

STANDING FINANCIAL INSTRUCTIONS

Document History

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The trust is committed to the delivery of world class care and expertise to both staff and patients, and our values of positively welcoming, actively respectful, visibly reassuring and clearly communicating are fundamental to the delivery of this. This policy has been developed with our values in mind, and is intended to be implemented within the spirit of these values

1. Interpretation and definitions

- 1.1 Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in these Standing Financial Instructions shall bear the same meaning as in the 2006 Act.
- 1.2 In these Standing Financial Instructions:
- 1.2.1 "**2006 Act**" means the National Health Service Act 2006.
- 1.2.2 "**Accountable officer**" means the NHS officer responsible and accountable for funds entrusted to the trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this trust it shall be the chief executive.
- 1.2.3 "**Board**" means the executive and non-executive directors of the trust.
- 1.2.4 "**Budget**" means a resource, expressed in financial terms, proposed by the board for the purpose of carrying out, for a specific period, any or all of the functions of the trust.
- 1.2.5 "**Budget holder**" means the director, officer or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
- 1.2.6 "**Chairman**" means the chairman of the trust. The expression "the chairman" shall be deemed to include the vice chairman or any other non-executive director appointed if the chairman and/or vice chairman is absent from a meeting or is otherwise unavailable.
- 1.2.7 "**Chief executive**" means the chief officer of the trust.
- 1.2.8 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the trust within available resources.
- 1.2.9 "**Committee**" means a committee or sub-committee created and appointed by the trust.
- 1.2.10 "**Committee members**" means persons formally appointed by the board to sit on or to chair specific committees.
- 1.2.11 "**Contracting and procuring**" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.

- 1.2.12 "**Council of Governors**" means the council of governors as constituted in accordance with the trust Constitution.
- 1.2.13 "**Director**" means a member of the board of directors and for the avoidance of doubt includes the chairman, executive directors and non-executive directors only.
- 1.2.14 "**Director of finance**" means the chief finance officer of the trust.
- 1.2.15 "**Funds held on trust**" shall mean those funds which the trust holds on its date of authorisation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under section 47(2)(c) of the 2006 Act. Such funds may or may not be charitable.
- 1.2.16 "**Member**" means a member of the trust and the term "membership" shall be construed accordingly.
- 1.2.17 "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders, Scheme of Delegation and/or Standing Financial Instructions.
- 1.2.18 "**Officer**" means an employee of the trust in any other position holding a paid appointment or office with the trust.
- 1.2.19 "**PPS**" means the Partners Procurement Service.
- 1.2.20 "**Trust secretary**" means the secretary appointed in accordance with paragraph 35 of the Constitution.
- 1.2.21 "**Scheme of Delegation**" means the trust's reservation of powers to the board of directors and delegation of powers.
- 1.2.22 "**SFIs**" means Standing Financial Instructions.
- 1.2.23 "**SOs**" means Standing Orders of the board and the Standing Orders of the council of governors, as set out in the trust Constitution.
- 1.2.24 "**Trust**" means the Royal Free London NHS Foundation Trust.
- 1.2.25 "**Vice-chairman**" means the non-officer member appointed by the council of governors to take on the chairman's duties if the chairman is absent for any reason.

2. Introduction

2.1 General

- 2.1.1 These SFIs detail the financial responsibilities, policies and procedures adopted by the trust. They are designed to ensure that the trust's financial transactions are carried out in accordance with the law and with government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should

be used in conjunction with the SOs and the Scheme of Delegation adopted by the trust.

2.1.2 These SFIs identify the financial responsibilities which apply to everyone working for the trust and its constituent organisations including trading units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the director of finance.

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

2.1.4 The failure to comply with SFIs can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

2.1.5 **Overriding SFIs** – If for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the audit committee for referring action or ratification. All members of the board and staff have a duty to disclose any non-compliance with these SFIs to the director of finance as soon as possible.

2.2 Responsibilities and delegation

2.2.1 Trust board

2.2.1.1 The board exercises financial supervision and control by:

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

2.2.1.2 The trust has powers to delegate and make arrangements for delegation. The SOs set out the detail of these arrangements. Under SO 6 the board is given powers to make arrangements for the exercise of any of its functions by a committee of directors or an executive director, in each case subject to such restrictions and conditions as the board of directors thinks fit or as NHS Improvement (NHSI) may direct. Delegated powers are covered in the Scheme of Delegation.

2.2.2 The chief executive and director of finance

2.2.2.1 The chief executive and director of finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

2.2.2.2 Within the SFIs, it is acknowledged that the chief executive is ultimately accountable to the board, and as Accountable Officer, to Parliament, for ensuring that the board meets its obligation to perform its functions within the available financial resources. The chief executive has overall executive responsibility for the trust's activities; is responsible to the chairman and the board for ensuring that its financial obligations and targets are met and has overall responsibility for the trust's system of internal control.

2.2.2.3 It is a duty of the chief executive to ensure that members of the board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

2.2.3 The director of finance

2.2.3.1 The director of finance is responsible for:

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

2.2.3.2 Without prejudice to any other functions of the trust, and employees of the trust, the duties of the director of finance include:

- (a) the provision of financial advice to other members of the board and employees;
- (b) the design, implementation and supervision of systems of internal financial control;
- (c) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the trust may require for the purpose of carrying out its statutory duties.
- (d) ensuring there are proper arrangements for the estimates, records and reports as the trust may require for the purpose of carrying out its statutory duties as prepared and maintained by any shared service centre.

2.2.4 Board members and employees

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

- (a) The security of the property of the trust;
- (b) Avoiding loss;

- (c) Exercising economy and efficiency in the use of resources;
- (d) Conforming with the requirements of SOs, SFIs and Scheme of Delegation.

2.2.5 Contractors and their employees

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

2.2.5.2 For all members of the board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the board and employees discharge their duties must be to the satisfaction of the director of finance.

3. Audit

3.1 Audit committee

3.1.1 An independent audit committee is a central means by which a board ensures effective internal control arrangements are in place. In addition, the audit committee provides a form of independent check upon the executive arm of the board. In accordance with SOs the board shall formally establish an audit committee, with clearly defined terms of reference and following guidance from the latest NHS Audit Committee Handbook to perform those tasks as set out in its terms of reference.

3.1.2 The minutes of the audit committee meetings shall be formally recorded and submitted to the board. The chair of the committee shall draw to the attention of the board any issues that require disclosure to the full board, or require executive action. The committee will report to the board annually on its work in support of the annual governance statement, specifically commenting on the fitness for purpose of the assurance framework, the completeness and embeddedness of risk management in the organisation and the integration of governance arrangements.

3.1.3 Where the audit committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wishes to raise, the chairman of the audit committee should raise the matter at a meeting of the trust board. Exceptionally, the matter may need to be referred to NHSI (and to the director of finance in the first instance).

3.2 Director of finance

3.2.1 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;
- (b) ensuring that the internal audit function meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the audit committee and the accountable officer;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the audit committee (and the board). The report must cover:
 - (1) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by NHSI including for example compliance with control criteria and standards;
 - (2) major internal financial control weaknesses discovered;
 - (3) progress on the implementation of internal audit recommendations;
 - (4) progress against plan over the previous year;
 - (5) a strategic audit plan covering the coming three years;
 - (6) a detailed plan for the coming year.

3.2.2 The director of finance or designated auditors, internal or external, is entitled without necessarily giving prior notice to require and receive:

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any land, premises or members of the board or employee of the trust;
- (c) the production of any cash, stores or other property of the trust under a member of the board and or an employee's control; and
- (d) explanations concerning any matter under investigation.
- (e) **3.3 Internal audit**

3.3.1 Internal audit is an independent and objective appraisal service within an organisation which provides:

- (1) an independent and objective opinion to the accountable officer, the Board, and the audit committee on the degree to which risk management, control and governance, support the achievement of the organisation's agreed objectives;
- (2) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

3.3.2 Internal audit will review, appraise and report upon policies, procedures and operations in place to:

- (a) establish and monitor the achievement of the organisation's objectives;
- (b) identify, assess and manage the risks to achieving the organisation's objectives;
- (c) ensure the economical, effective and efficient use of resources;
- (d) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- (e) safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
- (f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

3.3.3 The head of internal audit will provide to the audit committee:

- (a) A risk-based plan of internal audit work, agreed with management and approved by the audit committee, based upon the management's assurance framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;
- (b) Regular updates on the progress against plan;
- (c) Reports of management's progress on the implementation of action agreed as a result of internal audit findings;
- (d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the board to inform the annual governance statement;
- (e) A report supporting trust assurances to the CQC on compliance with the trust registration criteria;
- (f) Additional reports as requested by the audit committee.

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

3.3.5 The head of internal audit will normally attend audit committee meetings and has a right of access to all audit committee members, the chairman and chief executive of the trust.

3.3.6 The head of internal audit reports to the audit committee and is managed by the director of finance. The reporting system for internal audit shall be agreed between the director of finance, the audit committee and the head of internal audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS internal audit standards. The reporting system shall be reviewed at least every three years.

3.3.7 The appointment and termination of the head of internal audit and/or the internal audit service must be approved by the audit committee.

3.4 External audit

3.4.1 The external audit service is appointed by the council of governors and paid for by the trust. The audit committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the external auditor, then this should be raised with the external auditor.

3.5 Fraud and corruption

3.5.1 In line with their responsibilities, the trust chief executive and director of finance shall monitor and ensure compliance with directions issued by the Secretary of State for health on fraud and corruption.

3.5.2 The trust shall nominate a suitable person to carry out the duties of the local counter fraud specialist (LCFS) as specified by the NHS counter fraud and corruption manual, and guidance.

3.5.3 The LCFS shall report to the trust director of finance and shall work with staff in NHS Counter Fraud Authority (NHSCFA) in accordance with the NHS counter fraud and corruption manual.

3.5.4 The LCFS will provide a written report, at least annually, on counter fraud work within the trust.

3.5.5 Any officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the chief executive and the director of finance or the LCFS. The manager will then appropriately inform the director of finance and/or chief executive who must then inform the LCFS and operational fraud team. Where a criminal offence is suspected, the director of finance must immediately inform the police if theft or arson is involved but, if the case involves suspicion of fraud, corruption and/or anomalies that may indicate fraud or corruption, then the particular circumstances of the case will determine the stage at which the police are notified in accordance with all relevant guidance.

3.5.6 The director of finance must notify NHSCFA and the external auditor of all reportable frauds. For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, where significant and where fraud is not suspected, the director of finance must immediately notify:

- The chief executive
- The external auditor.

3.6 Security management

- 3.6.1 In line with their responsibilities, the chief executive will monitor and ensure compliance with directions issued by the Secretary of State for health on NHS security management.
- 3.6.2 The trust shall nominate a suitable person to carry out the duties of the local security management specialist (LSMS) as specified by the Secretary of State for health guidance on NHS security management.
- 3.6.3 The trust shall nominate a director to oversee the NHS security management service who will report to the trust board.
- 3.6.4 The chief executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to a trust director and the appointed LSMS.

4. Business planning, budgets, budgetary control and monitoring

4.1 Preparation and approval of business plans and budgets

- 4.1.1 The chief executive will compile and submit to the board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain:
- (a) a statement of the significant assumptions on which the plan is based;
 - (b) details of major changes in workload, delivery of services or resources required to achieve the plan.
- 4.1.2 Prior to the start of the financial year the director of finance will, on behalf of the chief executive, prepare and submit budgets for approval by the board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the annual business plan;
 - (b) accord with workload and manpower plans;
 - (c) be produced following discussion with appropriate budget holders;
 - (d) be prepared within the limits of available funds;
 - (e) identify potential risks.
- 4.1.3 The director of finance shall monitor financial performance against budget and business plan, periodically review them, and report to the board.
- 4.1.4 All budget holders must provide information as required by the director of finance to enable budgets to be compiled.

4.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

4.1.6 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 successfully.

4.2 Budgetary delegation

4.2.1 The chief executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;
- (e) achievement of planned levels of service;
- (f) the provision of regular reports.

4.2.2 The chief executive and delegated budget holders must not exceed the budgetary total or virement limits set by the board.

4.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the chief executive, subject to any authorised use of virement.

4.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the chief executive, as advised by the director of finance.

4.3 Budgetary control and reporting

4.3.1 The director of finance will devise and maintain systems of budgetary control. These will include:

- (a) monthly financial reports to the board in a form approved by the board containing:
 - (1) income and expenditure to date showing trends and forecast year-end position;
 - (2) movements in working capital;
 - (3) movements in cash and capital;
 - (4) capital project spend and projected outturn against plan;
 - (5) explanations of any material variances from plan;
 - (6) details of any corrective action where necessary and the chief executive's and/or director of finance's view of whether such actions are sufficient to correct the situation;

- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget

transfers 4.3.2 Each budget holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the trust board;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the chief executive nominated officer other than those provided for within the available resources and manpower establishment as approved by the trust board.
- (d) Items of capital expenditure are defined within the capital investment manual. At the time of release a de minimis level of £5,000 was stipulated by the manual. Therefore expenditure made above this level must be reviewed by an officer designated by the director of finance as responsible for capital expenditure.

4.3.3 The chief executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the annual business plan and a balanced budget.

4.4 Capital expenditure

4.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 15).

4.5 Monitoring returns

4.5.1 The chief executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

5. Annual report and accounts

5.1.1 The director of finance, on behalf of the trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by NHSI and the Treasury, the trust's accounting policies, and generally accepted accounting practice;
- (b) prepare and submit annual financial reports to NHSI certified in accordance with current guidelines;
- (c) submit financial returns to Parliament for each financial year in accordance with the timetable prescribed by NHSI.

5.1.2 The trust's annual accounts must be audited by an auditor appointed by the council of governors. The trust's audited annual accounts must be presented to both the council of governors and the annual members' meeting and also be made available to the public.

5.1.3 The trust will publish an annual report, in accordance with guidelines on local accountability, and present it at the annual members' meeting. The document will comply with the NHSI annual reporting manual.

6. Bank and Government Banking Service accounts

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:

- (a) Guidance/directions issued from time to time by NHSI;
- (b) The trust's cash/treasury management policy;
- (c) The objectives and advice of the finance and investment

committee. 6.1.2 The board shall approve the banking arrangements.

6.2 Bank and Government Banking Service accounts

6.2.1 The director of finance is responsible for:

- (a) bank accounts and Government Banking Service (GBS) accounts
- (b) establishing separate bank accounts for the trust's non-exchequer funds;
- (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the trust board all arrangements made with the trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with NHSI guidance on the level of cleared funds.

6.3 Banking procedures

- 6.3.1 The director of finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:
- (a) the conditions under which each bank and GBS account is to be operated;
 - (b) 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.
- 6.3.3 The director of finance must advise the GBS in writing, including a copy of the board's resolution, of the conditions under which each account will be operated; the limits to be applied to any overdraft and the limitation on single signatory payments and any changes that may be required by financial regulations of the NHS or by resolution of the board of directors as may be necessary from time to time. In addition, the director of finance shall advise the bankers and the GBS, in writing, of the officer(s) and/or director(s) authorised to release money from, and draw cheques on, each bank account of the trust and shall notify promptly the cancellation of any such authorisation.
- 6.3.4 Where an agreement is entered into with any other body for payment to be made on behalf of the trust from bank accounts maintained in the name of the trust or other body, or by electronic funds transfer, the director of finance shall ensure that satisfactory security regulations of the trust/other body relating to bank accounts exist and are observed. This will be specified in a service level agreement with the appropriate body.

6.4 Tendering and review

- 6.4.1 The director of finance will review the commercial banking arrangements of the trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the trust's commercial banking business.
- 6.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the strategy and investment committee. This review is not necessary for GBS accounts.

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, and 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 national guidance where applicable in setting prices for NHS contracts.

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 (DH) or by statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the DH's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

7.2.3 In receiving cash payments, it should be noted that the maximum value of any single transaction is limited to €15,000 (note, not £15,000). This is in line with the 2003 Money Laundering Regulations.

7.2.4 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.

7.3 Debt recovery

7.3.1 The director of finance is responsible for the appropriate recovery action on all outstanding debts.

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

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

7.4 Security of cash, cheques and other negotiable instruments

7.4.1 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.

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

- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the director of finance.
- 7.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the trust from responsibility for any loss.
- 7.4.5 All officers who hold cash will be provided with a safe or lockable cash box which shall normally be deposited in a safe. The nominated officer will hold one key and shall arrange for a duplicate key to be lodged in the trust's principle place of business safe. Instructions for the release of this duplicate key should be prepared by the nominated officer and approved by the director of finance. Loss of any key should be reported immediately to the director of finance. During the absence of the key holder, the officer who acts in their place shall be subject to the same controls as the key holder. A written discharge of the contents of the safe or cash box on the transfer of responsibilities should be retained for audit purposes, with consideration to operational practices.
- 7.4.6 An official receipt will be made out for all cash receipts when requested, showing the type of remittance and the reasons for payment.

8. Tendering and contracting procedure

- 8.1.1 The trust shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles, for the rendering of services for building and engineering works of construction and maintenance (including construction and maintenance of grounds and gardens) for disposals.
- 8.1.2 **Detailed arrangements for tendering and quotations are included in Annex 'A' to 'E' by individual department as follows:**
- Limits for quotations, tendering and contracting, including authority to approve and sign leases and agreements – Annex A
 - Scheme of delegation limits – Annex B
 - Quotation, tendering and contracting (except the procurement of pharmaceutical products) – Annex C
 - Quotation, tendering and contracting: procurement of pharmaceutical products – Annex D
 - Custody of seal and sealing of documents – Annex E

8.2 Duty to comply with SOs and SFIs

- 8.2.1 The procedure for making all contracts by or on behalf of the trust shall comply with the SOs and SFIs (except where 'Suspension of standing orders' SO no. 4.14 of the council of governors and/or SO no. 5.15 of the board of directors is applied).

8.3 EU directives governing public bodies

8.3.1 Directives by the Council of the European Union promulgated by DH prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in the SOs and SFIs.

8.4 Reverse e-auctions

8.4.1 The trust should have policies and procedures in place for the control of all tendering activity carried out through reverse e-auctions. A decision to run e-auctions will lie with the Partners Procurement Service (PPS) and is covered within the purchasing and contracts procedures document.

8.5 Capital investment

8.5.1 The trust shall comply with the requirements of the Risk Assessment Framework, Risk Evaluation for Investment Decisions (REID), the Transactions Manual for commissioners and providers of NHS services and other relevant guidance in respect of capital investment and estate and property transactions.

8.6 Formal competitive tendering

8.6.1 General applicability

8.6.1.1 The trust shall ensure that competitive tenders are invited for:

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

8.6.2 Health care services

8.6.2.1 Where the trust elects to invite tenders for the supply of healthcare services these SOs and SFIs shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with SFI no. 9 and no. 10.

8.6.3 Exceptions and instances where formal tendering need not be applied

8.6.3.1 Formal tendering procedures **need not be applied** where:

- (a) the estimated expenditure or income does not or is not reasonably expected to exceed legal limits or the procedures set out in the annexes;
- (b) where the supply is proposed under framework arrangements negotiated by the government/DH;
- (c) regarding disposals as set out in SFI no. 17.

8.6.3.2 Tendering that is required under the relevant Public Contract Regulations is not something that can be waived by the trust. That notwithstanding, formal tender procedures may otherwise be waived in the following circumstances:

- (a) in very exceptional circumstances where the chief executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate trust record;
- (b) where the requirement is covered by an existing contract;
- (c) where Crown Commercial Service (CCS), London Procurement Program (LPP) and HTE agreements are in place
- (d) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (e) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (f) specialist expertise, such as ongoing maintenance contracts, is required and is available from only one source; or
- (g) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (h) 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;
- (i) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the trust is regulated by the law society for England and Wales for the conduct of their business (or by the bar council for England and Wales in relation to the obtaining of counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The director of finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

- (j) Where allowed and provided for in the capital investment manual. The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure. The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

All waivers should be approved by signatures to the limits set out in Annex A.

Waivers must be documented using the standard waiver register.

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate trust record and reported to the audit committee at each meeting.

- (k) Competition is deemed to have been carried out if the requirement is covered by a previously tendered contract undertaken by an NHS body such as CCS, NHS Supply Chain, LPP or other approved body; or there is a consortium arrangement in place. In such circumstances a waiver will not be required.

8.6.4 Fair and adequate competition

8.6.4.1 Where the exceptions set out in SFI nos. 8.2 and 8.6.3 apply, the trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

8.6.5 Items which subsequently breach thresholds after original approval

8.6.5.1 Items estimated to be below the limits set in this SFI for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the chief executive, and be recorded in an appropriate trust record and reported to the audit committee.

8.7 Contracting/tendering procedure

8.7.1 Invitation to tender

8.7.1.1 All tenders shall be run through the trusts electronic tendering system electronic tendering system operated by PPS in accordance with the guidance set out in section 5 of the trust purchasing and contracts procedures. The trusts electronic tendering system provides an electronic governance framework that ensures a record is kept of tender issue and return date, opening procedures and executives involved in opening, all documents, forms and terms and conditions used in the tender, a record of all written queries and trust responses, and notification to successful and unsuccessful tenderers.

8.7.1.2 All invitations to tender shall state that no tender will be accepted unless:

- (a) If requesting hard copies, that tenders are submitted in a plain sealed package that does not bear any names or marks indicating the sender on either the outside package or the receipt required by the deliverer;
- (b) submitted by the closing date and time via the trusts electronic tendering system.

8.7.1.3 Every tender for goods, materials, services or disposals shall embody NHS standard terms and conditions as set out by the DH at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_121260.

8.7.1.4 Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the joint contracts tribunal standard forms of building contract or department of the environment standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the general conditions of contract recommended by the institution of mechanical and electrical engineers and the association of consulting engineers (form A), or (in the case of civil engineering work) the general conditions of contract recommended by the institute of civil engineers, the association of consulting engineers and the federation of civil engineering contractors. These documents shall be modified and/or amplified to accord with DH/NHSI/HM Treasury guidance and, in minor respects, to cover special features of individual projects.

8.7.1.5 Every tender must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.

8.7.2 Receipt and safe custody of tenders

8.7.2.1 As appropriate, the chief executive or his nominated representative (within PPS) will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

8.7.2.2 Where hard copies are requested the date and time of receipt of each tender shall be endorsed on the tender envelope/package.

8.7.3 Opening bids, tenders and registers thereon

8.7.3.1 As soon as practicable after the date and time stated as being the latest time for the receipt of bids/tenders, they shall be opened by two senior officers/managers (band 8a or above) designated by the chief executive and not from the originating department excluding PPS.

8.7.3.2 The 'originating' department will be taken to mean the department sponsoring or commissioning the bid/tender.

8.7.3.3 The involvement of finance directorate staff in the preparation of a bid/tender proposal will not preclude the director of finance or any approved senior manager from the finance directorate from serving as one of the two senior managers to open bids/tenders.

8.7.3.4 All executive directors will be authorised to open bids/tenders regardless of whether they are from the originating department provided that the other authorised person opening the bids/tenders with them is not from the originating department.

The trust secretary will count as a director for the purposes of opening bids/tenders.

8.7.3.5 A register shall be maintained by the chief executive, or a person authorised, to show for each set of competitive bid/tender invitations despatched:

- (a) the name of all firms individuals invited;

- (b) the names of firms individuals from which bids/tenders have been received;
- (c) the date the bids/tenders were received and opened;
- (d) the persons identified as opening the bids/tenders;
- (e) the price shown on each bid/tender, as applicable;
- (f) a note where price alterations have been made on the bid/tender and suitably initialled, if applicable.

8.7.3.6 Where the bid/tender has been received in a hardcopy format, each entry to this register shall be signed by those present. Where an electronic bid/tender has been undertaken, the trust's electronic bid/tendering system will record the above information.

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

8.7.3.8 Incomplete bids/tenders, i.e. those from which information necessary for the adjudication of the bid/tender is missing, and amended bids/tenders i.e., those amended by the bidder/tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other bids/tenders, should be dealt with in the same way as late bids/tenders. (SFI no. 8.7.5 below).

8.7.4 Admissibility

8.7.4.1 If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the chief executive.

8.7.4.2 Where only one tender is sought and/or received, the chief executive and director of finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the trust.

8.7.5 Late tenders

8.7.5.1 The trusts electronic tendering system prevents the submission of late tenders and there are no circumstances in which the controls can be over ridden.

8.7.5.2 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the chief executive or his nominated officer (in most cases the director of PPS).

8.7.5.3 Accepted late tenders will be recorded for later scrutiny if required.

8.7.6 Acceptance of formal tenders

- 8.7.6.1 Any discussions with a tenderer which are deemed necessary to clarify aspects of their tender before the award of a contract will not disqualify the tender.
- 8.7.6.2 The tender that most successfully meets the award criteria shall be accepted unless there are compelling reasons to the contrary. Such reasons shall be set out in the tender file or appropriate record.
- 8.7.6.3 It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
- (a) experience and qualifications of team members;
 - (b) understanding of client's needs;
 - (c) feasibility and credibility of proposed approach;
 - (d) ability to complete the project on time.
- 8.7.6.4 Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.
- 8.7.6.5 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 SFIs except with the authorisation of the chief executive.
- 8.7.6.6 The use of these procedures must demonstrate that the award of the contract was:
- (a) not in excess of the going market rate/price current at the time the contract was awarded;
 - (b) that best value for money was achieved.
- 8.7.6.7 All tenders should be treated as confidential and should be retained for inspection.

8.7.7 Tender reports to the trust board

- 8.7.7.1 Reports to the trust board will be made as required.

8.8 Quotations: competitive and non-competitive

8.8.1 General position on quotations

- 8.8.1.1 Quotations are required in all cases where formal tendering procedures are not adopted and in line with the delegated budget limits shown in Annex A.

8.8.2 Competitive quotations

8.8.2.1 Quotations should be obtained from firms/individuals in line with the scheme of delegation, and based on specifications or terms of reference prepared by, or on behalf of, the trust.

8.8.2.2 Quotations should be in writing unless the chief executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

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

8.8.2.4 The chief executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the trust, or the highest if payment is to be received by the trust, then the choice made and the reasons why should be recorded in a permanent record.

8.8.3 Non-competitive quotations

8.8.3.1 Non-competitive quotations in writing may be obtained in the following circumstances:

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

8.8.4 Quotations to be within financial limits

8.8.4.1 No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the trust and which is not in accordance with SFIs except with the authorisation of either the chief executive or director of finance.

8.8.5 Authorisation of tenders and competitive quotations

8.8.5.1 Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as per the trust's Scheme of Delegation.

8.8.5.2 Levels of authorisation may be varied or changed and need to be read in conjunction with the trust's Scheme of Delegation.

8.8.5.3 Formal authorisation must be put in writing. In the case of authorisation by the trust board this shall be recorded in their minutes.

8.8.6 Instances where formal competitive tendering or competitive quotation is not required

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

- (a) The trust shall use the CCS, NHS Supply Chain, LPP or other such organisation for procurement of goods and services where appropriate and economically advantageous to the trust. The decision to use alternative sources must be recorded.
- (b) If the trust does not use the CCS, NHS Supply Chain, LPP or other such organisation where tenders or quotations are not required, because expenditure is below that stated in the trust Scheme of Delegation, the trust shall procure goods and services in accordance with PPS policies and procedures approved by the PPS board.

8.9 Private finance initiative for capital procurement (see overlap with SFI no.15)

8.9.1.1 The trust should normally market-test for private finance initiative (PFI) funding when considering a capital procurement. When the board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The chief executive shall demonstrate that the use of PFI represents value for money and genuinely transfers risk to the private sector;
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate body for approval (DH and/or NHSI) or treated as per current guidelines;
- (c) The proposal must be specifically agreed by the trust board;
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

8.10 Compliance requirements for all contracts

8.10.1.1 The trust board may only enter into contracts on behalf of the trust within the statutory powers delegated to it under its terms of authorisation as a foundation trust and shall comply with:

- (a) the trust's SOs and SFIs;
- (b) EU directives and other statutory provisions;
- (c) any relevant directions;
- (d) such of the NHS Standard Contract Conditions as are applicable;
- (e) CQC registration criteria.

8.10.1.2 In all contracts made by the trust, the board shall endeavour to obtain best value for money by use of all systems in place. The chief executive shall nominate an officer who shall oversee and manage each contract on behalf of the trust.

8.11 Personnel and agency or temporary staff contracts

8.11.1.1 The chief executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts. All officers must comply with the trust temporary staffing policy.

8.12 Healthcare services agreements (see overlap with SFI no. 9)

8.12.1.1 The chief executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the board.

8.13 Disposals (see overlap with SFI no. 17)

8.13.1.1 Competitive tendering or quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the chief executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the trust;
- (c) items to be disposed of with an estimated sale value of that which is stated within the trust Scheme of Delegation; this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which guidance has been issued but subject to compliance with such guidance.

8.14 In-house services

8.14.1.1 The chief executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The trust may also determine from time to time that in-house services should be market tested by competitive tendering.

8.14.1.2 In all cases where the board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the chief executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the chief executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a director of finance representative. For services having a likely annual expenditure exceeding that stated within the trust Scheme of Delegation, a non-executive director should be a member of the evaluation team.

8.14.1.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

8.14.1.4 The evaluation team shall make recommendations to the trust board.

8.14.1.5 The chief executive shall nominate an officer to oversee and manage the contract on behalf of the trust.

8.15 Applicability of SFIs on tendering and contracting to funds held on trust (see overlap with SFI no. 20)

8.15.1.1 All commercial contract negotiations/re negotiations must be undertaken and led by PPS.

9. NHS contracts for provision of services (see overlap with SFI no. 8.12)

9.1 Contracts

9.1.1 The chief executive, as the accountable officer, is responsible for ensuring the trust enters into suitable contracts with service commissioners for the provision of NHS services.

9.1.2 All contracts should aim to implement the agreed priorities contained within agreed commissioner and trust plans and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the chief executive should take into account:

- (a) the standards of service quality expected;
- (b) the relevant national service framework (if any);
- (c) the provision of reliable information on cost and volume of services;
- (d) the Payment by Results (PbR) code of conduct;
- (e) that contracts build where appropriate on existing joint investment plans;

- (f) that contracts are based on integrated care pathways;
- (g) existing partnership arrangements;
- (h) any model contracts issued by NHSI;
- (i) the Commissioner Requested Services covered by the trust's licence.

9.2 Involving partners and jointly managing risk

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

9.2.2 All contracts and partnership arrangements shall follow the business case and approvals process as set out in the annexes to these SFIs based upon financial value of the contract and/or income of the partnership.

10. Other income reporting requirements, including contracts, research and teaching monies

10.1.1 The chief executive, as the accountable officer, will need to ensure that regular reports are provided to the trust board detailing actual and forecast income from the contracts. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of contracts.

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

10.1.3 All potential commercial research and development (R&D) funding should be notified to the medical director or delegated officer or UCLP board. The medical director or nominated officer should ensure that:

- (a) all applications are considered by the appropriate committee before agreement;
- (b) that a principle officer is identified who is signatory to the R&D account (this will normally be the budget holder and is typically the principle investigator);

- (c) that a formal contract is produced that sets out the responsibilities of each party as well as any intellectual property rights arising from the research.

10.1.4 The director of finance (or nominated officer) shall ensure that:

- (a) such income is correctly costed and that the charge includes appropriate overhead costs;
- (b) all commercial R&D funding is correctly invoiced and that the timely receipt of funds is monitored;
- (c) appropriate adjustments are made for any changes to contracts that occur during the year;
- (d) the use of income generated from commercial R&D funds is in accordance with the trust's SOs, SFIs and Scheme of Delegation;
- (e) for all other streams of R&D funding all applications should be considered by the appropriate committee before agreement, a principle officer identified and full details as to the purpose, conditions and reporting requirements of the funding must be retained by the principle officer. A copy of these conditions and reporting requirements should be copied to the director of finance (or nominated officer).

10.1.5 Prior to the commencement of the financial year, the director of finance and medical director shall ensure that there is appropriate discussion and negotiation with the London Deanery, University College London and Health Education England regarding the value of medical and non-medical professional education and training attributable for the year.

10.1.6 This should be formalised in a contract signed by the paying authority and by the medical director, or the director of finance, on behalf of the trust. The contract shall include a payment schedule that sets out the agreed phasing of the payments. The director of finance (or delegated officer) shall ensure that the agreed instalments are appropriately invoiced and will monitor the receipt of funds throughout the year in accordance with the payment schedule.

11. Terms of service, allowance and payment of members of the trust board and employees

11.1 Remuneration and terms of service (see overlap with board SO no. 6)

11.1.1 In accordance with SOs the trust 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.

11.1.2 The committee will perform those tasks as set out in its terms of reference.

11.1.3 The council of governors will approve terms and conditions and remuneration paid to the chairman and non-executive members of the trust board in accordance with the Constitution.

11.2 Funded establishment

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

11.2.2 The funded establishment of any department may not be varied without the approval of the chief executive or nominated officer.

11.3 Staff appointments

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

- (a) unless authorised to do so by the chief executive; and
- (b) within the limit of their approved budget and funded establishment.

11.3.2 The trust board will approve procedures presented by the chief executive for the determination of commencing pay rates, condition of service, etc., for employees.

11.4 Processing payroll

11.4.1 The director of finance is responsible for:

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

11.4.2 The director of finance will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for pensions, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;

- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by bank credit to employees and officers;
- (i) procedures for the recall of bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the trust of sums of money and property due by them to the trust.

11.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the director of finance's instructions and in the form prescribed by the director of finance;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the director of finance must be informed immediately.

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

11.5 Contracts of employment

The board shall delegate responsibility to an officer for:

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

12. Non-pay expenditure

12.1 Delegation of authority

12.1.1 The board will approve the level of non-pay expenditure on an annual basis and the chief executive will determine the level of delegation to budget managers.

12.1.2 The chief executive will set out:

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

12.1.3 The chief executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

12.1.4 In support of business continuity arrangements, exceptional circumstances may apply for supplies and services required to maintain service delivery during a pandemic. For example if Flucon 1 is declared purchasing should follow the standard procedures however in the event of authorised signatory absence the following procedures will be in place.

- (a) Direct manager is off sick
A paper requisition is completed and is taken up the chain of approval to be signed off before being sent to supplies.
- (b) No approver is available for sign off
A paper requisition is completed and if urgent is then taken to an executive director/chief executive for approval.
- (c) No executive directors are available
In the event that no executive directors/chief executive are available and the requisition is deemed urgent then it needs to be taken to supplies with a letter stating the reasons it is required and then supplies will accept this as authorisation for the requisition. Retrospective approval from an executive will also be required in due course.

12.2 Choice, requisitioning, ordering, receipt and payment for goods and services (see overlap with SFI no. 8)

12.2.1 Requisitioning

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

12.2.2 Requisitioning limits

See Annex A.

12.2.3 System of payment and payment verification

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

12.2.4 The director of finance will:

- (a) advise the board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (1) A list of trust employees (including specimens of their signatures) authorised to certify invoices.
 - (2) Certification that:
 - (i) goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - (ii) 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;
 - (iii) 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;
 - (iv) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - (v) the account is arithmetically correct;
 - (vi) the account is in order for payment.
 - (3) A timetable and system for submission to the director of finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
 - (4) Instructions to employees regarding the handling and payment of accounts within the finance department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received

12.2.5 Prepayments

Prepayments (other than for service contracts) are only permitted where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages.
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The director of finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate executive director or chief executive if problems are encountered.

12.2.6 Official orders

Official orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the director of finance;
- (c) state the trust's terms and conditions of trade;
- (d) only be issued to, and used by, those duly authorised by the chief executive. Lists of authorised officers shall be maintained and a copy of each list supplied to the director of finance.

12.2.7 Duties of managers and officers

12.2.7.1 Officers must ensure that they comply fully with the guidance and limits specified by the director of finance and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the director of finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with relevant issued guidance;

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

(This provision needs to be read in conjunction with SO's, the Code of Conduct for NHS Managers 2002) and the ABPI Code of Practice for the pharmaceutical industry.
- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the director of finance on behalf of the chief executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally by an officer designated by the chief executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "confirmation order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the trust to a future uncompetitive purchase;
- (j) changes to the list of officers authorised to certify invoices are notified to the director of finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the director of finance;
- (l) petty cash records are maintained in a form as determined by the director of finance.

12.2.7.2 The chief executive and director of finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Concode and Estatecode. The technical audit of these contracts shall be the responsibility of the relevant executive director:

12.3 Joint finance arrangements with local authorities and voluntary bodies (see overlap with SO no. 9.1)

Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the director of finance which shall be in accordance with these Acts.

12.4 Estate charges to other organisations

12.4.1 Prior to each financial year, the director with responsibility for estates shall review, or design and negotiate, contracts with each organisation for which recharges are required; these would include the school of medicine and other current tenants and facilities for which the trust is a tenant. The contracts must be signed by each organisation. For the trust this should be by the appropriate director for contracts up to and including £90,000 and by the chief executive for contracts over £90,000. The contract must clearly state the legal responsibility of both parties regarding estate management and liability. The contract will include a financial schedule produced by the finance department. Financial details included in the contract must be agreed by the director of finance or delegated officer for contracts up to and including £90,000 in value and the chief executive for contracts in excess of £90,000.

12.4.2 The director of finance (or delegated officer) shall ensure that the agreed instalments are appropriately invoiced and will monitor the receipt of funds throughout the year in accordance with the terms of the contract.

12.4.3 For tenancies and licences to occupy in which the trust is a tenant, the lease arrangements shall be negotiated by an appropriate director.

12.5 Trading accounts (income from non-clinical activity)

12.5.1 Trading accounts should be set up to record income and expenditure resulting from activities that are secondary to the main activity of the relevant department and for which a separate income stream can be identified (e.g. sale of pharmaceutical products to third parties). In such situations, the director of finance shall ensure:

- (a) that a separate code is set up to record the income resulting from the activity;
- (b) all attributable costs, including an appropriate proportion of overheads, are matched against this income in a trading account
- (c) a budget manager is appointed to manage the activity
- (d) there is no cross-subsidisation between the department's primary and secondary activities
- (e) any taxation implications are properly taken into account.

13. External borrowing

13.1.1 The director of finance will advise the board concerning the trust's ability to pay dividend on, and repay public dividend capital (PDC) and any proposed new borrowing, within the limits set by NHSI. The director of finance is also responsible for reporting periodically to the board concerning the PDC debt and all loans and overdrafts.

13.1.2 The trust board will agree the list of officers (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the trust. This must contain the chief executive and the director of finance.

- 13.1.3 The director of finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 13.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from NHSI.
- 13.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the chief executive or the director of finance. The trust board must be made aware of all short term borrowings at the next trust board meeting.
- 13.1.6 All long-term borrowing must be consistent with the plans outlined in the current business plan and be approved by the trust board.

13.2 Investments

- 13.2.1 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the trust board.
- 13.2.2 The director of finance is responsible for advising the trust board on investments and shall report periodically to the trust board concerning the performance of investments held.
- 13.2.3 The director of finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 13.2.4 The director of finance shall ensure that:
- (a) all investments undertaken are done so in accordance with the trust's treasury management policy;
 - (b) all investments are correctly valued in the accounting records at current market value in accordance with IFRS as appropriate.

14. Financial framework

- 14.1.1 The director of finance should ensure that members of the trust board are aware of the financial framework, e.g. NHSI Financial Reporting Manual. This document contains directions which the trust must follow. The director of finance should also ensure that the direction and guidance in the framework is followed by the trust.

15. Capital investment, private financing, fixed asset register and security of assets

15.1 Capital investment

- 15.1.1 The chief executive:

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

15.1.2 For every capital expenditure proposal the chief executive/director of finance shall ensure:

- (a) that a business case is produced setting out:
 - (1) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (2) the involvement of appropriate trust personnel and external agencies;
 - (3) appropriate project management and control arrangements;
- (b) that the director of finance or nominated officer has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate trust personnel and external agencies in the process.

15.1.3 For capital schemes where the contracts stipulate stage payments, the chief executive will issue procedures for their management, incorporating the recommendations of Estatecode.

15.1.4 The director of finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HMRC guidance.

15.1.5 The director of finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

15.1.7 The chief executive shall issue to the officer responsible for any scheme:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI no. 8.7);
- (c) approval to accept a successful tender (see overlap with SFI no. 8.7).

15.1.8 The chief executive will issue a scheme of delegation for capital investment management in accordance with Estatecode guidance and the trust's SOs.

15.1.9 The director of finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the requirements of NHSI with regard to reporting and for the approval of material or significant transactions.

15.1.10 The director of finance shall ensure that the appropriate reporting manual which outlines the application of IFRS is followed in the production of the trust's annual report and accounts.

15.2 Private finance (see overlap with SFO no. 8.9)

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

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

board. **15.3 Asset register**

15.3.1 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 according to a rolling programme to be agreed by the audit committee.

15.3.2 The trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in guidance provided by NHSI and, where applicable, DH and HM Treasury.

15.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
- (c) lease agreements in respect of assets held under a finance lease and capitalised.

15.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

15.3.5 The director of finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

15.3.6 The value of each asset may be indexed to current values in accordance with IFRS.

15.3.7 The value of each asset shall be depreciated using methods as permitted by IFRS.

15.3.8 The director of finance of the trust shall calculate and pay capital charges in accordance with any guidance issued by DH.

15.4 Security of assets

15.4.1 The overall control of fixed assets is the responsibility of the chief executive.

15.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments and donated assets) must be approved by the director of finance. This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset;
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

15.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the director of finance.

15.4.4 Whilst each officer has a responsibility for the security of property of the trust, it is the responsibility of board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

15.4.5 Any damage to the trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by board members and employees in accordance with the procedure for reporting losses.

15.4.6 Where practical, assets should be marked as trust property.

15.5 Property leases

15.5.1 The director of capital and estates is responsible for ensuring that all agreements with third parties relating to property leases are set up with due consideration to the following:

- (a) full review by a nominated officer in the projects department;
- (b) advice from the trust's solicitors;
- (c) where appropriate advice from the trust's valuers;
- (d) agreement by the director of finance (or a delegated officer) regarding:
 - (1) the financial terms of the contract
 - (2) whether the lease is a finance lease or an operating lease and the implications on capitalisation, depreciation and the income and expenditure account.

15.5.2 Lease agreements should be approved in accordance with Annex A and B (note the approval limits relate to the whole period of the lease).

15.6 Lease or buy decisions

15.6.1 For any capital investment decision, the chief executive shall ensure that due consideration is given to the possibility of options available for entering into a leasing contract or a managed service contract. This will involve:

- (a) consultation with the trust's leasing consultants;
- (b) financial appraisal by the director of finance (or delegated officer) of the costs of each option;
- (c) appraisal by the appropriate director and director of operations of the leasing options on the delivery of the service.

15.6.2 Lease agreements should be approved in accordance with Annex A and B (note these limits relate to the total value of the lease across its term and not the annual cost).

15.7 Business cases

15.7.1 The following provisions relate to business cases for capital projects, equipment, specific appointments, provision of services or any other expenditure resulting from one off or developmental activity. All material expenditure commitments by the trust must be supported by an approved business case.

15.7.2 Business cases must be prepared in accordance with the capital investment process and, if a capital project, should include:

- (a) the use of the trust standard template;
- (b) the support of the relevant divisional director;
- (c) involvement of the appropriate business analyst in appraising the options available;
- (d) approval by the appropriate committee;

- (e) approval (if required on clinical grounds) by the trust executive committee.

15.7.3 All business cases should include the following:

- (a) a description of the new building, equipment or service;
- (b) the reason for the proposal;
- (c) identification of the appropriate procurement route and processes necessary;
- (d) the sponsor(s);
- (e) financial analysis including:
 - (1) income and expenditure associated with the project
 - (2) cash flow analysis, including discounted cash flow where appropriate
 - (3) sensitivity analysis
 - (4) affordability and commissioner support
 - (5) revenue consequences of capital expenditure
 - (6) consideration of both the sponsoring department's costs and any other indirect costs associated with the business case, which must be agreed with the respective support department heads
 - (7) financial implications of any asset disposals required as part of the business case.

16. Stores and receipt of goods

16.1 General position

16.1.1 Stores (under PPS) defined in terms of controlled stores and departmental stores (for immediate use) should be:

- (a) kept to a minimum;
- (b) subjected to regular stock take to a timetable agreed by the audit committee;
- (c) valued at the lower of cost and net realisable value.

16.2 Control of stores, stockpiling, condemnations and disposal

16.2.1 Subject to the responsibility of the director of finance for the systems of control, overall responsibility for the control of stores shall be delegated to an officer by the chief executive. The day-to-day responsibility may be delegated to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the director of finance. The control of any pharmaceutical stocks shall be the responsibility of a designated pharmaceutical officer; the control of any fuel (such as oil and coal) of a designated estates manager.

- 16.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/pharmaceutical officer. Wherever practicable, stocks should be marked as health service property.
- 16.2.3 The director of finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 16.2.4 Stocktaking arrangements shall be agreed with the director of finance and there shall be a physical check covering all items in store as required by the audit committee.
- 16.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the director of finance.
- 16.2.6 The designated manager 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 overlap with SFI no. 17). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

16.3 Goods supplied by NHS Supply Chain

- 16.3.1 For goods supplied via the NHS Supply Chain central warehouses, the chief executive or nominated officer shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the supplies department which shall satisfy itself that the goods have been received before accepting the recharge.

17. Disposals and condemnations, losses and special payments

17.1 Disposals and condemnations

- 17.1.1 The director of finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 17.1.2 When it is decided to dispose of a trust asset, the nominated officer within the department will determine and advise the director of finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 17.1.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the director of finance;

- (b) recorded by the condemning officer in a form approved by the director of finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the director of finance.

17.1.4 The condemning officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the director of finance who will take the appropriate action.

17.2 Losses and special payments

17.2.1 The director of finance must prepare procedural instructions on the recording of and accounting for losses, and special payments.

17.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the chief executive and the director of finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the director of finance and/or chief executive. Where a criminal offence is suspected, the director of finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the director of finance must inform the relevant LCFS and Operational Fraud Team (OFT) in accordance with Secretary of State for health's directions.

17.2.3 The director of finance must notify NHSCFA and the external auditor of all incidents of fraud.

17.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the director of finance must immediately notify:

- (a) the trust board;
- (b) the external auditor.

17.2.5 The audit committee shall approve the writing-off of losses.

17.2.6 The director of finance shall be authorised to take any necessary steps to safeguard the trust's interests in bankruptcies and company liquidations.

17.2.7 The director of finance shall take any necessary steps to safeguard the trust's interests in bankruptcies and company liquidation.

17.2.8 For any loss, the director of finance should consider whether any insurance claim can be made.

17.2.9 The director of finance shall maintain a losses and special payments register in which write-off action is recorded.

17.2.10 All losses and special payments must be reported to the audit committee at every meeting.

17.2.11 Special payments are those which fall outside the normal day-to-day business of the health body, or exceptionally, those for which no statutory authority exists. They fall into one of five main categories:

- (a) Compensation payments made under legal obligation;
- (b) Extra contractual payments to contractors;
- (c) Ex-gratia payments;
- (d) Extra statutory or extra regulatory payments;
- (e) Payments made which exceed statutory duty.

18. Information technology

18.1 Responsibilities and duties of the director of finance

18.1.1 The director of finance, who is responsible for the accuracy and security of the computerised financial data of the trust, shall in respect of that financial data:

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

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

18.2 Responsibilities and duties of other directors and officers in relation to computer systems of a general application

18.2.1 The trust shall publish and maintain a freedom of information (FOI) publication scheme, or adopt a model publication scheme approved by the information

commissioner. A publication scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our trust that we make publicly available.

18.2.2 In the case of computer systems which are proposed general applications (i.e. normally those applications which the majority of trust's in the region wish to sponsor jointly), all responsible directors and employees will send to the director of information management and technology:

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

18.3 Contracts for computer services with other health bodies or outside agencies

18.3.1 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.

18.3.2 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.

18.4 Risk assessment

18.4.1 The chief executive shall ensure that risks to the trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery and business continuity plans.

18.5 Requirements for computer systems which have an impact on corporate financial systems

18.5.1 Where computer systems have an impact on corporate financial systems the director of finance shall need to be satisfied that:

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

19. Patients property

19.1 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.

19.2 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; (***notices are subject to sensitivity guidance***)
- (b) Hospital admission documentation and property records;
- (c) The oral advice of administrative and nursing staff responsible for admissions,

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

19.3 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.

19.4 Where regulator instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the director of finance.

19.5 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.

19.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

19.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

20. Funds held on trust

20.1 Charitable trust funds

20.1.1 All funds received relating to charitable funds shall be held in the name of the Royal Free Charity. The charity is distinct from the trust, has its own board and its own SOs and SFIs.

20.2 Accountability to charity commission and Secretary of State for Health

20.2.1 The trustee responsibilities must be discharged separately and full recognition given to the trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

20.2.2 The Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All trust board members and trust officers must take account of that guidance before taking action.

20.3 Applicability of SFIs to funds held on trust

20.3.1 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held on trust.

20.3.2 The over-riding principle is that the integrity of each trust must be maintained and statutory and trust obligations met. Materiality must be assessed separately from exchequer activities and funds.

21. Acceptance of gifts by staff and link to standards of business conduct (see overlap with SFI no. 12.2.7.1.d)

21.1 The director of finance shall ensure that all staff are made aware of the trust policy on gifts, gratuities, benefits, hospitality, sponsorship and conflicts of interests.

22. Retention of records

22.1 The chief executive shall be responsible for maintaining archives for all records required to be retained in accordance with Records Management: NHS Code of Practice Part 1 (2006) and Part 2 (2009), and the trust's records management plan, disposal and retention schedule.

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

22.3 Records held in accordance with Records Management: NHS Code of Practice shall only be destroyed at the express instigation of the chief executive. Detail shall be maintained of records so destroyed.

23. Risk management and insurance

23.1 Programme of risk management

23.1.1 The chief executive shall ensure that the trust has a programme of risk management, in accordance with current NHSI assurance framework requirements, which must be approved and monitored by the board.

23.1.2 The programme of risk management shall include:

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

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

23.2 Insurance risk pooling schemes administered by NHS Litigation Authority

23.2.1 The trust board shall decide if the trust will insure through the risk pooling schemes administered by the NHS Litigation Authority (NHSLA), self-insure for some or all of the risks covered by the risk pooling schemes or insure through a commercial insurer. If the trust board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually by the deputy director – risk and safety and/or an assistant director of finance and/or the nominated officer from the affected department.

23.3 Insurance arrangements with commercial insurers

23.3.1 The trust board must approve entry into any insurance arrangement with a commercial insurer.

23.4 Arrangements to be followed by the board in agreeing insurance cover

23.4.1 Where the trust board decides to use the risk pooling schemes administered by the NHSLA the director of finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The director of finance shall ensure that documented procedures cover these arrangements.

23.4.2 Where the trust board decides not to use the risk pooling schemes administered by the NHSLA for one or other of the risks covered by the schemes, the director of finance shall ensure that the trust board is informed of the nature and extent of the risks that are self-insured as a result of this decision or where commercial insurance is being used. The director of finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

23.4.3 All the risk pooling schemes require scheme members to make some contribution to the settlement of claims (the 'deductible'). The director of finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

Annex A

Limits for quotations, tendering and contracting, including authority to approve and sign invoices, leases and agreements

Value in £ including VAT	Number of quotations / tenders	Designated budget holder level	Definition
Up to 2,000	1 quote	1	Budget holders – ward managers, senior sister, etc.
2,001-5,000	1 quote	2	Budget holders - operations managers, matrons
5,001-10,000	3 quotes	3	Heads of department, general managers, clinical directors
10,001-30,000	3 quotes	4	Assistant directors, deputy directors of nursing, non-executive directors,
30,001-90,000	3 tenders	5	Executive directors and other members of group executive committee, Site CEO/DoFP & PropService s MD
90,001-250,000	OJEU procedure	6	Director of financial operations
250,001-750,000	OJEU procedure	7	Director of finance
750,001-3,000,000	OJEU procedure	8	Chief executive & director of finance
Amounts above 3,000,000	OJEU procedure	9	GSIC chair, chief executive and director of finance.

Annex B

Delegated limits

The delegated limits applicable to business cases are as set out in the SFIs. For reference, these are:

Scheme of delegation limits – approval of business cases

Revenue investment

Expenditure	Risk	Business case	Board
< £500k	Normal	Summary	Local Executive Group
£500k - £2.5m	Normal	Full	Group Executive Committee
£2.5m - £5m	Normal	Full	Group Strategy & Investment Committee
>5m	Normal	Full	Trust board
Any	High	Full	Trust Board

For the purposes of delegated authority the value of a revenue investment is calculated as the committed financial value for three years (e.g. if a business case requests funding for a consultant post at a recurrent cost of £150k per annum the investment value is taken to be £450k in total when determining the delegated limit and the committee that needs to approve the case).

Capital investment

Expenditure	Risk	Business case	Board
< £250k	Normal	Summary	Local Executive Committee, Medical Equipment Board, Digital Board, Property Services Company
£250k - £2.5m	Normal	Full	Asset Management Group
£2.5m - £5m	Normal	Full	Group Strategy & Investment Committee
>£5m	Normal	Full	Trust board
Any	High	Full	Trust board

For the purposes of delegated authority the value of a capital investment is considered to be the full requested capital investment value, including VAT and any contingency, irrespective of the period over which the investment will take place.

Limits for quotations, tendering and contracting, including authority to approve and sign invoices, leases and agreements

The approval limits for each of these items varies between RFL and BCF. As set out above, those individuals currently authorised to requisition and approve will continue with those responsibilities until hierarchies are implemented, a single requisitioning and accounting system is in place and/or until such time as financial risk and grip is considered appropriate.

Accordingly, further to those existing responsibilities, enhanced financial controls shall apply.

Annex C

Quotation, tendering and contracting (except the procurement of pharmaceutical products)

1. Introduction

- 1.1 The following procedures are applicable to the supply of goods, materials and manufactured articles for disposals and for the rendering of services.
- 1.2 The procedures are an integral part of the trust's SOs and SFIs.
- 1.3 These procedures are supplemented by more detailed guidance issued by PPS in the purchasing and contract procedures policy.
- 1.4 The PPS director or deputy director shall ensure that the appropriate staff are made aware of the provisions of HC (93) 5. 'Standards of Business Conduct', and of subsequent similar guidance, and of the high professional and ethical standards of practice expected by the trust.
- 1.5 All suppliers or contractors invited to quote or tender must be selected on the basis of being an approved or recommended supplier or contractor. All new suppliers or contractors shall be vetted for proved product and performance and for financial viability.

2. Authority to place official orders

- 2.1 Only the PPS director or deputy director, or those officers with delegated responsibility, have the authority to certify official orders in respect of goods and services covered by this procedure.
- 2.2 The PPS director or deputy director is responsible for obtaining the best value for money concerning the price, quality, suitability and availability of the product or service involved and to ensure that health and safety standards are met. The PPS director or deputy director will also ensure that the commercial and contractual aspects of all supplies procurement transactions are robust.

3 Tender preparation & specifications

- 3.1 The sponsor of the procurement initiative (trust executive committee member) is responsible for preparing the specification for the goods or service to be procured.
- 3.2 The specifications shall be designed to include minimum performance standards designed to achieve the targets set and to reflect the policies of the trust. Users' views must also be taken into account.
- 3.3 The PPS director or deputy director will prepare the tender documents based on the officially recommended model contracts, which must be clear and easy to understand.
- 3.4 The tender documents must include provision for a review of prices for services after the first year and any changes proposed must be based on a stated formula.
- 3.5 Any in-house tender for a service to be provided to the trust shall not be prepared by those staff involved in the preparation of the specification.

4. Competitive tendering

4.1 The trust shall ensure that competitive tenders are invited for the supply of goods, materials, manufactured goods, for the rendering of services, equipment maintenance including the maintenance of grounds and gardens and for disposals except:

- (a) Where the requirement is ordered under existing contracts or the requirement is a variation to an existing contract;
- (b) Where, in the opinion of the PPS director or deputy director, which should be formally recorded, the estimated expenditure or income would not warrant competition on the grounds this would not be practical taking into account all the circumstances;
- (c) Competitive quotation or tendering procedures may be used on the authority of the PPS director or deputy director, the deputy/assistant director of finance or the divisional director of operations without reference to the chief executive where the estimated expenditure or income does not exceed £30,000 - see SFI no. 8.6.3.2.;
- (d) The director of human resources has the authority to incur expenditure of up to £10,000 on a non-competitive basis, for staff training purposes;
- (e) Where competition is waived, the reasons must be formally recorded and certified by the PPS director or deputy director or authorised officer. Such record will be inspected by the audit committee.

5. Procedures – quotation and tenders

The financial limits, authorisation requirements, waiver conditions and reporting arrangements as per Annex A will apply. Officers should ensure they know their designated budget holder level, confirming this with the finance department if necessary.

6. Invitation to tender

6.1 All invitations to tender on a competitive basis shall state that no tender will be accepted unless submitted in:

- A. A plain sealed envelope bearing a pre-printed address label supplied by the trust;
- B. In a special envelope supplied by the trust to prospective tenderers and that the envelope shall not bear any names or marks identifying the sender;
- C. Accordance with the trust's electronic tendering system (currently the trusts electronic tendering system).

7. Receipt and safe custody of tenders

Tenders exceeding £30,000

The chief executive will arrange for the receipt and safe custody of tenders until the time appointed for their opening and for records to be maintained in accordance with

standing orders according to the estimated value, except where electronic tendering has been conducted. In such circumstances, electronic opening of tenders will be conducted in accordance with delegated authority as identified if such tenders were conducted in hard copy format,

8. Opening bids/tenders (see SFI no. 8.7.3)

- 8.1 For quotations to the value of €30,000 the quotes shall be received by the PPS director or deputy director and a supplies officer, providing neither officer was involved in the originating of the quotation/bid/tender.
- 8.2 Bids/tenders shall be opened by two senior officers/managers (band 8a or above) designated by the chief executive and not from the originating department excluding PPS.
- 8.3 In the absence of named persons, others that may be deputising in their place may open bids/tenders.
- 8.4 Where bids/tenders are conducted electronically, the named staff above will conduct the opening electronically.

9 Tender evaluation

- 9.1 The tenders shall initially be reviewed by the PPS director or deputy director or nominated officer for completeness and prices and to resolve queries and to prepare a report, which will include any comments on the comparison of tender prices with prices being charged for similar work in other trusts.
- 9.2 For goods and services valued at more than €30,000 there will be a tender evaluation group. The project sponsor or their nominated deputy shall lead this group. It shall include the director of finance or representative, and the head or nominated officer shall act as secretary to the group. An external assessor may also be a member of the group.
- 9.3 In no circumstances shall staff who have interests with any of the tenderers be concerned with the tender evaluation process.
- 9.4 When the evaluation process is complete the, the PPS director or deputy director shall report the results to the director of finance with a recommendation as to the successful tenderer.

10. Selected tenderer

- 10.1 If the tender acceptance report indicates that acceptance of the most economically advantageous tender/quotation which demonstrate overall best value for money is recommended, the director of finance will either accept the recommendation or refer the decision, via a report, to the chief executive who may the refer the tender to the trust board before signing the contract.
- 10.2 If other than the most economically advantageous tender/quotation which demonstrate overall best value for money is recommended, the director of finance, after consultation with the tender sponsor, shall report the circumstances to the chief executive for a decision concerning approval. The chief executive may refer the recommendation to the trust board or a board committee for a decision concerning approval.

11. Contract monitoring and evaluation

11.1 Contract monitoring and evaluation procedures shall include the following:

- (a) The contract must include clear and measurable performance standards and state how these standards will be monitored;
- (b) There shall be regular, independent monitoring of contractor performance against performance standards;
- (c) Regular financial monitoring with service budgets reviewed by the director of finance.

12. Information technology purchases

12.1 The purchase of computer equipment or systems shall be subject to the standard tendering procedures and processed through the PPS director or deputy director.

12.2 For personal computers used primarily for word processing or other standard software applications (word, excel etc.) in addition to the usual supply procedure confirmation of technical suitability will be required by the director of information management and technology or nominated officer.

12.3 The procurement of trust and departmental systems must follow the trust's information systems investment pathway.

12.4 In accordance with the information systems investment pathway, the decision to advance to the tendering stage will be made by the capital management group.

12.5 Official orders for trust and departmental systems will be signed by the director of finance or the director of information management and technology. Approval to award a contract will follow the approval of the full business case following tendering by the information systems management group and the capital management group.

13. Capital project equipment purchases

13.1 The PPS director or deputy director shall be responsible for the quotation or tendering process involved in obtaining approved purchases of equipment for capital projects under the control of the directorate of projects.

The PPS director or deputy director shall be responsible for the quotation or tendering process for capital equipment in accordance with the capital procurement pathway.

13.2 The requisition initiating the equipment purchase shall be signed by the projects officer responsible for the administration of each scheme.

13.3 The PPS director or deputy director shall certify the resulting official order.

Annex D

Quotation, tendering and contracting: procurement of pharmaceutical products

1. Introduction

- 1.1 The following procedures are applicable for the tendering and contracting procedures involved in the procurement of pharmaceutical products.
- 1.2 The procedures are an integral part of the trust's SFIs and ensure that the trust's competitive tendering responsibilities are correctly discharged and that normal requirements may only be waived in exceptional circumstances which must be correctly reported and authorised.
- 1.3 These procedures shall be supplemented by more detailed guidance issued by the head of pharmaceutical services to the purchasing managers which will include instructions concerning purchasing procedures, quality control and the relevant health and safety regulations.
- 1.4 The chief pharmacist shall ensure that the appropriate staff are made aware of the provisions of HC (93) 5, 'Standards of Business Conduct'.
- 1.5 All suppliers invited to quote or tender must be selected on the basis of being an approved or recommended supplier.
- 1.6 Only drugs on the trust's formulary should be purchased unless in exceptional circumstances a written request is received from a consultant and approved by the chair of the drugs and therapeutics committee, the chief pharmacist or the principal purchasing pharmacist.

2. Authority to place official orders

- 2.1 Only the chief pharmacist or delegated officers have the authority to certify official orders for pharmaceutical supplies.
- 2.2 It is the responsibility of the chief pharmacist to ensure that the best value for money is obtained concerning the price, quality, and suitability of the product involved and to ensure quality control and health and safety standards are met. It will also be ensured that the contractual and commercial aspects for all pharmaceutical procurement transactions are sound.

3. Competitive tendering

- 3.1 The head of pharmaceutical services shall ensure that competitive quotes or tenders are invited for the supply of pharmaceutical products except:
 - (a) Where the requirement is ordered under existing contracts or is a variation of an existing contract;
 - (b) Where, in the opinion of the chief pharmacist, which should be formally recorded, the estimated expenditure would not warrant competition on the grounds this would not be practical taking into account all the circumstances;

- (c) Competition may be waived on the authority of the chief pharmacist without reference to the chief executive where the estimated expenditure does not exceed £30,000;
- (d) Where competition is waived the reason must be recorded and certified by the pharmacist or authorised officer.

4. **Procedures – quotation and tenders**

The following financial limits, authorisation requirements, waiver conditions and reporting arrangements shall apply.

4.1 **For the supply of drugs valued up to £30,000**

4.1.1 A minimum of three competitive quotes shall be obtained by the use of the official quotation/tender procedure, in which the trust's standard conditions of contract shall apply.

4.1.2 Single quote action may be taken where:

- (a) In the opinion of the head of pharmaceutical services it is not possible or desirable to obtain competitive quotes/tenders for the purchase of drugs of a special nature;
- (b) Where drugs are required quickly and not obtainable under existing contracts. The responsible principal pharmacist shall certify the circumstances in a permanent record;
- (c) Other than in an emergency, the final price must be established, preferably in writing, prior to the commitment of expenditure and as far as possible it shall be ensured that a reasonable price is obtained.

4.1.3 The lowest quotation shall be accepted unless there are good and sufficient reasons not to accept. For quotes in this value category, the principal purchasing pharmacist shall approve the second lowest acceptable tender. The reason shall be certified in a permanent record to the chief pharmacist.

4.1.4 Where it is proposed to use the quotation rather than tendering procedure the reasons shall be certified to the head of pharmaceutical services by the principal purchasing pharmacist.

4.2 **For the supply of drugs valued between £30,001 to £90,000**

4.2.1 A minimum of four tenders shall be invited for the obtaining of pharmaceutical products with an estimated value between £30,001 and £90,000. If less than four suppliers are available to tender the principal purchasing pharmacist will certify that position to the chief pharmacist who may authorise the purchasing process to proceed.

4.2.2 The lowest tender shall be accepted unless there are good technical reasons not to do so. If the lowest tender is not recommended, the principal purchasing pharmacist shall certify in a permanent record, the reasons to accept the second lowest acceptable tender to the chief pharmacist, who may approve the recommendation.

- 4.2.3 Single tender action may be taken within limits defined in SFI no. 8.6.3.2.
- (a) Where because of the specialist nature of the required product, there is only one supplier;
 - (b) When the products are required urgently or in an emergency situation and there is no time to follow the quotation/tendering process and the products are not obtainable under existing contracts;
 - (c) In the above cases the reasons for the single quotation/tender action will be certified in a permanent record by the principal purchasing pharmacist to the chief pharmacist who will have the authority to approve the action.

4.2.4 The permanent record referred to in this value category must be made available for inspection by the trust board as appropriate.

4.3 **Tenders to an estimated value between £90,000 and £750,000**

4.3.1 A minimum of five tenders are required to be obtained in this value category. If less than five suppliers are available the chief pharmacist shall certify the position to the divisional director of operations who may approve the tendering process to proceed.

4.3.2 The reasons for any waivers from the required tendering process, i.e. single tender action because of urgent or emergency conditions or recommended acceptance of other than the lowest priced tender must be certified in a permanent record by the chief pharmacist to the chief executive, who may approve the single tender action to proceed or accept the recommended tender. The permanent record must be made available for inspection by the audit committee.

4.4 **Tenders to an estimated value in excess of £750,000**

4.4.1 A minimum of five tenders are required to be obtained for the procurement of pharmaceutical products with an estimated value in excess of £750,000. If less than five suppliers are available to tender the chief pharmacist will certify the position to the chief executive, who may authorise the tendering process to proceed.

4.4.2 The reasons for any single tender action proposed for this value category must be certified in a permanent record by the chief executive to the trust board who may approve the action to proceed.

4.4.3 The chief executive will also certify in a permanent record the reasons for any recommendation to accept other than the lowest received tender to the trust board, which may accept the recommendation.

4.5 **EU notification**

All invitations for tenders for the provision of pharmaceutical products with an estimated value exceeding a sum notified by the EU shall be advertised in the appropriate EU Journal.

5. **Invitation to tender**

5.1. All invitations to tender on a competitive basis shall state that no tender will be accepted unless submitted in:

- (a) A plain sealed envelope bearing a pre-printed address label supplied by the trust;
- (b) A special envelope supplied by the trust to prospective tenderers and that the envelope shall not bear any named or marks identifying the sender.

6. Receipt and safe custody of quotes/tenders

6.1 Quotes to the value of £30,000

The principal purchasing pharmacist shall be responsible for arranging the receipt, endorsement and safe custody of quotes/tenders until the date appointed for their opening and for records to be maintained in accordance with SOs.

6.2 Tenders to the value of between £30,001 and £90,000

The chief pharmacist shall be responsible for arranging the receipt, endorsement safe custody of the tenders until the date appointed for their opening and for records to be maintained in accordance with standing orders.

6.3 Tenders exceeding £90,000

The chief executive shall be responsible for arranging the receipt, endorsement and safe custody of the tenders until the date appointed for their opening and for their opening and for records to be maintained in accordance with standing orders.

7. Opening tenders (see SFI no. 8.7.3)

7.1 For quotations to the value of €30,000 the principal purchasing pharmacist and another principal pharmacist shall open the quotes on or after the due date, providing neither manager was involved in the originating of the quotation/tender.

7.2 For tenders valued between €30,001 and €90,000 the tenders shall be opened on or after the due date by the chief pharmacist and a principal pharmacist not involved in originating the tender.

7.3 For tenders valued in excess of €90,000, the chief executive or nominated officer and the head of pharmaceutical services shall open the tender.

Annex E

Custody of seal and sealing of documents (See board SO no. 13)

1 Custody of the common seal of the trust

1.1 The common seal of the trust shall be kept by the trust secretary or nominated officer in a secure place.

2 Sealing of documents

2.1 The common seal of the trust shall not be fixed to any documents unless the sealing has been authorised by a resolution of the board or of a committee thereof, or where the board has delegated its powers.

2.2 The fixing of the common seal of the trust shall be authenticated by the signature of at least two board directors (executive or non-executive).

3 Register of sealing

3.1 An entry of every sealing shall be made by the trust secretary and numbered consecutively in a book provided for that purpose, and shall be signed by the persons who shall have approved and authorised the document and those who attested the seal. A report of all sealing shall be made to the board at least annually. (The report shall contain details of the seal number, the description of the document and date of sealing.)

4 Use of the common seal - general guide

4.1 The common seal of the trust must be used in the following circumstances:

- (i) all contracts for the purchase/lease of land and/or building;
- (ii) all contracts for capital works exceeding £1,000,000 (one million pounds);
- (iii) all lease agreements where the annual lease charge exceeds £90,000 per annum and the period of the lease exceeds five (5) years;
- (iv) any other lease agreement where the total payable under the lease exceeds £90,000.
- (v)