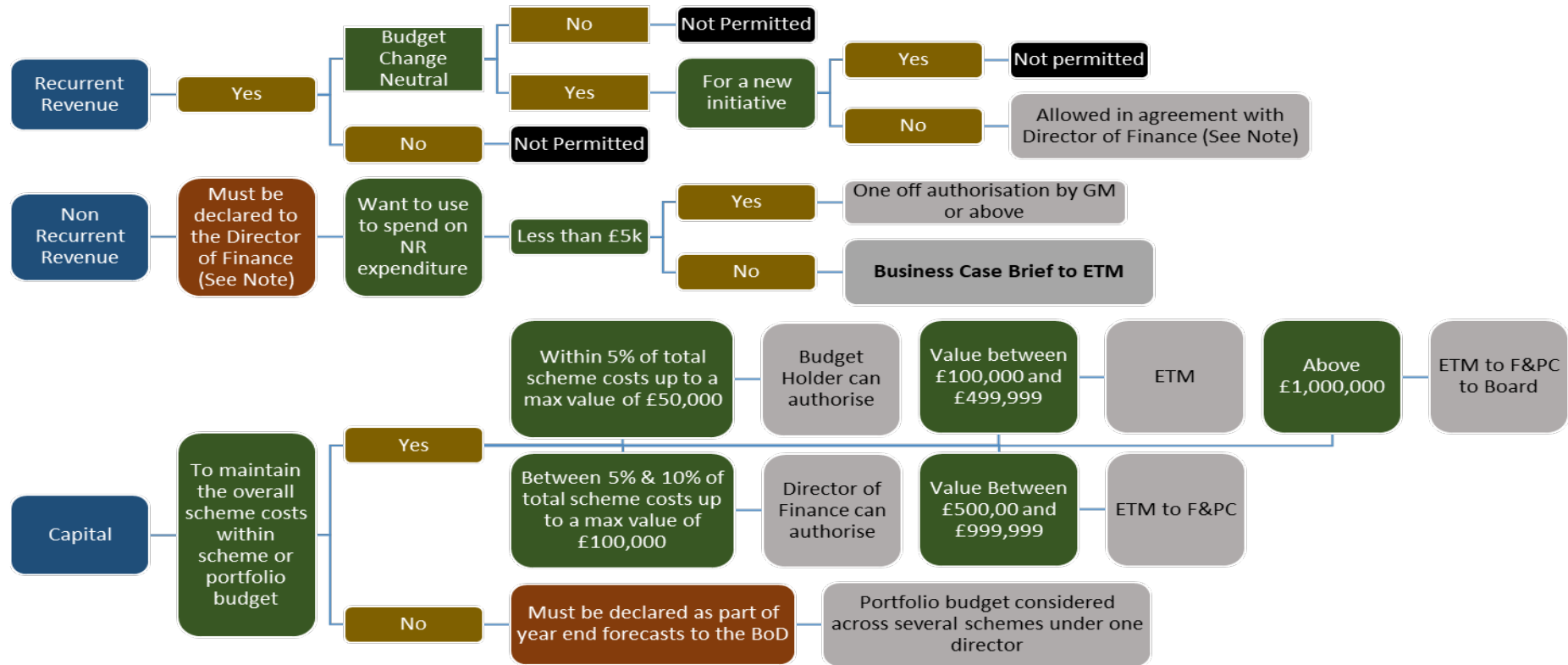
- (c) Scheme Cost £2,000,000

- Maximum virement approved by the budget holder is 2.5% i.e. £50,000.
- Maximum virement approved by the Director of Finance is a further 2.5% i.e. £50,000 giving a total of £100,000.
- Any virement above £100,000 must be approved by the Executive Team, Finance & Performance Committee or the Board in accordance with authorisation limits contained in Appendix 6.

Any savings or under-spends on one capital scheme cannot be used for virement to fund additional expenditure on another capital scheme without approval of the Executive Team, Finance & Performance Committee or the Board in accordance with authorisation limits contained in Appendix 6.

Capital virement that does not need formal approval of the Executive Team will be managed and controlled via the Capital Monitoring Group.

## OVERVIEW OF VIREMENT RULES AND FINANCIAL LIMITS



Note: Reference to the Director of Finance is implicit rather than explicit, by acceptance/recognition of the monthly out-turn results reported through the budgetary control process.

## APPENDIX 6: FINANCIAL LIMITS FOR IN YEAR CHANGES TO BUDGETS

In accordance with paragraph 4.2.1 with the exception of budget transfers and virement (see Appendix 5), there will be no changes to budgets in year unless duly authorised. Only expenditure that has already been budgeted for can be committed by budget holders and in accordance with their delegated spending limits.

The only corporate bodies with the authority to commit additional (net) expenditure on behalf of the Trust and their authorisation limits are detailed below:

Authority	Limit (£) <sup>1,2,3</sup>
Director of Finance and Deputy Chief Executive (Via Executive Team) <sup>4</sup>	<£250,000
Chief Executive (Via Executive Team) <sup>4</sup>	£250,000 & <£500,000
Finance & Performance Committee	£500,000 & <£1,000,000
Board	£1,000,000 & above
<p>1. Figures exclude VAT.                  2. Figures apply to a mix of annual recurrent and total non-recurrent transactions.                  3. Figures are applied gross to income or expenditure, whichever is the greater.                  4. By exception and entirely at their discretion, if authority is given in between Executive Team meetings, with such decisions being formally minuted at the next meeting of the Executive Team. Normally authority would be expected to be given following discussion at the appropriate meeting of the Executive Team and formally minuted as part of the record for that meeting.</p>	

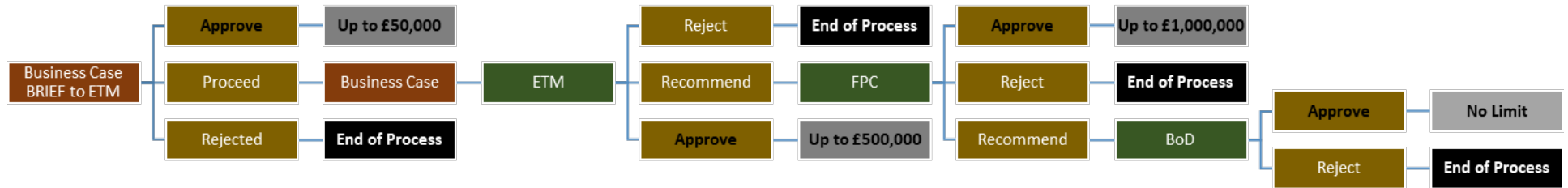
No other committee or group has authority to commit additional expenditure on behalf of the Trust.

It would normally be expected that any business case would be scrutinised by all levels of authority relative to the financial limit involved. For example:

- (a) A business case that requires £200,000 recurrent investment can be approved by the Director of Finance or the Deputy Chief Executive following a paper presented to the Executive Team meeting.
- (b) A business case that requires £300,000 recurrent investment and £250,000 non-recurrent investment to support its implementation would need to be approved by both the Executive Team and Finance & Performance Committee.
- (c) A business case for capital replacement of a significant piece of medical equipment costing £1,200,000 would need to be approved by the Executive Team, Finance & Performance Committee and Board.

These limits equally apply to the virement rules contained in Appendix 5, as appropriate, income generation schemes and discontinuation of, or disinvestment in a service or operation, as referred to in paragraphs 7.2.4 and 7.2.5.

All business cases will need to be produced following the latest Business Case Process and Guidance document.





These limits are then subject to further approval externally as follows:

Where a NHS Foundation Trust is deemed to be in financial distress, as formally determined by NHS England:

<b>Authority</b>	<b>Limit (£)<sup>1,2</sup></b>
Board	Up to £25,000,000
NHS England and DHSC Joint Investment Sub-Committee (JISC)	£25,000,001 & £30,000,000
NHS England and DHSC Joint Investment Sub-Committee (JISC)	£30,000,001 & £50,000,000
NHS England and DHSC Joint Investment Committee (JIC) and HM Treasury <sup>3</sup>	Above £50,000,000
<ol style="list-style-type: none"> <li>1. Figures <b>include</b> VAT.</li> <li>2. Figures apply to capital investment and property transactions (non-digital) and digital (self-funded), asset disposal and whole-life cost business cases.</li> <li>3. Business cases exceeding £50,000,000 either capital cost or whole-life costs, will require approval from NHS England and DHSC Joint Investment Committee and HM Treasury, except for Electronic Patient Records funded by the central frontline digitisation capital.</li> <li>4. In all cases the Trust should follow guidance contained in NHS England's publication "Capital Investment and Property Business Case Approval Guidance for NHS Trusts and Foundation Trusts" published in February 2023.</li> </ol>	

## APPENDIX 7: FINANCIAL LIMITS FOR PETTY CASH

In accordance with Paragraph 10.5.1, the delegated transactional financial limits for petty cash are detailed below:

<b>Description</b>	<b>Limit (£)<sup>1</sup></b>
Return of patients' cash	Up to the amount of cash deposited for safe-keeping
Payment of patients' fares or funeral expenses for which the Trust is liable	Up to the amount of fares paid or funeral expense
All other petty cash payments	£100
1. Figures exclude VAT.	

Petty cash shall not under any circumstances be used for the encashment of private cheques.

## APPENDIX 8: PROCUREMENT PROCESS QUOTATION AND TENDER FINANCIAL LIMITS

### Goods and Services

Procedure	Limit (£) <sup>1</sup>
Obtain best value.	<£10,000
If no contract exists, obtain a minimum of 3 written quotations.	£10,000 & <£35,000
Formal tendering via the Procurement Department. Advice will be given on the process to be followed.	£35,000 & <OJEU Threshold Limit <sup>2</sup>
Formal tendering complying with OJEU requirements to be undertaken by the Procurement Department. If insufficient tenders are received, a further procurement exercise may be necessary.	>OJEU Threshold Limit
Procure via the use of the Trust's measured term contract or OJEU tender.	Works <£200,000
Formal tendering via the Procurement Department. Advice will be given on the process to be followed.	Works >£200,000
<p>1. Figures exclude VAT.</p> <p>2. Official Journal of the European Union. Guidance on financial thresholds for different categories of expenditure is available from the Procurement Department.</p>	

### Works

Limit (Total Contract Value) Works <sup>1</sup>	Procedure
<£50K	No quotation process: <ul style="list-style-type: none"> <li>Obtain best value</li> </ul>
>£50K-£200K	Informal quotes: <ul style="list-style-type: none"> <li>Minimum of 3 informal quotes</li> <li>Price only or cost/quality/social value evaluation</li> <li>E-tendering portal not mandatory but can be used</li> <li>All quotes must be submitted with the requisition</li> <li>Most advantageous quote will be successful</li> </ul> <p><b>OR</b> (up to £100k) Direct appointment via Measured Term Contract (MTC) if appropriate</p>
>£200K – Find a tender (was OJEU <sup>2</sup> )	Formal quotes: <ul style="list-style-type: none"> <li>Minimum of 3 formal quotes</li> <li>One local quote where possible<sup>3</sup></li> <li>Cost/quality/social value evaluation</li> <li>E-tendering portal mandatory; advertising optional</li> <li>Most advantageous quote will be successful</li> </ul>

Find a tender (was OJEU <sup>2</sup> )	<ul style="list-style-type: none"> <li>• E-tendering portal mandatory</li> <li>• Advertise on relevant portals</li> <li>• Cost/quality/social value evaluation</li> <li>• Most advantageous tender will be successful</li> </ul>
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Notes:

1. Excluding VAT.
2. Currently £5,336,937 inclusive of VAT at the prevailing rate.
3. Local to be defined as a base within South Yorkshire & Bassetlaw or with an "S/DN" post code.

Waiving of quotation and tender requirements in accordance with Paragraph 11.5 require authorisation in accordance with the financial limits detailed below:

<b>Authority</b>	<b>Limit (£)<sup>1</sup></b>
Head of Procurement	< £50,000
Director of Finance or Chief Executive	£50,000 & <£100,000
Director of Finance and Chief Executive acting jointly	£100,000 & <£250,000
Chairman/Board	Above £250,0000
1. Figures exclude VAT.	

## APPENDIX 9: FINANCIAL LIMITS FOR LOSSES AND SPECIAL PAYMENTS

Authority	Limit (£) <sup>1</sup>
Budget holder	< £250
Director of Finance and Deputy Director of Finance acting jointly	£250 & <£1,000
Audit Committee	£1,000 & <£10,000
Board	Above £10,000
1. Figures exclude VAT.	

These delegated spending limits only apply to the specific circumstances outlined below.

Delegated limits excluding losses and special payments in category 5 (Compensation under court order or legally binding arbitration award) and also payments relating to clinical negligence and personal injury claims within category 7 (Special severance payments).

Budget holders have authority to write-off losses and approve special payments that occur within their area of responsibility, up to a value of £250 per item. These must be approved by an appropriate authorised signatory as designated within the Trust's scheme of delegation and be forwarded to the Director of Finance for action.

All items between £250 and £1,000 will be considered jointly by the Director of Finance and Deputy Director of Finance.

All items with a value in excess of £1,000 must have completed a checklist, as appropriate, in a format prescribed by and prepared by the Director of Finance. To avoid delays in making payments to third parties, approval of losses can be agreed jointly by two executive directors, one of which must be the Director of Finance. All such approvals will be reported through to, and formally ratified by, Audit Committee or the Board at its next available meeting.

Delegated limits and procedures for Category 5 payments and payments in respect of clinical negligence and personal injury claims within Category 7.

Where preliminary analysis concludes that the claim is thought to be valid, approval will be sought to settle. For all claims, including all clinical negligence cases, the Medical Director will notify NHS Resolution in accordance with the Trust's Claims Handling Policy. The Trust will only be liable for any amount up to its agreed level of excess.

## APPENDIX 10: AUTHORISATION OF EXPENDITURE AND TRANSACTIONAL FINANCIAL LIMITS - TRUST FUNDS

In accordance with Paragraph 20.3.2 the following financial limits apply for the authorisation of expenditure from funds held on trust.

Authority <sup>1</sup>	Limit (£) <sup>2</sup>
Head of Fundraising	<£5,000
Any Trustee acting individually	£5,000 & <£10,000
2 x Trustee's acting jointly	£10,000 & <£25,000
Charitable Funds Committee	£25,000 & <£50,000
Corporate Trustee	No limit
<p>1. Due to timing issues, if it is not practical to defer a decision until the next meeting of the Charitable Funds Committee, approval can be given as indicated and then reported to the next meeting of the said Committee.</p> <p>2. Figures exclude VAT.</p>	

Once expenditure has been authorised, official orders can then be raised or invoices approved by any of the following authorised signatories:

Head of Fundraising  
 Executive Director (Excluding the Director of Finance to maintain separation of duties)  
 Deputy Director of Finance  
 Head of Financial Services  
 Assistant Head of Financial Services

Other expenditure will be necessarily incurred within funds held on trust, whether this is actual cash transactions or non-cash accounting entries.

Cash transactions may include:

- (a) Staff and associated non-pay recharges, which will have been previously agreed by the Charitable Funds Committee.
- (b) Audit fees, both internal and external, prospectively agreed as necessary by the Corporate Trustee.
- (c) Investment brokers fees, as advised by the Charity's appointed investment advisor.
- (d) Management costs/overheads, recharged from the Finance Department.
- (e) Bank charges.
- (f) Realised gains and losses on disposal of investments, as advised by the Charity's appointed investment advisor.

Non-cash transactions may include:

- (a) Depreciation on any fixed assets held.
- (b) Unrealised gains and losses on disposal of investments, as advised by the Charity's appointed investment advisors.

All such transactions must be authorised and/or actioned by one of the following authorised signatories.

Deputy Director of Finance  
Head of Financial Services  
Assistant Head of Financial Services

## **APPENDIX 11: LIST OF REFERENCES**

### **Internal**

- Business Case Process and Guidance (August 2022)
- Counter Fraud, Bribery and Corruption Policy (Reference number 588)
- Annual Report and Accounts (Trust-wide document)
- Claims Handling Policy (Reference number 219)
- Constitution of The Rotherham NHS Foundation Trust (Approved by the Council of Governors)
- Governance and Compliance Framework (Finance document)
- Losses and Special Payments Register (Finance document)
- Matters Reserved to the Board (Approved by the Board of Directors in December 2018 - available by contacting the Trust's Company Secretary)
- Policy and Guidance for the Procurement of Goods, Services and Works (Procurement Policy) (Reference number 370)
- Incident and Serious Incident Management Policy (Reference number 25)
- Risk Management Policy (Reference number 609)
- Scheme of Delegation (Appendices 1 to 10 within Standing Financial Instructions)
- Security Policy (Reference number 27)
- Standards of Business Conduct (including NHS England Conflicts of Interest Guidance) (Version 11 approved by the Board of Directors in November 2021)
- Standing Orders (for the regulation of proceedings and business of the Board of Directors) (Approved by the Board of Directors in November 2021 – available by contacting the Trust's Company Secretary)
- Treasury Management Policy (Reference number 160)

### **External**

- Administration of Estates (Small Payments) Act 1965
- Capital Investment and Property Business Case Approval Guidance for NHS Trusts and Foundation Trusts (February 2023 – NHS England)
- Charities SORP (FRS102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland. Code of Audit Practice (April 2020 – National Audit Office)
- Contracts Finder (government web page)
- Data Protection Act 2018
- Directive 2004/18/EC of the European Parliament and of the Council
- Government Functional Standard (GovS 013: Counter Fraud) Management of Counter Fraud, Bribery and Corruption Activity (August 2021– Counter Fraud Centre of Expertise, part of the Cabinet Office)
- NHS England's NHS foundation trust annual reporting manual 2022/23
- Group Accounting Manual (Updated annually - Department of Health & Social Care)



- The Health and Social Care Act 2012, as amended by the Health and Care Act 2022
- Health Building Note 00-08
- Off Payroll Working (IR35): Deemed employer responsibilities under off-payroll working rules
- International Financial Reporting Standards (IFRS)
- NHS Counter Fraud Manual (Available via the NHS Counter Fraud Authority Application Access Portal with appropriate username and password access)
- The National Health Service Act 2006
- NHS Foundation Trust Accounting Officer Memorandum (August 2015 Monitor)
- Code of governance for NHS provider Trusts (Applicable from April 2023 – NHS England)
- NHS Internal Audit Standards (April 2011 – Department of Health & Social Care)
- Official Journal of the European Union (Official gazette of record for the European Union)
- Public Sector Internal Audit Standards (March 2017 – Chartered Institute of Public Finance and Accountancy and the Institute of Internal Auditors)
- The Records Management Code of Practice for Health and Social Care 2021 (updated August 2023) (NHS England)
- Risk Assessment Framework and reporting manual for Independent Sector providers of NHS services (July 2023 – NHS England)
- Assuring and supporting complex change – Statutory transactions, including mergers and requisitions (NHS England)
- Who Pays? Determining which NHS commissioner is responsible for making payment to a provider (June 2022 – NHS England)