

# **This is how we do it ....**

## **Corporate Governance Manual**

**July 2018**  
**V6.0**

Version control			
Version	Section	Changes made	Date
6.0	4.0	Approved committee membership and terms of reference added.	05.07.18
5.2	5.0 Table B	OJEU threshold has changed and been updated. Threshold value amended from £164,176 (ex VAT) to £181,302 (ex VAT).	09.01.2018
5.1	4.0	Change of name of Governance and Clinical Assurance Committee to the Quality Committee  Amended Terms of Reference of the Quality Committee and Remuneration and Nominations Committee  Amended Integrated Structure Charts	08.01.2018
4.1	4.0	Board approved Terms of reference added	07.07.17
	Table B – Delegated Financial Limits	Threshold value amended from £172,514 ex VAT when in fact it should be £164,176 ex VAT.	15.06.17
4.0	4.0	Board approved Terms of reference added	30.01.17
	5.0	Table B – Delegated Financial Limits	30.01.17
	6.0	Amendments to Standing Financial Instructions.	30.01.17
	All	Changes to names throughout the document, i.e. Trust regulator name, job titles of directors, heads of departments.  Full reformat required to provide consistency.	30.01.17
3.0	4.0 Terms of reference	Board approved Terms of reference added	27.07.15
	Table A	Amended job titles of Directors.  Amended waiving requirements to include delegated authority to authorise the use of a waiver.  Amended thresholds to reflect the revised EU threshold.	27.07.15
	6.0	Prudential Borrowing Code removed as is no longer a requirement  The approval limits for Charitable Expenditure updated.	27.07.15
2.0	4.0 Terms of reference	Board approved Terms of reference added	03.10.14
1.1	6.12.3 6.13.3.2 Table A Table B	Minor amendments approved by Board of Directors in April 2014.	05.04.14

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## 1. Foreword

- 1.1. Liverpool Women's NHS Foundation Trust (the Trust) is a public benefit corporation that was established in accordance with the provisions of the National Health Service Act 2006. As a body corporate the Trust has specific powers to contract in its own name and to act as a corporate trustee.
- 1.2. Corporate governance is the system by which an organisation is directed and controlled, at its most senior levels, in order to achieve its objectives and meet the necessary standards of accountability and probity. Effective corporate governance, along with clinical governance, is essential for a Foundation Trust to achieve its clinical, quality and financial objectives. Fundamental to effective corporate governance is having the means to verify the effectiveness of this direction and control. This is achieved through integrated governance.
- 1.3. The NHS Act 2006 and subsequent regulations set out the legal framework within which the Foundation Trust operates. The Trust's Constitution sets out who can be members of the Foundation Trust and how it should conduct its business. The Licence is provided by NHS Improvement (the independent regulator of Foundation Trusts) and identifies the conditions of operation. The Accounting Officer Memorandum requires Foundation Trust Boards of Directors to adopt schedules of reservation and delegation of powers and to set out the financial framework within which the organisation operates.
- 1.4. This corporate governance manual comprises:
  - Schedule of matters reserved to the Board of Directors
  - Matters delegated by the Board of Directors to its committees
  - Scheme of delegation
  - Standing Financial Instructions
  - Standing Orders for the Board of Directors
  - Code of Conduct for the Board of Directors
  - Council of Governors' Code of Conduct
  - Code of Conduct for NHS Managers
  - Standards of Business Conduct for NHS Staff
  - Standing Orders for the Council of Governors.
- 1.5. Compliance with these documents is required of the Foundation Trust, its Executive and Non-Executive Directors, Governors, officers and employees, all of whom are also required to comply with:
  - The Trust's Constitution and Licence
  - The Accounting Officer Memorandum.
- 1.6. The Trust must also have agreed its own Standing Orders as a framework for internal governance. Standing Orders for both the Board of Directors and Council of Governors are included in this corporate governance manual.
- 1.7. All of the above-mentioned documents together provide a regulatory framework for the business conduct of the Foundation Trust.
- 1.8. The Foundation Trust Board of Directors also has in place Audit, Nomination and Remuneration committees and an established framework for managing risk.

- 1.9. It is essential that all Directors, Governors, officers and employees know of the existence of these documents and are aware of their responsibilities include within. A copy of this manual is available on the Trust's website and intranet and has been explicitly brought to the attention of key staff within the organisation and to all staff via the internal communication routes.
- 1.10. Any queries relating to the contents of these documents should be directed to the Director of Finance, Trust Secretary or myself who will be pleased to provide clarification.

Kathryn Thomson  
Chief Executive  
July 2018

## 2. Definition and interpretation

- 2.1. Unless the contrary intention appears or the context otherwise requires, words or expressions contained in this corporate governance manual bear the same meaning as in the NHS Act 2006 and the Constitution. References to legislation include all amendments, replacements, or re-enactments made.
- 2.2. Headings are for ease of reference only and are not to affect interpretation. Words importing the masculine gender only shall include the feminine gender; words importing the singular shall include the plural and vice-versa.
- 2.3. In this corporate governance manual the following definitions apply:

	Definition
The 2012 Act	The Health and Social Care Act 2012
The 2006 Act	The National Health Service Act 2006
The 1977 Act	The National Health Service Act 1977
Accounting Officer	The person who from time to time discharges the functions specified in paragraph 25(5) of Schedule 7 to the 2006 Act; they shall be the Officer responsible and accountable for funds entrusted to the Foundation Trust in accordance with the NHS Foundation Trust Accounting Officer Memorandum. They are responsible for ensuring the proper stewardship of public funds and assets. The NHS Act 2006 designates the Chief Executive of the NHS Foundation Trust as the Accounting Officer
Agenda Item	<ul style="list-style-type: none"><li>• Board of Directors - an item from a Board member (notice of which has been given) about a matter over which the Board has powers or duties or which affects the services provided by the Foundation Trust</li><li>• Council of Governors – an item from a Governor or Governors (notice of which has been given) about a matter over which the Council has powers or duties or which affects the services provided by the Foundation Trust</li></ul>
Appointing organisations	Those organisations named in the constitution who are entitled to appoint governors
Authorisation	An authorisation given by NHS Improvement under Section 35 of the 2006 Act
The Board	The Board of Directors of the Foundation Trust as constituted in accordance with the Trust's constitution
Bribery Act	The Bribery Act 2010
Budget	A resource, expressed in financial or workforce terms, proposed by the Board of Directors for the purpose of carrying out, for a specific period, any or all of the functions of the Foundation Trust
Budget holder	The Director or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation
The Chair	Is the person appointed by the Council of Governors to lead the Board and ensure it successfully discharges its overall responsibility for the Foundation Trust as a whole. It means

	<b>Definition</b>
	the Chair of the Foundation Trust, or, in relation to the function of presiding at or chairing a meeting where another person is carrying out that role as required by the Constitution, such person
Chief Executive	The chief officer of the Foundation Trust
Committee	A committee or subcommittee created and appointed by the Foundation Trust
Constitution	The constitution of the Foundation Trust as amended from time to time. Describes the type of organisation, its primary purpose, governance arrangements and membership
Contracting and procuring	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
Council of Governors	The Council of Governors of the Foundation Trust as constituted in accordance with the Trust's constitution
Director	A member of the Board of Directors
Director of Finance	The chief finance officer of the Foundation Trust
External auditor	The person appointed to audit the accounts of the Foundation Trust, who is called the auditor in the 2006 Act
Financial year	Successive periods of twelve months beginning with 1 April
Foundation Trust	Liverpool Women's NHS Foundation Trust
Foundation Trust contract	Agreement between the Foundation Trust and Clinical Commissioning Groups and/or others for the provision and commissioning of health services
Funds held on Trust	Those trust funds which the Foundation Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived under the 2006 Act. Such funds may or may not be charitable
Governor	An elected or appointed member of the Council of Governors
Legal advisor	A properly qualified person appointed by the Foundation Trust to provide legal advice
Licence	The document issued by the sector regulator setting out the conditions of operation for a Foundation Trust
NHS Improvement (previously known as Monitor)	The independent regulator (NHS Improvement) took over the responsibilities of its predecessors responsibilities from [ 1 April 2016]
Meeting	<ul style="list-style-type: none"> <li>• Board of Directors – a duly convened meeting of the Board of Directors</li> <li>• Council of Governors - a duly convened meeting of the Council of Governors</li> </ul>
Member	A member of the Foundation Trust
Motion	A formal proposition to be discussed and voted on during the course of a meeting
Nominated Officer	An officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions

	<b>Definition</b>
Non commissioner contract	Agreements with non Clinical Commissioning Group t organisations covering the variety of services that the Foundation Trust provides and charges for
Officer	An employee of the Foundation Trust
Partner	In relation to another person, a member of the same household living together as a family unit
Protected property	Property identified in the Licence as being protected. This will generally be property that is required for the purposes of providing the mandatory goods and services and mandatory training and education
Registered medical practitioner	A fully registered person within the meaning of the Medicines Act 1983 who holds a licence to practice under that Act
Registered nurse or midwife	A nurse, midwife or health visitor registered in accordance with the Nurses, Midwives and Health Visitors Act 1997
Secretary	The Secretary appointed under the constitution, the Secretary of the Foundation Trust or any other person appointed to perform the duties of the Secretary, including a joint, assistant or deputy secretary
Standing Financial Instructions	(SFIs) regulate the conduct of the Trust's financial matters
Standing Orders	(SOs) incorporate the Constitution and regulate the business conduct of the Foundation Trust



### **3. Schedule of matters reserved to the Board of Directors**

#### **3.1. General enabling provisions**

- 3.1.1. The Board of Directors may determine any matter it wishes, for which it has authority, in full session within its statutory powers. In accordance with the Code of Conduct and Accountability adopted, the Board explicitly reserves that it shall itself approve or appraise, as appropriate, the following matters detailed in paragraph 3.3 below. All Board members share corporate responsibility for all decisions of the Board and the Board remains accountable for all of its functions, even those delegated to individual committees, subcommittees, directors or officers.

#### **3.2. Duties**

It is the Board's duty to:

- Act within statutory financial and other constraints
- Be clear what decisions and information are appropriate to the Board of Directors and draw up Standing Orders, a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these
- Ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account
- Establish performance and quality measures that maintain the effective use of resources and provide value for money;
- Specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;
- Establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.

#### **3.3. Reserved matters**

##### **3.3.1. Standing Orders**

Approval of and changes to Board standing orders.

##### **3.3.2. Matters of Governance**

- Approval of and changes to the schedule of matters reserved to the Board of Directors
- Approval of and changes to the standing financial instructions
- Suspension of Board standing orders
- Ratify or otherwise instances of failure to comply with standing orders brought to the Chief Executive's attention in accordance with Standing Orders
- Ratification of any urgent decisions taken by the Chair and Chief Executive, in accordance with the standing orders
- Approval of and changes to codes of conduct
- Approval of the Trust's risk assurance framework
- Approval of the Board's scheme of reservation and delegation
- Adoption of the organisational structures, processes and procedures to facilitate the discharge of business by the Foundation Trust and approval of any changes
- Approval of the remit and membership of Board committees, including
- Approval of terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board of Directors

- To confirm the recommendations of committees where they do not have executive powers
- To receive reports from committees including those which the Foundation Trust is required by the National Health Service Act 2006 or other regulation to establish and to take appropriate action thereon
- Audit arrangements
- Clinical audit arrangements
- The annual audit letter
- Annual report (including quality report/accounts) and statutory financial accounts of the Trust
- Annual report and accounts for funds held on trust (charitable funds)
- Approval of arrangements relating to the discharge of the Foundation Trust's responsibilities as a corporate trustee for funds held on trust
- Approval of arrangements relating to the discharge of the Foundation Trust's responsibilities as a bailer for patients' property
- Disciplining Board members or employees who are in breach of statutory requirements or Standing Orders.

### 3.3.3. Important regulatory matters

- Compliance with the Trust's Licence or any document which replaces it, its constitution and all statutory and regulatory obligations
- Directors' and officers' declaration of interests and determination of action if required
- Arrangements for dealing with complaints
- Disciplinary procedures for officers of the Trust.

### 3.3.4. Appointments and dismissals

- Appointment and dismissal of committees (and individual members) that are directly accountable to the Board of Directors excluding the Audit Committee, the Nominations Committee (Executive Directors) and the Remuneration and Terms of Service Committee. This does not imply that individual members of all Committees can be dismissed
- Appointment, appraisal, disciplining and dismissal of Executive Directors
- Confirm the appointment of members of any committee of the Foundation Trust as representatives on outside bodies
- Appoint, appraise, discipline and dismiss the Trust Secretary
- Approve proposals received from the Remuneration and Terms of Service Committee regarding the Chief Executive, Directors and senior employees.

### 3.3.5. Strategic direction

- Strategic aims, direction and objectives of the Foundation Trust
- Financial plans and forecasts
- Approval of the Trust's annual plan, strategic developments and associated business plans
- Approval of annual revenue and capital budgets
- Approval of all Trust strategies to include, but not be limited to the risk management strategy and human resources strategy
- Approval of capital plans including:
  - Proposals for acquisition, disposal or change of use of land and/or buildings
  - Private finance initiative (PFI) proposals

- Individual contracts, including purchase orders of a capital or revenue nature in accordance with Delegated Financial Limits, Table B, section 2.
- Approve proposals for action on litigation against or on behalf of the Foundation Trust where the likely financial impact is as shown in the Delegated Financial Limits, Table B, section 2 or contentious or likely to lead to extreme adverse publicity, excluding claims covered by the NHS risk pooling schemes.

#### 3.3.6. Monitoring performance

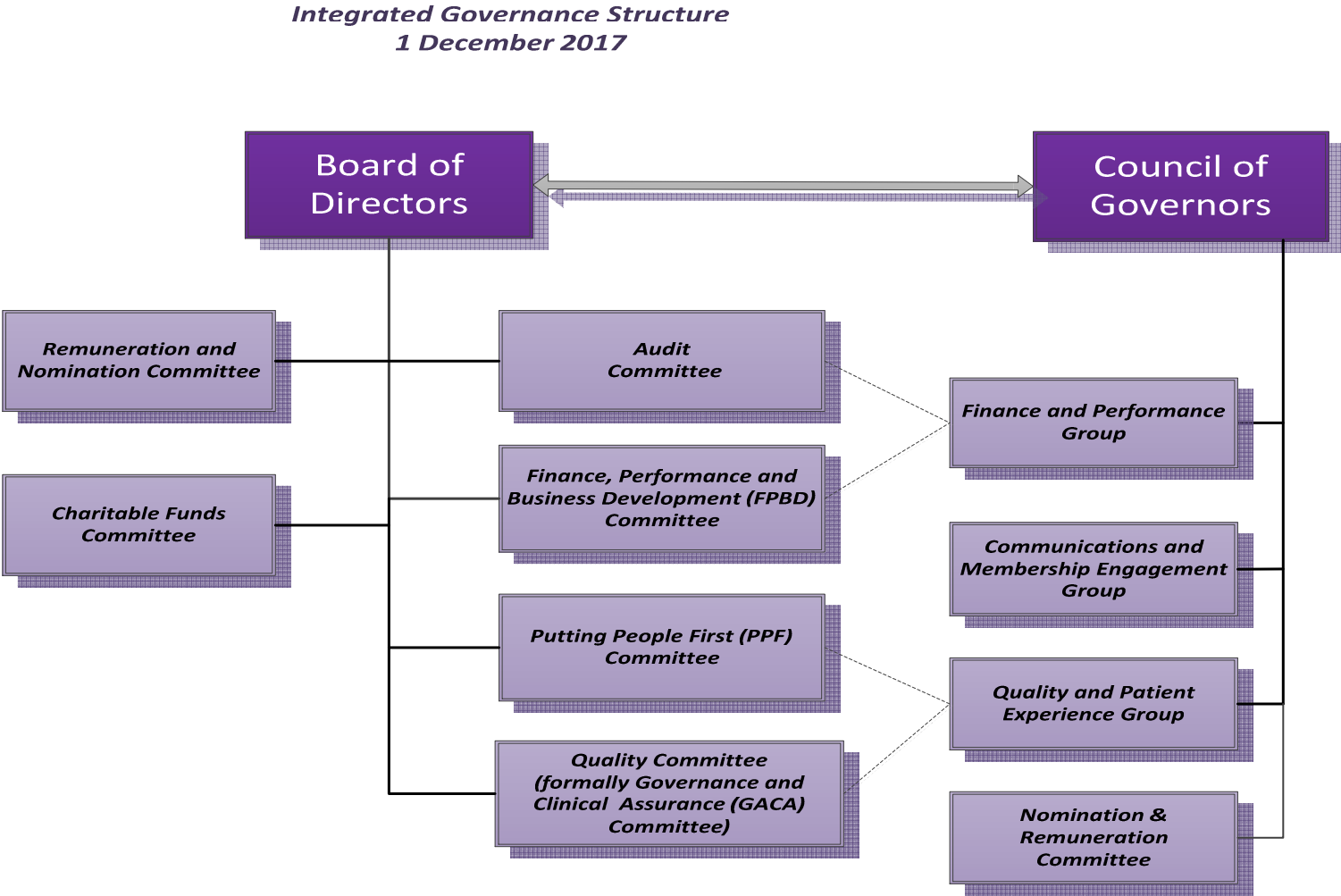
Operational and financial performance arrangements at intervals that it shall determine.

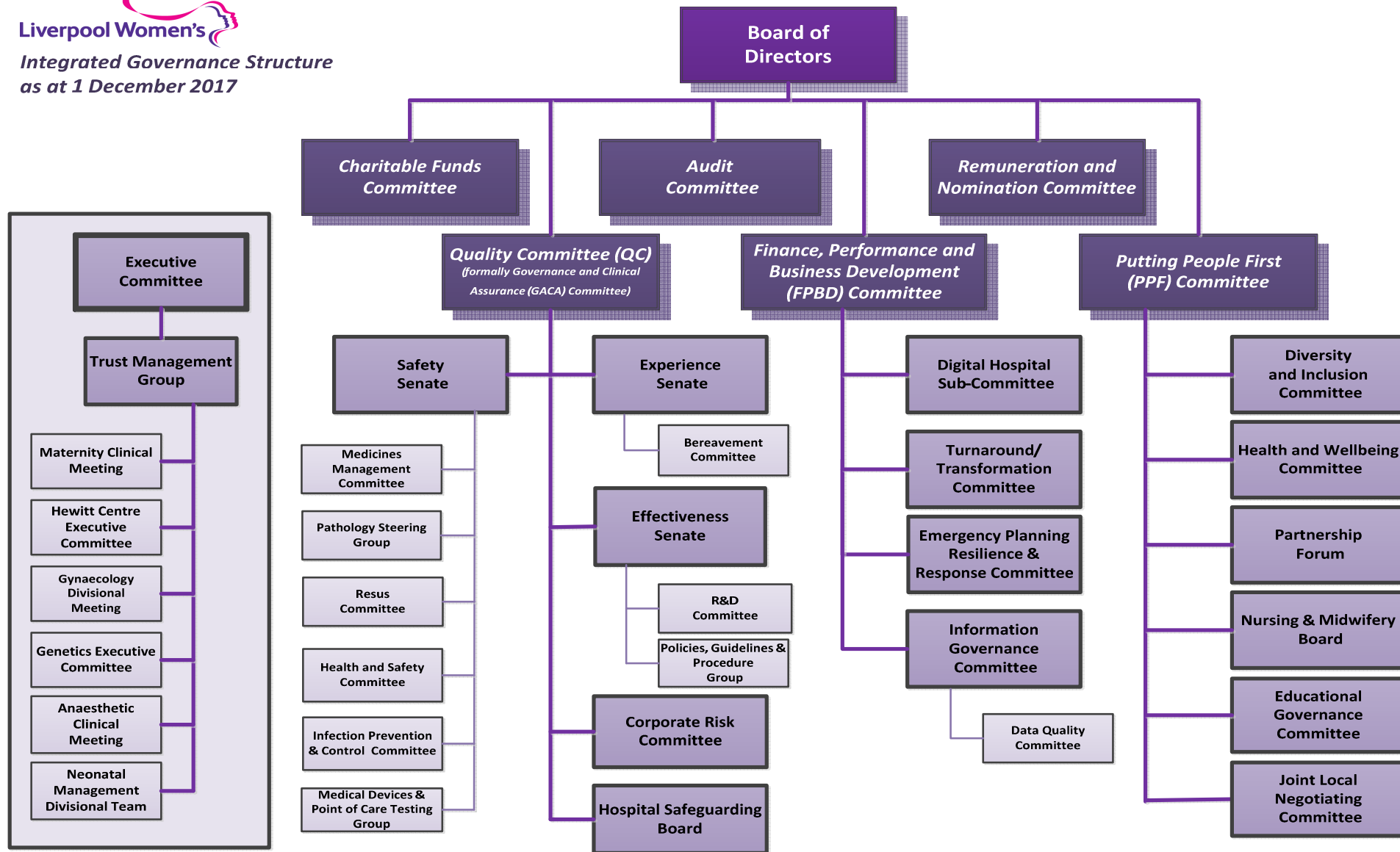
#### 3.3.7. Other matters

- Appointment of bankers
- Approve the opening of bank accounts.
- Approve individual compensation payments.

4. Matters delegated by the Board of Directors to its committees

4.1. Committee Structure





Board Committee Non-Executive Director membership.

For additional members please refer to TORs.

<b>Board Committee</b>	<b>NED Membership</b>
<b>Audit Committee</b>  <i>Membership requirement is not less than 3 Non-Executive Directors</i>	Chair: Ian Knight  NED: Tony Okotie NED: David Astley  Accountable exec: Director of Finance
<b>Finance Performance and Business Development Committee</b>  <i>Membership includes NED Chair and one additional NED Additional NED for succession/continuity/ development</i>	Chair: Jo Moore  NED: Ian Knight NED: Phil Huggon  Accountable exec: Director of Finance
<b>Quality Committee</b>  <i>Membership includes NED Chair and one additional NED Additional NED for succession/continuity/ development</i>	Chair: Dr Susan Milner  NED: Phil Huggon NED: David Astley  Accountable exec: Director of Nursing and Midwifery & Medical Director
<b>Putting People First Committee</b>  <i>Membership includes NED Chair and one additional NED Additional NED for succession/continuity/ development</i>	Chair: Tony Okotie  NED: Ian Knight NED: David Astley  Accountable exec: Director of Workforce and Marketing
<b>Charitable Funds Committee</b>  <i>Membership includes NED Chair and one additional NED Additional NED for succession/continuity/ development</i>	Chair: Phil Huggon NED: Jo Moore NED: Tony Okotie  Accountable exec: Director of Workforce and Marketing
<b>Board Remuneration and Nomination Committee</b>  <i>Membership includes Chair and all NED's</i>	Chair: Robert Clarke NED: Tony Okotie Ian Knight David Astley Jo Moore Phil Huggon Susan Milner CEO: Kathryn Thomson

#### 4.2. Statutory Committees of the Board – Terms of Reference

- Audit Committee
- Remuneration and Nominations Committee
- Quality Committee Putting People First Committee
- Finance, Performance and Business Development Committee
- Charitable Funds Committee

#### AUDIT COMMITTEE TERMS OF REFERENCE

**Constitution:**

The Committee is established by the Board of Directors and will be known

	as the Audit Committee (the Committee). The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these terms of reference.
<b>Duties:</b>	<p>The Committee is responsible for:</p> <p><b>a. Governance, risk management and internal control</b></p> <p>The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical) that supports the achievements of the Trust's objectives. It will provide an independent and objective view on internal control and probity. In addition, the committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to its financial performance, reviewing significant financial reports and the judgements contained in them.</p> <p>In particular, the Committee will review the adequacy of:</p> <ul style="list-style-type: none"> <li>• All risk and control related disclosure statements (in particular the Annual Governance Statement and declarations of compliance to external bodies), together with any accompanying Head of Internal Audit opinion, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board</li> <li>• The process of preparing the Trust's returns to NHS Improvement (which returns are approved by the Board's Finance and Performance Committee)</li> <li>• The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements</li> <li>• The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification</li> <li>• The Trust's standing orders, standing financial instructions and scheme of delegation</li> <li>• The policies and procedures for all work related to fraud and corruption as set out in the Secretary of State directions and as required by the NHS Counter Fraud Security Management Service</li> <li>• The arrangements by which Trust staff may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. In so doing the Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.</li> </ul> <p>In carrying out this work the Committee will primarily utilise the work of</p>



	<p>internal audit, external audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness. This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.</p> <p>The Committee will undertake an annual training needs assessment for its own members.</p> <p><b>b. Internal audit</b></p> <p>The Committee will ensure that there is an effective internal audit function established by management that meets mandatory government and Public Sector Internal Auditing Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:</p> <ul style="list-style-type: none"> <li>• Consideration of the appointment of the internal audit service, the audit fee and any questions of resignation and dismissal</li> <li>• Review and approval of the internal audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework</li> <li>• Reviewing the internal audit programme, considering the major findings of internal audit investigations (and management's response), and ensuring coordination between internal and external auditors</li> <li>• Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation</li> <li>• Annual review of the effectiveness of internal audit.</li> </ul> <p><b>c. External audit</b></p> <p>The Committee shall review the independence, objectivity and work of the external auditor appointed by the Council of Governors and consider the implications and management's response to this work. This will be achieved by:</p> <ul style="list-style-type: none"> <li>• Consideration of the appointment and performance of the external auditor, including making recommendations to the Council of Governors regarding the former</li> <li>• Discussion and agreement with the external auditor, before the audit commences, of the nature and scope of the audit as set out in the annual audit plan and ensure coordination with internal auditors and with other external auditors</li> <li>• Discussion with the external auditors of their local evaluation of audit risks and assessment of Trust and associated impact on the audit fee</li> </ul>
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- Reviewing all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the Board and any audit work performed outside the annual audit plan, together with the appropriate of management's response
- Recommending to the Council of Governors the engagement of the external auditor in respect of non-audit work, taking into account relevant ethical guidance regarding the provision of such services
- Annual review of the effectiveness of external audit.

**d. Other assurance functions**

The Committee will review the findings of other significant assurance functions, both internal and external to the Trust, and consider the implications to the governance of the Trust. These will include, but will not be limited to, reviews and reports by the Department of Health, arms length bodies or regulators/inspectors (e.g. Care Quality Commission, NHS Resolution [Litigation Authority], etc), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc) or the Local Counter Fraud Specialist.

In addition the Committee will review the work of other Committees within the Trust, whose work can provide relevant assurance to the Audit Committee's own scope of work. This will particularly include the Quality Committee, Finance and Performance Committee and Putting People First Committee, and include a review of an annual report of each of the Committees against their terms of reference. In reviewing the work of the Quality Committee, and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function.

The Committee will also review all suspensions of standing orders and variation or amendment to standing orders.

The Audit Committee will report to the Board and to the Council of Governors any matters in respect of which it considers action or improvement is needed.

**e. Counter fraud**

The Audit Committee will satisfy itself that the Trust has adequate arrangements in place for countering fraud and will approve the appointment of the Local Counter Fraud Specialist. The Committee will review the outcomes of counter fraud work.

**f. Management**

The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

	<p>They may also request specific reports from individual functions within the organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.</p> <p><b>g. Financial reporting</b></p> <p>The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.</p> <p>The Audit Committee should ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.</p> <p>The Audit Committee will review the Trust's annual report and financial statements before submission to the Board, focusing particularly on:</p> <ul style="list-style-type: none"> <li>• The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee</li> <li>• Changes in, and compliance with, accounting policies and practices</li> <li>• Unadjusted mis-statements in the financial statements</li> <li>• Major judgemental areas, and</li> <li>• Significant adjustments resulting from the audit</li> <li>• Letter of representation</li> <li>• Qualitative aspects of financial reporting.</li> </ul>
<b>Membership:</b>	<p>The Committee membership will be appointed by the Board of Directors from amongst its Non-Executive members and will consist of not less than three members.</p> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Board of Directors will appoint a Non-Executive Director as Chair of the Committee. Should the Chair be absent from a meeting of the Committee, the Committee may appoint a Chair of the meeting from amongst the Non-Executive Directors present.</p>
<b>Quorum:</b>	A quorum shall be two members.
<b>Voting:</b>	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
<b>Attendance:</b>	<p><b>a. Members</b></p> <p>Members will be required to attend a minimum of 75% of all meetings.</p>

	<p><b>b. Officers</b></p> <p>The Director of Finance, Deputy Director of Finance, Financial Controller and Deputy Director of Nursing &amp; Midwifery shall normally attend meetings. At least once a year the Committee will meet privately with external and internal auditors.</p> <p>The Chief Executive and other executive directors will be invited to attend, particularly when the Committee is discussing areas of risk or operation that are within the responsibility of that director.</p> <p>The Chief Executive will also be required to attend when the Audit Committee discusses the process for assurance that supports the Annual Governance Statement.</p> <p>The Trust Secretary will attend to provide appropriate support to the Chair and Committee members.</p>
<b>Frequency:</b>	<p>Meetings shall be held at least four times per year.</p> <p>The external auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.</p>
<b>Authority:</b>	<p>The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.</p> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject always to compliance with Trust delegated authorities.</p>
<b>Accountability and reporting arrangements:</b>	<p>The Audit Committee will be accountable to the Board of Directors.</p> <p>A Chair's Report will be submitted to the next following Board of Directors for assurance (see Appendix 1). Approved minutes will be made available to all Board members.</p> <p>The Committee will report to the Board annually on its work and performance in the preceding year and, as part of this report, will provide commentary in support of the Annual Governance Statement, specifically dealing with the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the Trust, the integration of governance arrangements and the appropriateness of the evidence compiled to demonstrate fitness to register with the Care Quality Commission and the robustness of the processes behind the quality</p>

	accounts. In providing this commentary in support of the AGS the Committee will seek relevant assurance from the Chair of the Board's Quality Committee.
	Trust standing orders and standing financial instructions apply to the operation of the Audit Committee.
<b>Monitoring effectiveness:</b>	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
<b>Review:</b>	These terms of reference will be reviewed at least annually by the Committee.
<b>Reviewed by Audit Committee:</b>	26 March 2018
<b>Approved by Board of Directors:</b>	6 April 2018
<b>Review date:</b>	March 2019
<b>Document owner:</b>	Colin Reid, Trust Secretary Email: colin.reid@lwh.nhs.uk Tel: 0151 702 4033

## REMUNERATION & NOMINATION COMMITTEE

### TERMS OF REFERENCE

<b>Constitution:</b>	The Committee is established by the Board of Directors and will be known as the Remuneration and Nomination Committee (the Committee).
<b>Duties:</b>	<p>The Committee is responsible for:</p> <ol style="list-style-type: none"> <li>a. Overseeing the recruitment and selection process for the posts of <sup>1</sup>Chief Executive and Executive Directors</li> <li>b. Preparing a description of the role and capabilities required for the Chief Executive and Executive Director posts to reflect the balance of skills, knowledge and experience required</li> <li>c. Succession planning Executive appointments taking into account the challenges and opportunities facing the Trust and the skills and expertise required on the Board</li> <li>d. Reviewing the structure, size and composition of the Executive Director composition of the Board of Directors</li> <li>e. Reviewing Executive Directors' performance on an annual basis</li> <li>f. Determining the remuneration and terms of service of the Chief Executive and the Executive Management Team</li> <li>g. Determining the annual cost of living award for senior managers</li> </ol>

<sup>1</sup> Note that Chief Executive appointments are subject to approval by the Council of Governors

	<p>(excluding those paid under Agenda for Change arrangements)</p> <p>h. Succession planning for Executive Director appointments</p> <p>i. Overseeing agreement of appropriate contractual arrangements relating to the Chief Executive and Executive Management Team</p> <p>j. Scrutinising any termination payments relating to the Chief Executive or the Executive Management Team, ensuring that they have been properly calculated and take account of any relevant guidance</p> <p>k. To be responsible for any disciplinary issue relating to the Chief Executive or member of the Executive Management Team which may result in their dismissal. The Committee will not be responsible for any disciplinary issue which is short of dismissal</p> <p>l. Such other duties as the Board of Directors may delegate.</p>
<b>Membership:</b>	<p>The Committee membership will be appointed by the Board of Directors and will consist of:</p> <ul style="list-style-type: none"> <li>• Trust Chair</li> <li>• All Non-Executive Directors</li> <li>• The Chief Executive (except in the case of the appointment of a new Chief Executive)</li> </ul> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Chair of the Board of Directors will be the Chair of the Committee. The Vice Chair of the Board will be the Vice Chair of the Committee from the outset. The Vice Chair will automatically assume the authority of the Chair should the latter be absent.</p>
<b>Quorum:</b>	A quorum shall be three members including the Chair or Vice Chair and at least two Non-Executive Directors.
<b>Voting:</b>	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
<b>Attendance:</b>	<p><b>a. Members</b> Members will be required to attend a minimum of 75% of all meetings.</p> <p><b>b. Officers</b> The Director of Workforce and Marketing may be invited to attend meetings in an ex-officio capacity to provide professional advice to the Committee.</p>

	The Trust Secretary will act as Secretary to the Committee.
<b>Frequency:</b>	Meetings shall be held at least once per year or as required to fill Executive Director vacancies. Additional meetings may be arranged from time to time, if required, to support the effective functioning of the Trust.
<b>Authority:</b>	<p>The Committee is authorised by the Board to investigate any activity within its Terms of Reference.</p> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject always to compliance with Trust delegated authorities.</p>
<b>Accountability and reporting arrangements:</b>	<p>The Remuneration and Nomination Committee will be accountable to the Board of Directors.</p> <p>The minutes of the Remuneration and Nomination Committee will be formally recorded and submitted to the Board of Directors. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to it, or require executive action.</p> <p>Summary minutes will also be circulated to members of the Audit Committee.</p> <p>The Committee will report to the Board annually on its work and performance in the preceding year.</p> <p>Trust standing orders and standing financial instructions apply to the operation of the Remuneration and Nomination Committee.</p>
<b>Monitoring effectiveness:</b>	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
<b>Review:</b>	These terms of reference will be reviewed at least annually by the Committee.
<b>Reviewed by Nominations Committee:</b>	6 October 2017
<b>Approved by Board of Directors:</b>	
<b>Review date:</b>	April 2018
<b>Document owner:</b>	Colin Reid , Trust Secretary Tel: 0151 702 4033

## QUALITY COMMITTEE TERMS OF REFERENCE

Constitution:	The Committee is established by the Board of Directors and will be known as the Quality Committee (QC) (the Committee).
Duties:	<p>The Committee's responsibilities fall broadly into the following three areas:</p> <p>Strategy and Performance</p> <ul style="list-style-type: none"> <li>a) Oversee the development and implementation of the Quality Strategy with a clear focus on upholding the tenants of quality (Governance, safety, patient experience and clinical effectiveness).</li> <li>b) Ensure that the Quality Strategy and performance are consistent with the Trust's; Vision and strategic objectives and oversee any initiatives undertaken by the Trust that relates to the development and implementation of the Quality Strategy.</li> <li>c) Review trends in patient safety, experience and outcomes (effectiveness) to provide assurance to the Board on performance and commission 'deep dives' as appropriate.</li> <li>d) To receive assurance that action plans arising from in-patient, out-patient and other care related surveys are being undertaken and make recommendations to the Board as appropriate.</li> <li>e) Oversee the implementation of key national reports and inquiries recommendations and provide assurance to the Board on its delivery</li> </ul> <p>Governance</p> <ul style="list-style-type: none"> <li>f) Oversee the effectiveness of the clinical systems developed and implemented to ensure they maintain compliance with the Care Quality Commission's Fundamental Standards in relation to Quality, Safety, experience and effectiveness.</li> <li>g) Obtain assurance of the Trust's ongoing compliance with the Care Quality Commission registration.</li> <li>h) Review the controls and assurance against relevant quality risks on the Board Assurance Framework and provide assurance to the Board that risks to the strategic objectives relating to quality are being managed and facilitate the completion of the Annual Governance Statement at year end.</li> <li>i) Obtain assurance that the Trust is compliant with guidance from NICE (through receipt of an Annual Report) and other related bodies.</li> </ul>



	<p>j) Consider external and internal assurance reports and monitor action plans in relation to clinical governance resulting from improvement reviews / notices from NHSI, the Care Quality Commission, the Health and Safety Executive and other external assessors.</p> <p>k) Receive the annual clinical audit programme and provide assurance to the Board that clinical audit supports the Trust to provide safe and clinically effective patient care and obtain assurance that there is delivery against agreed annual clinical audit programme.</p> <p>l) Implement and monitor the process for the production of the Trust's year end Quality Report before it is presented to the Trust Audit Committee and Board for formal approval;</p> <p>m) Undertake an annual review of the Quality and Risk Management Strategies to ensure that they reflect all required priorities;</p> <p>n) To have oversight of the Committees performance measures to ensure they are appropriate and provide assurance of compliance and escalate exceptions to Trust Board.</p> <p>o) To review the proposed internal audit plan for all functions areas within the Committees remit e.g. Clinical Audit, Safety, Experience and Effectiveness.</p> <p>p) Review the Trust's Research and Development Strategy and Innovation Strategy prior to their recommendation it to the Board of Directors</p> <p>q) Approving the terms of reference and memberships of its subordinate committees</p> <p>Overall</p> <p>r) To approve any matters that, due to time constraints, could not be approved by the Board within the scope of the Committees areas of responsibility.</p> <p>s) Referring relevant matters for consideration to other Board Committees as appropriate.</p> <p>t) Considering relevant matters delegated or referred to it by the Board of Directors or referred by any of the Board Committees</p> <p>u) Escalating matters as appropriate to the Board of Directors.</p>
Membership:	<p>The Committee membership will be appointed by the Board of Directors and will consist of:</p> <ul style="list-style-type: none"> <li>• Non-Executive Director (Chair)</li> <li>• Two additional Non-Executive Directors</li> <li>• *Medical Director</li> <li>• *Director of Nursing and Midwifery</li> <li>• *Director of Finance</li> <li>• *Director of Workforce and Marketing</li> <li>• *Director of Operations</li> </ul>

	<ul style="list-style-type: none"> <li>• *Committee Chairs of the Safe, Experience and Effectiveness Senates</li> <li>• Deputy Director of Nursing and Midwifery</li> <li>• Head of Governance</li> </ul> <p>*or their nominated representative who will be sufficiently senior and have the authority to make decisions</p> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Board of Directors will appoint a Non-Executive Director as Chair of the Committee. Should the Chair be absent from a meeting of the Committee, the Committee may appoint a Chair of the meeting from amongst the Non-Executive Directors present.</p>
Quorum:	A quorum shall be three members including two Non-Executive Directors and one Executive Director (one of whom must be either the Medical Director or Director of Nursing and Midwifery or their deputy). The Chair of the Trust may be included in the quorum if present.
Voting:	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
Attendance:	<p>a. Members Members will be required to attend a minimum of 75% of all meetings.</p> <p>b. Officers The Trust Secretary shall normally attend meetings. Other executive directors (including the Chief Executive) and officers of the Trust will be invited to attend the meeting as appropriate when an issue relating to their area of operation or responsibility is being discussed.</p> <p>Representatives from partner organisations or other external bodies may be invited to attend as appropriate. Such representatives will not have voting rights.</p>
Frequency:	Meetings shall be held monthly. Additional meetings may be arranged from time to time, if required, to support the effective functioning of the Trust.
Authority:	The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

	<p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject always to compliance with Trust delegated authorities.</p> <p>The Committee is authorised to approve those policies and procedures for matters within its areas responsibility.</p>
Accountability and reporting arrangements:	<p>The Quality Committee will be accountable to the Board of Directors.</p> <p>A Chair's Report will be submitted to the next following Board of Directors for assurance (see Appendix 1). Approved minutes will be made available to all Board members.</p> <p>The Committee will report to the Board annually on its work and performance in the preceding year.</p> <p>Trust standing orders and standing financial instructions apply to the operation of the Committee.</p>
Reporting Committees/Groups	<p>The sub committees/groups listed below are required to submit the following information to the Committee:</p> <p>a) Chairs Report; and b) Annual Report setting out the progress they have made and future developments.</p> <p>The following sub committees/groups will report directly to the Committee (See appendix 2):</p> <ul style="list-style-type: none"> <li>• Safety Senate</li> <li>• Effectiveness Senate</li> <li>• Experience Senate</li> <li>• Corporate Risk Committee</li> <li>• Hospital Safeguarding Board</li> </ul>
Monitoring effectiveness:	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
Review:	These terms of reference will be reviewed at least annually by the Committee.
Reviewed by Quality Committee	19 March 2018
Approved by Board of Directors:	6 April 2018
Review date:	March 2019
Document owner:	Colin Reid, Trust Secretary ,Email: colin.reid@lwh.nhs.uk Tel: 0151 702 4033

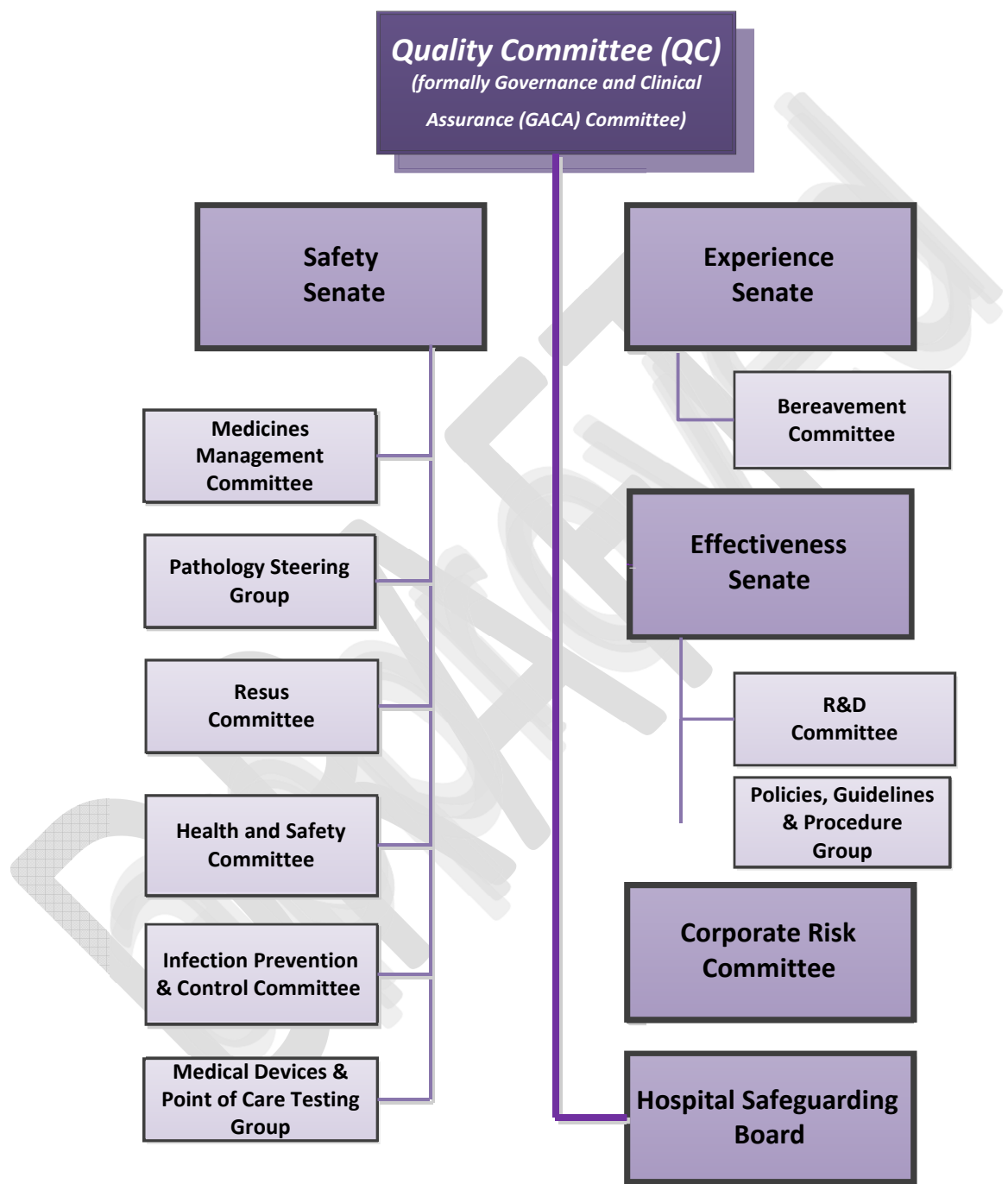
## Appendix 1

### Board of Directors

#### Committee Chair's report of Quality Committee (QC) meeting held [     ]

1. Was the quorate met?
2. Agenda items covered
3. Board Assurance Framework (BAF) risks reviewed
4. Escalation report to the Board on QC Performance Measures
5. Issues to highlight to Board
6. Learning identified for dissemination within the Trust
7. Action required by Board

*Chair of QC*



## PUTTING PEOPLE FIRST COMMITTEE

### TERMS OF REFERENCE

<b>Constitution:</b>	The Committee is established by the Board of Directors and will be known as the Putting People First Committee (the Committee).
<b>Duties:</b>	<p>The Committee is responsible for:</p> <ol style="list-style-type: none"> <li>a. Developing and overseeing implementation of the Trust's People Strategy (integrated workforce, wellbeing and organisational development strategy) and plan and providing assurance to the Board of Directors that this is being delivered in line with the annual planning process</li> <li>b. Oversight of the strategic implementation of multi-disciplinary education and training and gaining assurances that the relevant legislative and regulatory requirements are in place (Education Governance Committee)</li> <li>c. Approving, monitoring and reviewing policies, procedures and guidance documents relating to the management of the Trust's workforce</li> <li>d. Monitoring and reviewing workforce key performance indicators to ensure achievement of the Trust's strategic aims and escalate any issues to the Board of Directors</li> <li>e. Reviewing any changes in practice required following any internal enquiries that significantly impact on workforce issues</li> <li>f. Oversight of the strategic implementation and monitoring of staff engagement levels as evidenced by the results of the national and any other staff surveys</li> <li>g. Reviewing and approving partnership agreements with staff side</li> <li>h. Ensuring that the Trust fulfils all legislative and regulatory requirements pertaining to workforce and organisational development issues, including but not limited to equality and diversity</li> <li>i. Approving the terms of reference and membership of its reporting groups and overseeing the work of those groups, receiving reports from them for consideration and action as necessary and routinely receiving the minutes of their meetings</li> <li>j. Receipt and review of relevant risks (including those referred from other Committees or subcommittees) concerned with workforce and organisational development matters as identified through the Board Assurance Framework. Monitor progress made in mitigating those risks, identifying any areas where additional assurance is required, escalating to the Board of Directors as required.</li> <li>k. Receiving and considering issues from other Committees when</li> </ol>

	appropriate and taking any necessary action.
<b>Membership:</b>	<p>The Committee membership will be appointed by the Board of Directors and will consist of:</p> <ul style="list-style-type: none"> <li>• Non-Executive Director (Chair)</li> <li>• 2 other Non-Executive Director</li> <li>• *Director of Workforce &amp; Marketing</li> <li>• *Director of Nursing &amp; Midwifery</li> <li>• *Director of Operations</li> <li>• Staff Side Chair</li> <li>• Medical Staff Committee representative</li> <li>• Senior Finance Manager</li> </ul> <p>*or their nominated representative who will be sufficiently senior and have the authority to make decisions.</p> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Board of Directors will appoint a Non-Executive Director as Chair of the Committee. Should the Chair be absent from a meeting of the Committee, the Committee may appoint a Chair of the meeting from amongst the Non-Executive Directors present.</p>
<b>Quorum:</b>	<p>A quorum shall be four members including:</p> <ul style="list-style-type: none"> <li>• The Chair or at least one other Non-Executive Director</li> <li>• At least one from either Director of Workforce and Marketing or Director of Nursing and Midwifery</li> <li>• Director of Operations or their Deputy</li> <li>• Either Staff Side Chair or Medical Staff Committee representative</li> </ul>
<b>Voting:</b>	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
<b>Attendance:</b>	<p><b>a. Members</b></p> <p>Members will be required to attend a minimum of 75% of all meetings.</p>

	<p><b>b. Officers</b></p> <p>HR &amp; OD Senior Team, Health &amp; Wellbeing Manager, Education Governance Chair, a representative from the Nursing &amp; Midwifery Board shall normally attend meetings.</p> <p>Members may send a nominated representative to attend meetings on their behalf when they are not available, provided they are sufficiently senior and have the authority to make decisions.</p> <p>Other executive directors, officers and staff of the Trust will be invited to attend the meeting as appropriate when an issue relating to their area of operation or responsibility is being discussed.</p> <p>Representatives from partner organisations or other external bodies may be invited to attend as appropriate. Such representatives will not have voting rights.</p>
<b>Frequency:</b>	<p>Meetings shall be held at least 4 times per year. Additional meetings may be arranged from time to time, if required, to support the effective functioning of the Trust.</p>
<b>Authority:</b>	<p>The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.</p> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject always to compliance with Trust delegated authorities.</p>
<b>Accountability and reporting arrangements:</b>	<p>The Putting People First Committee will be accountable to the Board of Directors.</p> <p>A Chair's Report will be submitted to the subsequent Board of Directors for assurance (see Appendix 1). Approved minutes will be made available to all Board members upon request.</p> <p>Approved chairs reports will also be circulated to members of the Audit Committee.</p> <p>The Committee will report to the Board annually on its work and performance in the preceding year.</p> <p>Trust standing orders and standing financial instructions apply to the</p>



	operation of the Putting People First Committee.
<b>Monitoring effectiveness:</b>	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
<b>Review:</b>	These terms of reference will be reviewed at least annually by the Committee.
<b>Reviewed by Putting People First Committee:</b>	20 April 2018
<b>Approved by Board of Directors:</b>	4 May 2018
<b>Review date:</b>	April 2019
<b>Document owner:</b>	Colin Reid, Trust Secretary Email: <a href="mailto:colin.reid@lwh.nhs.uk">colin.reid@lwh.nhs.uk</a> Tel: 0151 702 4033

## FINANCE, PERFORMANCE AND BUSINESS DEVELOPMENT COMMITTEE TERMS OF REFERENCE

<b>Constitution:</b>	The Board hereby resolves to establish a Committee of the Board to be known as the Finance, Performance and Business Development Committee (the Committee).
<b>Duties:</b>	<p>The Committee will operate under the broad aims of reviewing financial and operational planning, performance and business development.</p> <p>The Committee's responsibilities fall broadly into the following two areas:</p> <p><b>Finance and performance</b></p> <p>The Committee will:</p> <ol style="list-style-type: none"> <li>Receive and consider the annual financial and operational plans and make recommendations as appropriate to the Board.</li> <li>Review progress against key financial and performance targets</li> <li>Review on behalf of the Board, financial submissions or others, as agreed by the Board, to NHS Improvement for consistency on financial data provided.</li> <li>Review the service line reports for the Trust and advise on service improvements</li> <li>Provide oversight of the cost improvement programme</li> <li>Oversee external financing &amp; distressed financing requirements</li> <li>Oversee the development and implementation of the</li> </ol>

	<p>information management and technology strategy</p> <p>h. Examine specific areas of financial and operational risk and highlight these to the Board as appropriate through the Board Assurance Framework</p> <p><b>Business planning and development</b></p> <p>The Committee will:</p> <p>i. Advise the Board and maintain an overview of the strategic business environment within which the Trust is operating and identify strategic business risks and opportunities reporting to the Board on the nature of those risks and opportunities and their effective management</p> <p>j. Advise the Board and maintain an oversight on all major investments, disposals and business developments.</p> <p>k. Advise the Board on all proposals for major capital expenditure over £500,000</p> <p>l. Develop the Trust's marketing &amp; communications strategy for approval by the Board and oversee implementation of that strategy</p>
<b>Membership:</b>	<p>The Committee membership will be appointed by the Board of Directors and will consist of:</p> <ul style="list-style-type: none"> <li>• Non-Executive Director (Chair)</li> <li>• Two additional Non-Executive Directors</li> <li>• Chief Executive</li> <li>• Director of Finance</li> <li>• Director of Operations</li> </ul> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Board of Directors will appoint a Non-Executive Director as Chair of the Committee. Should the Chair be absent from a meeting of the Committee, the Committee may appoint a Chair of the meeting from amongst the Non-Executive Directors present.</p>
<b>Quorum:</b>	<p>The quorum for the transaction of business shall be three members including at least two Non-Executive Directors (one of whom must be the Chair or Vice Chair of the Committee), and one Executive Director. The Chair of the Trust may be included in the quorum if present.</p>

<b>Voting:</b>	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
<b>Attendance:</b>	<p><b>a. Members</b> Members will be required to attend a minimum of 50% of all meetings.</p> <p><b>b. Officers</b> Ordinarily the Deputy Director of Finance will attend all meetings. Other executive directors and officers of the Trust will be invited to attend the meeting as appropriate when an issue relating to their area of operation or responsibility is being discussed.</p>
<b>Frequency:</b>	Meetings shall be held at least 5 times per year. Additional meetings may be arranged if required, to support the effective functioning of the Trust.
<b>Authority:</b>	<p>The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.</p> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject always to compliance with Trust delegated authorities.</p> <p>The Committee is authorised to approve those policies and procedures for matters within its areas responsibility.</p>
<b>Accountability and reporting arrangements:</b>	<p>The Finance, Performance and Business Development Committee will be accountable to the Board of Directors.</p> <p>A Chair's Report will be submitted to the next following Board of Directors for assurance (see Appendix 1). Approved minutes will be made available to all Board members.</p> <p>The Committee will report to the Board annually on its work and performance in the preceding year.</p> <p>Trust standing orders and standing financial instructions apply to the operation of the Finance, Performance and Business Development Committee.</p>

<b>Reporting Committees and Groups</b>	<p>The sub committees/groups listed below are required to submit the following information to the Committee:</p> <p>a) Chairs Report; and b) an Annual Report setting out the progress they have made and future developments.</p> <p>The following sub committees/groups will report directly to the Committee:</p> <ul style="list-style-type: none"> <li>• Information Governance Committee</li> <li>• Turnaround and Transformation Committee</li> <li>• Emergency Planning Resilience &amp; Response Committee</li> <li>• Digital Hospital Sub-Committee</li> </ul>
<b>Monitoring effectiveness:</b>	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
<b>Review:</b>	These terms of reference will be reviewed at least annually by the Committee.
<b>Reviewed by Finance, Performance &amp; Business Development Committee:</b>	26 March 2018
<b>Approved by Board of Directors:</b>	6 April 2018
<b>Review date:</b>	March 2019
<b>Document owner:</b>	Colin Reid, Trust Secretary Tel: 0151 702 4033

## CHARITABLE FUNDS COMMITTEE

### TERMS OF REFERENCE

<b>Constitution:</b>	The Board hereby resolves to establish a Committee of the Board of Directors to be known as the Charitable Funds Committee (the Committee)
<b>Duties:</b>	<p>The Committee's responsibilities fall broadly into the following areas:</p> <p><b>Charitable Legislation</b></p> <p>a. To ensure funds are managed in accordance with the latest legislation and regulations pertaining to charities.</p> <p><b>Income &amp; Expenditure</b></p> <p>b. To review the fund's performance and ensure all expenditure is in</p>

	<p>line with the charitable objectives of the fund.</p> <p><b>Fundraising</b></p> <p>c. To oversee fundraising activities and approve all plans for the expenditure of the fund.</p> <p>d. To receive a periodical and annual fundraising reports.</p> <p><b>Investment Management</b></p> <p>e. To oversee the performance of the fund managers, compare with peer groups and periodically review the fund management function.</p> <p><b>Reports</b></p> <p>f. To receive periodical and annual reports regarding fundraising.</p> <p>g. To review and approve Trust Annual Report &amp; Accounts.</p> <p><b>Strategy</b></p> <p>h. To set the strategy regarding Charitable Funds</p>
<b>Membership:</b>	<p>The Committee membership shall consist of the following:</p> <ul style="list-style-type: none"> <li>• A Chairman who shall be a Non-executive director</li> <li>• One other Non-executive Director</li> <li>• Deputy Director of Finance (or nominated deputy)</li> <li>• Director of Workforce and Marketing</li> <li>• Director of Nursing and Midwifery</li> <li>• Financial Accountant</li> </ul> <p>Members can participate in meetings by two-way audio link including telephone, video or computer link (excepting email communication). Participation in this way shall be deemed to constitute presence in person at the meeting and count towards the quorum.</p> <p>The Board of Directors will appoint a Non-Executive Director as Chair of the Committee. Should the Chair be absent from a meeting of the Committee, the Committee may appoint a Chair of the meeting from amongst the Non-Executive Directors present.</p>
<b>Quorum:</b>	A quorum shall be three members which must include one Non-executive director.
<b>Voting:</b>	Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.
<b>Attendance:</b>	<p><b>a. Members</b></p> <p>Members will be required to attend a minimum of 75% of all meetings.</p>

	<p><b>b. Officers</b></p> <p>The non-executive Chairman shall normally attend meetings. Other Board members shall also have right of attendance subject to invitation by the Chairman of the Committee.</p> <p>The Fundraiser to attend as required at request of the Committee.</p> <p>Other officers and staff of the Trust will be invited to attend the meeting as appropriate when an issue relating to their area of operation or responsibility is being discussed.</p> <p>Representatives from partner organisations or other external bodies may be invited to attend as appropriate. Such representatives will not have voting rights.</p>
<b>Frequency:</b>	Meetings shall be held on a bi-annually basis. Additional meetings may be arranged from time to time, if required, to support the effective functioning of the Trust.
<b>Authority:</b>	The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.
<b>Accountability and reporting arrangements:</b>	<p>The Committee is authorised by the Board to obtain independent professional advice or to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.</p> <p>This includes seeking the advice of specialists from within and outside the NHS as appropriate.</p> <p>The minutes of the Charitable Funds Committee shall be formally recorded and a Chair's Report will be submitted to the subsequent Board of Directors for assurance. Approved minutes will be made available to all Board members upon request.</p>
<b>Reporting Committees/Groups</b>	The Charitable Funds Committee has no reporting committees/groups.
<b>Monitoring effectiveness:</b>	The Committee will undertake an annual review of its performance against its duties in order to evaluate its achievements.
<b>Review:</b>	These terms of reference will be reviewed at least annually by the Committee.
<b>Reviewed by: Charitable Funds Committee Subcommittee:</b>	10 July 2018
<b>Approved by: Board of</b>	

<b>Directors</b>	[September 2018]
<b>Review date:</b>	June 2019
<b>Document owner:</b>	Colin Reid, Trust Secretary Email: Colin.reid@lwh.nhs.uk Tel: 0151 702 4033

DRAFT

## **5 Scheme of delegation (including the NHS Foundation Trust Accounting Officer Memorandum)**

### **5.1 Introduction**

#### **5.1.1 Reservation of powers**

The Trust's Standing Orders (for its Board of Directors) provide that "Subject to the scheme of reservation and delegation, and such directions as may be given by statute, the independent regulator or the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Foundation Trust, of any of its functions by a committee or subcommittee, or by a Director or an officer of the Trust in each case subject to such restrictions and conditions as the Board thinks fit." The Code of Accountability also requires that there should be a formal schedule of matters specifically reserved to the Foundation Trust Board of Directors.

The purpose of this document is to detail how the powers are reserved to the Board of Directors, while at the same time delegating to the appropriate level the detailed application of Foundation Trust policies and procedures. The Board of Directors remains accountable for all of its functions, even those delegated to committees, subcommittees, individual directors or officers. A formal structure is in place for monitoring the functions delegated to committees and subcommittees enabling the Board to receive information and to maintain its monitoring role.

#### **5.1.2 Role of the Chief Executive**

All powers of the Foundation Trust which have not been retained as reserved by the Board of Directors or delegated to an executive committee or sub-committee shall be exercised on behalf of the Board of Directors by the Chief Executive. The Chief Executive shall prepare a Scheme of Delegation identifying which functions they shall perform personally and which functions have been delegated to other directors and officers for operational responsibility.

All powers delegated by the Chief Executive can be re-assumed by them should the need arise.

#### **5.1.3 Caution over the Use of Delegated Powers**

Powers are delegated to directors and officers on the understanding that they would not exercise delegated powers in a manner which in their judgement was likely to be a cause for public concern.

#### **5.1.4 Absence of Directors or Officer to whom Powers have been Delegated**

In the absence of a director or officer to whom powers have been delegated those powers shall be exercised by that director or officer's superior unless alternative arrangements have been approved by the Board of Directors. If the Chief Executive is absent powers delegated to them may be exercised by the nominated officer(s) acting in their absence after taking appropriate financial advice, two directors will be required to ratify any decisions within the Chief Executive's thresholds.

Further details about situations where the Accounting Officer is unable to fully discharge their responsibilities are available in the Accounting Officers' Memorandum, sections of which are reproduced below and which is available separately from NHS Improvement.

### **5.2 Delegation of powers**

#### **5.2.1 Delegation to committees**

The Board of Directors may determine that certain of its powers shall be exercised by Standing Committees. The composition and terms of reference of such committees shall be that determined by the Board of Directors. The Board of Directors shall determine the reporting requirements in respect of these committees. In accordance with Standing Order



7.18 committees may not delegate executive powers to sub-committees unless expressly authorised by the Board of Directors.

In exercising any delegated power a committee or director must comply with the Foundation Trust's Standing Orders, Standing Financial Instructions and written procedures and with any statutory provisions or requirements. They must not incur expenditure over and above the Foundation Trust's annual budget (excluding the Chief Executive in conjunction with the Director of Finance).

In cases of doubt or difficulty and/or where no policy guidelines exist, decisions should be referred to the Board of Directors.

#### 5.2.2 Delegation to Officers

Standing Orders and Standing Financial Instructions set out in some detail the financial responsibilities of the Chief Executive, the Director of Finance and other directors.

#### 5.2.3 The Accounting Officer Memorandum

The responsibilities of the Accounting Officer are set out in the NHS Foundation Trust Accounting Officer Memorandum<sup>2</sup>, relevant sections of which are reproduced below:

##### Introduction

The National Health Service Act 2006 (the Act) designates the chief executive of an NHS foundation trust as the accounting officer.

The principal purpose of the NHS foundation trust is the provision of goods and services for the purposes of the health service in England. The NHS foundation trust has a general duty to exercise its functions effectively, efficiently and economically.

The Act specifies that the accounting officer has a duty to prepare the accounts in accordance with the Act. An accounting officer has the personal duty of signing the NHS foundation trust's accounts. By virtue of this duty, the accounting officer has the further duty of being a witness before the Public Accounts Committee (PAC) to deal with questions arising from those accounts or, more commonly, from reports made to Parliament by the Comptroller and Auditor General (C&AG) under the National Audit Act 1983.

Associated with these duties are the further responsibilities that are the subject of this memorandum. It is incumbent on the accounting officer to combine these duties with their duties to the board of directors of the NHS foundation trust.

5. It is an important principle that, regardless of the source of the funding, accounting officers are responsible to Parliament for the resources under their control.

##### General responsibilities

The accounting officer has responsibility for the overall organisation, management and staffing of the NHS foundation trust and for its procedures in financial and other matters. The accounting officer must ensure that:

- there is a high standard of financial management in the NHS foundation trust as a whole
- the NHS foundation trust delivers efficient and economical conduct of its business and safeguards financial propriety and regularity throughout the organisation
- financial considerations are fully taken into account in decisions by the NHS foundation trust.

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<sup>2</sup> NHS Foundation Trust Accounting Officer Memorandum, NHS Improvement (2015)

### Specific responsibilities

The essence of the accounting officer's role is a personal responsibility for:

- the propriety and regularity of the public finances for which he or she is answerable
- the keeping of proper accounts
- prudent and economical administration in line with the principles set out in *Managing public money*
- the avoidance of waste and extravagance
- the efficient and effective use of all the resources in their charge.

As accounting officer you must:

- personally sign the accounts and, in doing, so accept personal responsibility for ensuring their proper form and content as prescribed by Monitor in accordance with the Act
- comply with the financial requirements of the NHS provider licence
- ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management, as well as in the form prescribed for published accounts (so that they disclose with reasonable accuracy, at any time, the financial position of the NHS foundation trust)
- ensure that the resources for which you are responsible as accounting officer are properly and well managed and safeguarded, with independent and effective checks of cash balances in the hands of any official
- ensure that assets for which you are responsible such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate
- ensure that any protected property (or interest in) is not disposed of without the consent of Monitor
- ensure that conflicts of interest are avoided, whether in the proceedings of the board of directors, or council of governors or in the actions or advice of the NHS foundation trust's staff, including yourself
- ensure that, in the consideration of policy proposals relating to the expenditure for which you are responsible as accounting officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and brought to the attention of the board of directors.

An accounting officer should ensure that effective management systems appropriate for the achievement of the NHS foundation trust's objectives, including financial monitoring and control systems, have been put in place. An accounting officer should also ensure that managers at all levels:

- have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives
- are assigned well-defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the NHS foundation trust), including a critical scrutiny of output and value for money
- have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

Accounting officers must make sure that their arrangements for delegation promote good management and that they are supported by the necessary staff with an appropriate balance of skills. Arrangements for internal audit should accord with the objectives, standards and practices set out in the *Public Sector Internal Audit Standards*.

#### 5.2.4 Absence of an accounting officer

An accounting officer should ensure that he or she is generally available for consultation, and that in any temporary period of unavailability due to illness or other cause, or during the normal

period of annual leave, there will be a senior officer in the NHS foundation trust who can act on his or her behalf if required.

If it becomes clear to the board of directors that an accounting officer is so incapacitated that he or she will be unable to discharge these responsibilities over a period of four weeks or more, the board of directors should appoint an acting accounting officer, usually the director of finance, pending the accounting officer's return. The same applies if, exceptionally, the accounting officer plans an absence of more than four weeks during which he or she cannot be contacted.

The PAC may be expected to postpone a hearing if the relevant accounting officer is temporarily indisposed. Where the accounting officer is unable by reason of incapacity or absence to sign the accounts in time for submission, the NHS foundation trust may submit unsigned copies pending the accounting officer's return. If the accounting officer is unable to sign the accounts in time for printing, the acting accounting officer should sign instead.

### 5.3 **Schedule of Delegated Authority**

Delegated matters in respect of decisions which may have a far reaching effect must be reported to the Chief Executive. The '**Delegated to**' authority is in accordance with the Standing Orders and Standing Financial Instructions. The '**Operational Responsibility**' shown below is the lowest level to which authority is delegated.

- Table A - Delegated Authority
- Table B - Delegated Financial Limits

Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior Managers as appropriate.

**Table A – Delegated Authority**

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
<b>1. Standing Orders (SOs) and Standing Financial Instructions (SFIs)</b>		
a. Final authority in interpretation of Standing Orders	Chair	Chair
b. Notifying Directors, employees and governors of their responsibilities within the Standing Orders and Standing Financial Instructions and ensuring that they understand the responsibilities	Chief Executive	All Line Managers
c. Responsibility for security of the Foundation Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures	Chief Executive	All Directors and Employees
d. Suspension of Standing Orders	Board of Directors	Board of Directors
e. Review suspension of Standing Orders	Audit Committee	Audit Committee
f. Variation or amendment to Standing Orders	Board of Directors	Audit Committee
g. Emergency powers relating to the authorities retained by the Board of Directors	Chair and Chief Executive with two non-executives	Chair and Chief Executive with two non-executives
h. Disclosure of non-compliance with Standing Orders to the Chief Executive (report to the Board of Directors)	All staff	All staff
i. Disclosure of non-compliance with SFIs to the Director of Finance (report to the Audit Committee)	All staff	All staff
j. Advice on interpretation or application of SFIs and this Scheme of Delegation	Director of Finance	Director of Finance with input from Internal Audit
<b>2. Audit arrangements</b>		
a. Ensure an adequate internal audit service is provided	Audit Committee	Director of Finance
b. To make recommendations to the Council of Governors in respect of the appointment, re-appointment and removal of the external auditor and to approve the remuneration in respect of the external auditor	Audit Committee (for recommendation to the Council of Governors for approval)	Director of Finance
c. Monitor and review the effectiveness of the internal audit function	Audit Committee	Director of Finance
d. Review, appraise and report in accordance with Public Sector Internal Audit Standards (PSIAS) and best practice	Audit Committee	Head of Internal Audit

<sup>3</sup> If the Chief Executive is absent powers delegated to them may be exercised by the nominated officer(s) acting in their absence after taking appropriate financial advice, two directors will be required to ratify any decisions within the Chief Executive's thresholds.

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
e. Provide an independent and objective view on internal control and probity	Audit Committee	Internal Audit / External Audit
f. Ensure cost-effective audit service(s)	Audit Committee	Director of Finance
g. Implement agreed recommendations	Chief Executive	Relevant Officers
<b>3. Authorisation of Clinical Trials &amp; Research Projects</b>	Chief Executive	Director of Research and Development through the Research and Development committee
<b>4. Authorisation of New Drugs</b>	Chief Executive	Medical Director through the Medicines Management committee
<b>5. Bank Accounts/Cash</b> (including on Trust (Charitable / Non Charitable))		
a. Operation: Managing banking arrangements and operation of bank accounts (Board of Directors approves arrangements)	Director of Finance	Deputy Director of Finance
b. Opening bank accounts as approved by the Board of Directors	Director of Finance	Deputy Director of Finance
c. Authorisation of transfers between bank accounts	Director of Finance	In accordance with bank mandate / internal procedures
d. Approve and apply arrangements for the electronic transfer of funds	Director of Finance	In accordance with bank mandate / internal procedures
e. Authorisation of: <ul style="list-style-type: none"> <li>• BACS schedules</li> <li>• Automated payment schedules</li> <li>• Manual cheques</li> </ul>	Director of Finance	In accordance with bank mandate / internal procedures
f. Investments: <ul style="list-style-type: none"> <li>• Investment of surplus funds in accordance with Treasury Management Investment Policy</li> <li>• Preparation of investment procedures</li> </ul>	Director of Finance Director of Finance	Deputy Director of Finance Deputy Director of Finance
g. Petty Cash	Director of Finance	See Delegated Limits Table B (section 2(a))
<b>6. Capital Investment</b>		
a. Programme: Ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on Business Plans	Chief Executive	Director of Finance
b. Preparation of Capital Investment Programme	Chief Executive	Director of Finance / Deputy Director of Finance
c. Preparation of a business case for expenditure over £100,000	Chief Executive	Divisional Manager or Hewitt Centre Managing Director and with advice from Director of Finance or Deputy Director of Finance or Divisional Accountant
d. Financial monitoring and reporting on all capital scheme expenditure including variations to contract	Director of Finance	Deputy Director of Finance / Head of Estates
e. Authorisation of capital requisitions	Chief Executive	See Delegated Limits Table B

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
		(Section 5)
f. Construction industry tax scheme	Chief Executive	Director of Finance
g. Assessing the requirements for the operation of the construction industry taxation deduction scheme	Director of Finance	Financial Controller
h. Responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost	Chief Executive	Director of Finance and Head of Estates and Facilities
i. Ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences	Chief Executive	Director of Finance
j. Issue procedures to support: <ul style="list-style-type: none"> <li>Capital investment</li> <li>Staged payments</li> </ul>	Chief Executive	Director of Finance
k. Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes	Director of Finance	Deputy Director of Finance
l. Issuing the capital scheme project manager with specific authority to commit capital, proceed / accept tenders in accordance with the standing orders and SFIs	Chief Executive	Director of Finance
m. Private Finance: <ul style="list-style-type: none"> <li>Demonstrate that the use of private finance represents best value for money and transfers risk to the private sector</li> <li>Proposal to use PFI must be specifically agreed by the Board of Directors.</li> </ul>	Chief Executive Board of Directors	Director of Finance
n. Leases (property and equipment) in accordance Delegated Limits Table B (Section 4)	Chief Executive	Chief Executive or Director of Finance
<b>7. Clinical Audit</b>	Chief Executive	Medical Director
<b>8. Commercial Sponsorship</b>		
Agreement to proposal	Chief Executive	Director of Finance
<b>9. Complaints</b>		
a. Overall responsibility for ensuring that all complaints are dealt with effectively	Chief Executive	Director of Nursing & Midwifery
b. Responsibility for ensuring complaints relating to a clinical division are investigated thoroughly	Director of Nursing & Midwifery	Director of Operations, , Hewitt Centre Managing Director, and Head of Governance
c. Coordination of the management of medico-legal complaints	Chief Executive	Director of Nursing & Midwifery and Head of Governance
<b>10. Confidential Information</b>		
a. Review of the Trust's compliance with the Caldicott report on protecting patients' confidentiality in the NHS	Chief Executive	Caldicott Guardian (Director of Nursing & Midwifery)
b. Freedom of Information Act compliance code	Chief Executive	Director of Workforce and Marketing, Trust Secretary and

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
		Corporate Administration Manager
<b>11. Controlled drugs accountable officer</b>	Medical Director	Head of Pharmacy
<b>12. Data Protection Act</b>		
Review of Trust's compliance	Chief Executive	Chief Information Officer
<b>13. Declaration of Interests</b>		
a. Maintaining a register of interests	Chief Executive	Trust Secretary
b. Declaring relevant and material interests	Board of Directors and Council of Governors	Board of Directors, Council of Governors, Senior Managers, Clinical consultants and all employees
<b>14. Disposals and Condemnations</b>		
a. Items obsolete, redundant, irreparable or cannot be repaired cost effectively	Director of Finance	(Clinical Director or Divisional Manager or Department Heads) – Approved in accordance with Delegated Limits, Table B Section 8 Head of Procurement or Deputy Director of Finance
b. Develop arrangements for the sale of assets	Director of Finance	(Clinical Director/ Divisional Manager / Department Heads) – Approved in accordance with Delegated Limits Table B Section 8 Head of Procurement or Deputy Director of Finance
c. Disposal of Protected Property (as defined in the Licence)	Chief Executive (with authorisation of the Independent Regulator)	Chief Executive
<b>15. Environmental Regulations</b>		
Review of compliance with environmental regulations, for example those relating to clean air and waste disposal	Director of Finance	Head of Estates & Facilities
<b>16. External Borrowing</b>		
a. Advise Board of Directors of the requirements to repay / draw down Public Dividend Capital	Director of Finance	Deputy Director of Finance
b. Approve a list of employees authorised to make short term borrowings for the Trust	Board of Directors	Chief Executive / Director of Finance
c. Application for draw down of Public Dividend Capital, overdrafts and other forms of external borrowing in accordance with approved mandates	Chief Executive	Director of Finance and Deputy Director of Finance
d. Preparation of procedural instructions concerning applications for loans and overdrafts	Director of Finance	Deputy Director of Finance
<b>17. Financial Planning / Budgetary Responsibility</b>		
• <b>Budget setting</b>		
a. Submit budgets to the Board of Directors	Director of Finance	Director of Finance
b. Submit to the Board of Directors	Director of Finance	Director of Finance

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
financial estimates and forecasts		
c. Compile and submit to the Board of Directors a Business Plan which takes into account financial targets and forecast limits of available resources. The Business Plan will contain: <ul style="list-style-type: none"> <li>a statement of the significant assumptions on which the plan is based;</li> <li>details of major changes in workload, delivery of services or resources required to achieve the plan</li> </ul>	Chief Executive	Director of Operations and Director of Finance
<b>• Budget monitoring</b>		
d. Devise and maintain systems of budgetary control	Director of Finance	Deputy Director of Finance
e. Delegate budgets to budget holders	Chief Executive	Director of Finance
f. Monitor performance against budget	Director of Finance	Deputy Director of Finance and Divisional Accountants
g. Ensuring adequate training is delivered on an ongoing basis to budget holders to facilitate their management of the allocated budget	Director of Finance	Deputy Director of Finance
h. Submit financial monitoring returns in accordance with NHS Improvement's requirements	Chief Executive	Director of Finance
i. Identify and implement cost improvements and income generation activities in line with the Business Plan	Chief Executive	Divisional Managers, Hewitt Centre Managing Director, Heads of departments. Clinical Directors and all budget holders
j. Preparation of annual accounts	Director of Finance	Deputy Director of Finance / Financial Controller
k. Preparation of annual report	Chief Executive	Trust Secretary
<b>• Budget responsibilities</b>		
l. Ensure that: <ul style="list-style-type: none"> <li>no overspend or reduction of income that cannot be met from virement is incurred;</li> <li>approved budget is not used for any other than specified purpose subject to rules of virement;</li> <li>no permanent employees are appointed without the approval of the Chief Executive other than those provided for within available resources and manpower establishment</li> </ul>	Director of Finance	Budget Holders
<b>• Virement</b>		
m. It is not possible for any officer to vire from non-recurring budgets to recurring, budgets or from capital to revenue /	Chief Executive	Refer To Delegated Limits Table B Section 1



Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
revenue to capital. Virement between different budget holders requires the agreement of both parties		
<b>• Financial procedures and systems</b>		
n. Maintenance and updating of Trust Financial Procedures	Director of Finance	Deputy Director of Finance
o. Accountability for financial control	Chief Executive / Director of Finance	All budget holders
p. Responsibility for: <ul style="list-style-type: none"> <li>Implementing the Trust's financial policies and co-ordinate corrective action</li> <li>Ensuring that adequate records are maintained to explain the Trust's transactions and financial position.</li> <li>Providing financial advice to members of the Board of Directors and staff</li> <li>Maintaining such accounts certificates, records, etc to meet statutory requirements</li> <li>Designing and maintaining compliance with all financial systems</li> </ul>	Director of Finance	Deputy Director of Finance
<b>• Financial systems Information Management &amp; Technology (IM&amp;T)</b>		
q. Developing financial systems in line with the Trust's IM&T strategy	Director of Finance	Deputy Director of Finance
r. Implementing new systems to ensure they are developed in a controlled manner and thoroughly tested	Director of Finance	Deputy Director of Finance and Chief Information Officer
s. Seeking third party assurances regarding financial systems operated externally	Director of Finance	Deputy Director of Finance
t. Responsibility for the accuracy and security of computerised financial data	Director of Finance	Deputy Director of Finance
u. Ensure that contracts for computer services for financial applications define responsibility re security, privacy, accuracy, completeness and timeliness of data during processing and storage	Director of Finance	Chief Information Officer
v. Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place	Director of Finance	Chief Information Officer
<b>18. Fire precautions</b>		
Ensure that the Fire Precaution and Prevention policies and procedures are adequate and that fire safety and integrity of the estate is intact	Chief Executive	Head of Estates in conjunction with Head of Resilience, Health and Safety
<b>19. Fixed assets</b>		
a. Maintenance of asset register including asset identification and monitoring	Chief Executive	Deputy Director of Finance in conjunction with Financial Controller

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
b. Approving procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers	Director of Finance	Deputy Director of Finance in conjunction with Financial Controller
c. Ensuring arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with CONCODE and ESTATECODE	Director of Finance	Head of Estates in conjunction with Financial Controller
d. Calculate and pay capital charges in accordance with the requirements of the Department of Health / independent regulator	Director of Finance	Deputy Director of Finance
e. Responsibility for security of Trust's assets including notifying discrepancies to the Director of Finance and reporting losses in accordance with Trust procedures	Chief Executive	All staff
<b>20. Fraud (See also 26 &amp; 37)</b>		
a. Monitor and ensure compliance with Secretary of State Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist	Audit Committee	Local Counter Fraud Specialist
b. Notify NHS Protect and External Audit of all suspected Frauds	Director of Finance	Local Counter Fraud Specialist
<b>21. Funds Held on Trust (Charitable and Non Charitable Funds)</b>		
a. Appropriate management of funds held on trust	Charitable Funds Committee	Director of Finance
b. Maintenance of authorised signatory list of nominated fundholders	Director of Finance	Deputy Director of Finance or Financial Controller
c. Expenditure Limits	Director of Finance	See Delegated Limits Table B Section 7
d. Developing systems for receiving donations	Director of Finance	Deputy Director of Finance
e. Dealing with legacies	Director of Finance	Deputy Director of Finance
f. Fundraising appeals <ul style="list-style-type: none"> <li>Preparation and monitoring of budget</li> <li>Reporting progress and performance against budget</li> </ul>	Charitable Funds Committee  Director of Finance	Deputy Director of Finance in conjunction with Financial Controller  Deputy Director of Finance in conjunction with Financial Controller
g. Operation of Bank Accounts - managing banking arrangements and operation of bank accounts	Director of Finance in conjunction with the Charitable Funds Committee	Deputy Director of Finance
h. Opening bank accounts	Director of Finance in conjunction with Charitable Funds Committee	Deputy Director of Finance
i. Appointing Investment Manager	Charitable Funds Committee	Deputy Director of Finance through Charitable Funds Committee

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
j. Nominated deposit taker	Charitable Funds Committee	Director of Finance
k. Placing investment transactions.	Director of Finance	Deputy Director of Finance in conjunction with Financial Controller
l. Registration of funds with Charities Commission	Director of Finance	Deputy Director of Finance or Financial Controller
<b>22. Gifts and hospitality</b>		
a. Keeping of gifts and hospitality register	Chief Executive	Trust Secretary
b. Declaration and registration of all individual and collective items in excess of £25.00 per item	Chief Executive	All staff
<b>23. Health and Safety</b>		
Review of all statutory compliance with legislation and Health and Safety requirements including control of Substances Hazardous to Health Regulations	Chief Executive	Director of Nursing & Midwifery with Head of Governance and Head of Resilience, Health & Safety
<b>24. Infectious Diseases and Notifiable Outbreaks</b>	Director of Nursing & Midwifery	Director of Infection Prevention & Control
<b>25. Legal Proceedings</b>		
a. Engagement of Trust's Solicitors / Legal Advisors	Chief Executive	Executive Directors
b. Approve and sign all documents which will be necessary in legal proceedings, i.e. executed as a deed	Chief Executive	Executive Directors
c. Sign on behalf of the Trust any agreement or document not requested to be executed as a deed	Chief Executive	Executive Directors
<b>26. Losses, write-offs and special payments</b>		
a. Prepare procedures for recording and accounting for losses and special payments including preparation of a Fraud Response Plan and informing Local Counter Fraud Specialist of frauds	Chief Executive	Director of Finance
b. Setting financial limits	Chief Executive	See Delegated Limits Table B Section 9
b. Losses of cash due to theft, fraud, overpayment and others	Chief Executive	Director of Finance
c. Fruitless payments (including abandoned Capital Schemes)	Chief Executive	Director of Finance
d. Bad debts and claims abandoned	Chief Executive	Director of Finance
e. Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores and in use due to culpable causes (e.g. fraud, theft, arson)	Chief Executive	Director of Finance
f. Reviewing appropriate requirement for insurance claims	Director of Finance	Deputy Director of Finance
g. Compensation payments by court order	Chief Executive	Chief Executive
h. Clinical negligence, covered by	Chief Executive	Director of Nursing & Midwifery

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
membership of CNST/NHSLA scheme		
i. Ex-gratia payments <ul style="list-style-type: none"> <li>Setting financial limits</li> <li>Other</li> </ul>	Director of Finance Chief Executive	See Delegated Limits Table B Section 9 See Delegated Limits Table B Section 9
j. A register of all losses and special payments should be maintained by the Finance Department and made available for inspection	Director of Finance	Deputy Director of Finance or Financial Controller
k. A report of all losses and special payments should be presented to the Audit committee	Director of Finance	Deputy Director of Finance or Financial Controller
<b>27. Medical</b>		
a. Clinical Governance arrangements	Medical Director	Head of Governance
b. Medical Leadership	Medical Director	Medical Director
c. Programmes of medical education	Medical Director	Medical Director
d. Medical staffing plans	Medical Director	Medical Director
e. Medical Research	Medical Director	Director of Research & Development
<b>28. Medicines inspectorate regulations</b>		
• Review regulations	Chief Executive	Medical Director / Head of Pharmacy
<b>29. Meetings</b>		
a. Calling meetings of the Board of Directors	Chair / Trust Secretary	Chair / Trust Secretary
b. Chair all Board of Director meetings and associated responsibilities	Chair	Chair
<b>30. Non pay expenditure</b>		
a. Maintenance of a list of managers authorised to place requisitions/orders and accept goods in accordance with Delegated Limits Table B Section 4	Chief Executive	Financial Controller in conjunction with Deputy Director of Finance
b. Obtain the best value for money when requisitioning goods / services	Chief Executive	Director of Operations, , Hewitt Centre Managing Director, Clinical Directors, Department Heads and Head of Procurement
c. Non-Pay Expenditure for which no specific budget has been set up and which is not subject to funding under delegated powers of virement (subject to Delegated Limits Table B Section 4)	Chief Executive	Director of Finance
d. Develop systems for the payment of accounts	Director of Finance	Deputy Director of Finance and Financial Controller
e. Prompt payment of accounts.	Director of Finance	Deputy Director of Finance and Financial Controller
f. Financial Limits for budgetary expenditure and ordering / requisitioning goods and services (including invoice authorisation without orders)	Chief Executive	See Delegated Limits Table B Section 4

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
g. Approve prepayment arrangements	Director of Finance	Director of Finance
<b>31. Nursing</b>		
a. Compliance with statutory and regulatory arrangements relating to professional nursing and midwifery practice	Director of Nursing & Midwifery	Professional nursing and midwifery leads
b. Matters involving individual professional competence of nursing and midwifery staff	Director of Nursing & Midwifery	Professional nursing and midwifery leads
c. Compliance with professional training and development of nursing and midwifery staff	Director of Nursing & Midwifery	Professional nursing and midwifery leads
d. Quality assurance of nursing and midwifery processes	Director of Nursing & Midwifery	Professional nursing and midwifery leads
<b>32. Patient Services Agreements</b>		
a. Negotiation of Foundation Trust Contract and Non Commercial Contracts	Chief Executive	Director of Finance and Director of Operations
b. Quantifying and monitoring out of area treatments	Director of Finance	Director Operations and Deputy Director of Finance
c. Reporting actual and forecast income including payment by results	Director of Finance	Director of Operations and Deputy Director of Finance
d. Costing Foundation Trust Agency Purchase Contracts and Non Commercial Contracts	Director of Finance	Director of Operations and Deputy Director of Finance
e. Reference costing / Payment by Results	Director of Finance	Deputy Director of Finance
f. Ad hoc costing relating to changes in activity, developments, business cases and bids for funding	Director of Finance	Director of Operations and Deputy Director of Finance
<b>33. Patients' property (in conjunction with financial advice)</b>		
a. Ensuring patients and guardians are informed about patients' monies and property procedures on admission	Chief Executive	Director of Nursing & Midwifery
b. Prepare detailed written instructions for the administration of patients' property	Director of Finance	Deputy Director of Finance or Financial Controller
c. Informing staff of their duties in respect of patients' property	Director of Finance	Divisional Managers, Hewitt Centre Managing Director, Clinical Managers and Legal Services Manager
d. Issuing property of deceased patients (See SFI 6.25). In accordance with Delegated Limits Table B Section 4	Director of Finance	Deputy Director of Finance or Financial Controller in conjunction with nominated Divisional Lead
<b>34. Human Resources</b>		
a. Develop Human resource policies and strategies for approval by the Board of Directors including training, industrial relations	Director of Workforce and Marketing	Director of Workforce and Marketing
b. Nomination of officers to enter into contracts of employment regarding staff, agency staff or consultancy service contracts	Director of Workforce and Marketing	Divisional Managers, Hewitt Centre Managing Director or Heads of Departments
c. Ensure that all employees are issued with a contract of employment in a form	Director of Workforce and	Director of Workforce and Marketing

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
approved by the Board of Directors and which complies with employment legislation	Marketing	
<b>• Staff establishment (including engagement of staff not on the establishment) and re-gradings</b>		
d. Authority to fill funded post on the establishment with permanent staff	Director of Workforce and Marketing	Clinical Directors, Divisional Managers, Hewitt Centre Managing Director or Heads of Departments
e. Additional staff to the agreed establishment with specifically allocated finance	Director of Workforce and Marketing	Clinical Directors, Divisional Managers, Hewitt Centre Managing Director or Heads of Departments
f. Additional staff to the agreed establishment without specifically allocated finance	Chief Executive	Director of Finance
g. Self financing changes to an establishment	Director of Workforce and Marketing	Human Resources Business Partner and Divisional Accountant
h. Nominate officers to enter into contracts of employment regarding staff, agency staff or non-medical consultancy service contracts	Chief Executive	Director of Workforce and Marketing
i. Booking of bank staff <ul style="list-style-type: none"> <li>Nursing and midwifery</li> <li>Other</li> </ul>	Director of Nursing & Midwifery  Divisional Manager and Hewitt Centre Managing Director	Authorised signatories as per Temporary Staffing Policy Director of Operations, , Hewitt Centre Managing Director or line managers
j. Booking of agency staff <ul style="list-style-type: none"> <li>Nursing and midwifery</li> <li>Other</li> </ul>	Director of Nursing & Midwifery  Divisional Manager and Hewitt Centre Managing Director	Director of Operations, , / Hewitt Centre Managing Director, Matron or line managers  Director of Operations, , Hewitt Centre Managing Director, Heads of Departments or line managers
k. The granting of additional increments to staff within budget (other than automatic increments)	Director of Workforce and Marketing	Clinical Directors, Director of Operations, , Hewitt Centre Managing Director or Heads of Departments
l. Re-grading requests / major skill mix changes (all requests shall be dealt with in accordance with Trust procedure)	Director of Workforce and Marketing	Clinical Directors, Director of Operations, , Hewitt Centre Managing Director or Heads of Departments
m. Waiting list payments (approval of rates of pay and variations to agreed rates)	Chief Executive	Director of Operations, Director of Human Resources or Director of Finance
<b>• Grievance and disciplinary procedures</b>		
n. Operation of grievance procedure (all grievances cases must be dealt with strictly in accordance with the Grievance	Director of Workforce and Marketing	As per Trust procedure

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
Procedure and the advice of the Director of Operations must be sought when the grievance reaches the level of Clinical Director / Divisional Managers / Heads of Department)		
o. Operation of the disciplinary procedure (excluding Executive Directors)	Director of Workforce and Marketing	To be applied in accordance with the Trust's Disciplinary Procedure
<b>• Terms and conditions of employment</b>		
p. Renewal of fixed term contract	Director of Workforce and Marketing	Director of Operations, , or Hewitt Centre Managing Director on advice from Divisional Accountant
q. Authorise car users: <ul style="list-style-type: none"> <li>• Lease car (in accordance with Trust policy)</li> <li>• Regular user allowance</li> </ul>	Director of Workforce and Marketing	Executive Directors, Director of Operations, , , Hewitt Centre Managing Director or Heads of Departments
r. Authorise mobile phone use / issue, including blackberries	Director of Workforce and Marketing	Executive Directors, Director of Operations, , Hewitt Centre Managing Director or Heads of Departments
s. Authorisation of payment of removal expenses, excess rent and house purchases (all staff in accordance with Trust policy and as agreed at interview)	Director of Workforce and Marketing	Executive Directors, Director of Operations, , , Hewitt Centre Managing Director or Heads of Departments
<b>• Pay</b>		
t. Presentation of proposals to the Board of Directors for the setting of remuneration and conditions of service for those staff not covered by the Nominations committee	Chief Executive	Director of Workforce and Marketing
u. Authority to complete standing data forms affecting pay, new starters, variations and leavers	Director of Workforce and Marketing	Clinical Directors, Director of Operations, , , Hewitt Centre Managing Director, Heads of Departments or line or departmental managers
v. Authority to complete and authorise staff attendance record / positive reporting forms	Director of Workforce and Marketing	Clinical Directors, Director of Operations, , , Hewitt Centre Managing Director, professional Heads of Service, Heads of Departments or ward or departmental managers
w. Authority to authorise overtime	Director of Workforce and Marketing	Clinical Directors, Director of Operations, , Hewitt Centre Managing Director or Heads of Departments
x. Authority to authorise travel and subsistence expenses	Director of Workforce and Marketing	Executive Directors, Clinical Directors, Director of Operations, , , Hewitt Centre Managing Director Heads of Departments or line or departmental managers

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
<b>• Annual and special leave (refer to leave policies)</b>		
x. Approval of annual leave	Director of Workforce and Marketing	Departmental Manager (as per Trust policy)
z. Approval of annual leave carry forward (up to maximum of 5 days)	Director of Workforce and Marketing	Departmental Manager (as per Trust policy)
aa. Approval of annual leave carry forward of 6 to 10 days (to occur in exceptional circumstances only)	Director of Workforce and Marketing	Executive Directors, Director of Operations, , or Hewitt Centre Managing Director
bb. Approval of annual leave carry forward in excess of 10 days	Director of Workforce and Marketing	Executive Directors
cc. Special leave arrangements for personal, domestic and family reasons including compassionate / bereavement leave, parental leave, paternity leave, carers leave and adoption leave (to be applied in accordance with Trust Policy)	Director of Workforce and Marketing	Line or Departmental Managers
dd. Special Leave for non-domestic / personal / family reasons including jury service and armed services (to be applied in accordance with Trust Policy)	Director of Workforce and Marketing	Director of Operations, , , Hewitt Centre Managing Director or Heads of Departments
ee. Leave without pay (including short-term unpaid leave and employment break leave)	Director of Workforce and Marketing	Director of Operations, , , Hewitt Centre Managing Director , Heads of Departments or line or departmental managers
ff. Medical Staff leave of absence – paid and unpaid	Director of Workforce and Marketing	Clinical Director with advice from Medical Director
gg. Time off in lieu	Director of Workforce and Marketing	Divisional Managers or Hewitt Centre Managing Director and Line Managers
hh. Maternity Leave - paid and unpaid	Director of Workforce and Marketing	Automatic approval with guidance
<b>• Sick leave</b>		
ii. Extension of sick leave on pay	Director of Workforce and Marketing	Divisional Managers or, Hewitt Centre Managing Director and, Human Resources staff, as per Trust policy
jj. Return to work part-time on full pay to assist recovery	Director of Workforce and Marketing	Divisional Managers, or Hewitt Centre Managing Director and Human Resources staff
<b>• Study leave</b>		
kk. Study leave outside the UK	Chief Executive	Relevant Executive Director
ll. Medical staff study leave (UK): • Consultant • Career Grade	Medical Director Medical Director Post Graduate	Clinical Director Clinical Director



Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
• Non Career Grade	Tutor	Clinical Director
mm. All other study leave (UK)	Director of Workforce and Marketing	Executive Directors, Clinical Directors, Divisional Managers, Hewitt Centre Managing Director or Department Heads
<b>• Retirement (including ill-health retirement)</b>		
nn. Authorisation of extensions of contract beyond normal retirement age in exceptional circumstances	Director of Workforce and Marketing	Director Operations, Divisional Manager or Hewitt Centre Managing Director
oo. Authorisation of return to work in part time capacity under the flexible retirement scheme	Director of Workforce and Marketing	Divisional Manager or Hewitt Centre Managing Director
pp. Decision to pursue retirement on the grounds of ill-health following advice from the Occupational Health Department	Director of Workforce and Marketing	Divisional Manager or Hewitt Centre Managing Director
<b>• Redundancy (as approved by Board of Directors)</b>	Chief Executive	Director of Workforce and Marketing
<b>35. Quotation, tendering and contracting procedures</b>		
a. Best value for money is demonstrated for all services provided under contract or in-house	Chief Executive	Director of Finance, Director of Operations, Head of Estates & Facilities and Head of Procurement
b. Nominate officers to oversee and manage contracts on behalf of the Trust	Chief Executive	Director of Finance, Director of Operations or Head of Procurement
c. Set competitive tender authorisation limits (see Delegated Limits Table B, section 6)	Chief Executive	Director of Finance
d. Maintain a register to show each set of competitive tender invitations despatched	Chief Executive	Financial Controller or Head of Procurement
e. Ensure that appropriate checks are carried out as to the technical and financial capability of the firms invited to tender or quote	Chief Executive	Director of Finance or Head of Procurement
f. Receipt and custody of tenders prior to opening	Chief Executive	Director of Finance or Head of Procurement
g. Opening Tenders	Chief Executive	Two <sup>4</sup> Executive Directors, one of whom should not be from the originating department and Head of Procurement
h. Decide if late tenders should be considered	Chief Executive	Director of Finance
i. Waiving the requirement to request tenders (subject to SFI 6.26.11.6, reported to the Audit Committee)	Chief Executive	Chief Executive or Director of Finance
j. Waiving the requirement to request quotes (subject to SFI 6.26.11.6)	Chief Executive / Director of Finance	Chief Executive or Director of Finance

<sup>4</sup> The Trust Secretary will count as a Director for the purpose of opening tenders (see Standing Financial Instruction 6.26.11.8.3.3)

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
<b>36. Records</b>		
a. Review Trust's compliance with the Retention of Records Act	Chief Executive	Executive Directors
b. Review the Trust's compliance with the Records Management Code of Practice	Chief Executive	Director of Nursing & Midwifery, Chief Information Officer, Director of Operations, , Hewitt Centre Managing Director and Heads of Departments
c. Ensuring the form and adequacy of the financial records of all departments	Director of Finance	Deputy Director of Finance
<b>37. Reporting of Incidents to the Police</b>		
a. Where a criminal offence is suspected: • Criminal offence of a violent nature • Arson or theft • Other	Director of Operations	Executive Director on call
b. Where a fraud is involved (reporting to NHS Protect and external audit)	Director of Finance	Local Counter Fraud Specialist in conjunction with Director of Finance
c. Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption	Director of Finance	Local Counter Fraud Specialist in conjunction with Director of Finance
<b>38. Risk Management</b>		
a. Ensuring the Trust has a Risk Management Strategy and a programme of risk management	Chief Executive	Director of Operations
b. Developing systems for the management of risk	Director of Operations	Head of Governance
c. Developing incident and accident reporting systems	Director of Operations	Head of Governance
d. Compliance with the reporting of incidents and accidents	Director of Operations	All staff
<b>39. Seal</b>		
a. The keeping of a register of seal and safekeeping of the seal	Chief Executive	Trust Secretary
b. Attestation of seal in accordance with Standing Orders	Chief Executive	Chief Executive and Director of Finance (report to Board of Directors)
c. Property transactions and any other legal requirement for the use of the seal	Chair and Chief Executive	Chair or Non-Executive Director and the Chief Executive or their nominated Executive Director
<b>40. Security Management</b>		
Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist	Chief Executive	Director of Operations and Local Security Management Specialist
<b>41. Setting of Fees and Charges (Income)</b>		
a. Private Patient, Overseas Visitors,	Director of Finance	Deputy Director of Finance and

Delegated matter	Delegated to <sup>3</sup>	Operational responsibility
Income Generation and other patient related services		budget holders
b. Non patient care income	Director of Finance	Divisional Managers, Hewitt Centre Managing Director. Heads of Departments or Divisional Accountants
c. Informing the Director of Finance of monies due to the Trust	Director of Finance	All Staff
d. Recovery of debt	Director of Finance	Deputy Director of Finance
e. Security of cash and other negotiable instruments	Director of Finance	Deputy Director of Finance
<b>42. Stores and Receipt of Goods</b>		
a. Responsibility for systems of control over stores and receipt of goods, issues and returns	Director of Finance	Clinical Directors, Divisional Managers, Hewitt Centre Managing Director, Heads of Departments or Head of Procurement
b. Stocktaking arrangements	Director of Finance	Clinical Directors / Divisional Managers, Hewitt Centre Managing Director, Heads of Departments or Head of Procurement
c. Responsibility for controls over pharmaceutical stock	Head of Pharmacy	Head of Pharmacy and Ward Managers
d. Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items	Director of Finance	Clinical Directors, Divisional Managers, Hewitt Centre Managing Director, Heads of Departments or Head of Procurement

**Table B – Delegated Financial Limits**

Delegated matter	Delegated limit	Delegated to <sup>5</sup>
<b>1. Virement</b>		
Authorisation of virement	£100,000 and above	Chief Executive or Director of Finance and reported to Board of Directors
	£50,001 up to £100,000	Director of Finance or Deputy Director of Finance

<sup>5</sup> If the Chief Executive is absent powers delegated to them may be exercised by the nominated officer(s) acting in their absence after taking appropriate financial advice, two directors will be required to ratify any decisions within the Chief Executive's thresholds.

Delegated matter	Delegated limit	Delegated to <sup>5</sup>
	Up to £50,000	Divisional Managers, Hewitt Centre Managing Director,, Head of Management Accounts and relevant budget holder, subject to virement signed off by Divisional Accountant
<b>2. Cash and banking</b>		
a. Petty cash disbursements	Up to £50	Petty cash imprest holder
b. Sundry exchequer items	£100 up to £5,000	Deputy Director of Finance or Financial Controller
c. Patient monies	£5,000 and above	Director of Finance or another Executive Director
d. Acceptance of cash transactions	Up to £10,000	Director of Finance, Deputy Director of Finance or Financial Controller
<b>3.Non-establishment pay expenditure</b>		
Nominated officer entering into contracts or agreements with staff not on the establishment:		
a. Where aggregate commitment in any one year (or total commitment) is less than £20,000	Chief Executive	Executive Directors or Divisional Managers of Hewitt Centre Managing Director
b. Where aggregate commitment in any one year is more than £20,000	Chief Executive	Director of Finance
<b>4. Non-pay expenditure (including invoice authorisation without orders)</b>		
Requisitioning stock and non-stock items / services against a budget, in line with EU procurements thresholds (subject to periodic review) and quotation and tendering procedures set out under Section 6	£500,000 and above	Board Approval
	£250,000 up to £500,000	Two Executive Directors – one of which must be the Chief Executive or Director of Finance
	£181,302 (excluding VAT) up to £250,000	Chief Executive or Director of Finance
	£40,000 up to £181,302 (excluding VAT)	Executive Director with advice from Deputy Director of Finance and/or Head of Procurement
	£5,000 up to £40,000	Divisional Manager or Head of Department
	Up to £5,000	Budget holder
<b>5. Capital expenditure</b>		
Requisitioning items / services against capital budget	Over £500,000	Board of Directors (minute approval)
	£250,000 up to £500,000	Chief Executive and Director of Finance
	£25,000 up to £250,000	Director of Finance or Director of Operations
	Up to £25,000	Director of Finance or project sponsor or delegated nominee
<b>6. Quotation, tendering and contract procedures</b>		

Delegated matter	Delegated limit	Delegated to <sup>5</sup>
a. Quotations: <i>Obtaining</i> a minimum of 3 written quotations for goods / services	£5,000 up to £40,000 including VAT	Head of Estates & Facilities or Head of Procurement
b. Competitive tenders: <i>Obtaining</i> a minimum of 3 written competitive tenders for goods / services (in compliance with EC directives as appropriate)	Over £40,000 including VAT	Head of Estates & Facilities or Head of Procurement
c. Waiving requirements for tenders, subject to full compliance with standing orders: Tenders	£40,000 up to £181,302 (excluding VAT)	The Director of Finance in the first instance. Should the Director of Finance be absent for an extended period of time; or absent when an urgent requirement occurs relating to either service continuity or patient care; any Executive Director will have delegated authority to authorise the use of a waiver
d. Waiving requirements for quotes, subject to full compliance with standing orders: Quotations	£5,000 up to £40,000 including VAT	The Director of Finance in the first instance. Should the Director of Finance be absent for an extended period of time; or absent when an urgent requirement occurs relating to either service continuity or patient care; any Executive Director will have delegated authority to authorise the use of a waiver
<b>7. Funds held on trust</b>		
a. Expenditure authorisation (per request) – General Purpose Fund	£40,001 and above	Director of Nursing & Midwifery or Deputy Director of Finance plus Director of Finance plus Charitable Funds Committee
	£20,001 up to £40,000	Director of Nursing & Midwifery or Deputy Director of Finance plus Director of Finance
	Up to £20,000	Director of Nursing & Midwifery or Deputy Director of Finance
b. Expenditure authorisation (per request) – Funds other than the General Purpose Fund	£30,000 and above	Nominated fund holder(s) plus Deputy Director of Finance plus Director of Finance and NED plus Charitable Funds Committee
	£10,001 up to £29,999	Nominated fund holder(s) plus Deputy Director of Finance plus Director of Finance and NED
	Up to £10,000	Nominated fund holder(s) plus Deputy Director of Finance
<b>8. Disposals and condemnations</b>		

Delegated matter	Delegated limit	Delegated to <sup>5</sup>
With current / estimated purchase price	£5,000 and above	Divisional Manager or Deputy Director of Finance with advice of relevant professional lead where appropriate
	Up to £5,000	Divisional Manager or Head of Department with advice of relevant professional lead where appropriate
<b>9. Losses and special payments</b>		
<u>Losses</u>	£250,000 and above	Board of Directors
a. Fruitless payments (including abandoned capital schemes)	£5,000 up to £250,000	Chief Executive or Director of Finance and reported to Audit Committee
	Up to £5,000	Chief Executive or Director of Finance
b. Losses of cash due to theft, fraud, overpayment and others	£50,000 and above	Board of Directors
c. Bad debts and claims abandoned	£1,000 up to £50,000	Chief Executive or Director of Finance and reported to Audit Committee
	Up to £1,000	Deputy Director of Finance
d. Damage to buildings, fittings, furniture and equipment and loss of equipment and property in stores and in use due to culpable causes (e.g. fraud, theft, arson)	Up to £1,000	Chief Executive or Director of Finance
<u>Special payments</u>	£50,000 and above	Board of Directors
e. Compensation payments by court order	£2,000 up to £50,000	Chief Executive or Director of Finance
	Up to £2,000	Legal Services Manager
f. Ex-gratia payments to patients / staff for loss of personal effects	£50,000 and above	Board of Directors
	£2,000 to £50,000	Chief Executive or Director of Finance
	Up to £2,000	Legal Services Manager
	£50,000 and above	Board of Directors
g. Other ex-gratia payments	Up to £50,000	Chief Executive or Director of Finance
<b>10. Legally binding contracts for clinical service provision or purchase of clinical support services under Foundation Trust contracts</b>		
	£1million annual value and above	Chief Executive or Director of Finance or Director Operations
	Up to £1million annual value	Director of Finance or Director of Operations

## 6 Standing Financial Instructions

### 6.1 Introduction

- 6.1.1 The independent regulator sets the Licence for the Foundation Trust that require compliance with the principles of best practice applicable to corporate Governance within the NHS/ Health Sector with any relevant code of proactive ad guidance issued by the independent regulator.
- 6.1.2 The Code of Conduct and Accountability in the NHS<sup>6</sup> requires that each NHS Foundation Trust shall give, and may vary or revoke, Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. These Standing Financial Instructions (SFIs) are issued in accordance with the Code. They shall have effect as if incorporated in the Standing Orders (SOs) of the Foundation Trust.
- 6.1.3 These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Foundation Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board of Directors and the Scheme of Delegation adopted by the Foundation Trust.
- 6.1.4 These SFIs identify the financial responsibilities which apply to everyone working for the Foundation Trust and its constituent organisations, including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. The Director of Finance must approve all financial procedures.
- 6.1.5 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 Foundation Trust's SOs.

### **FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER, WHICH COULD RESULT IN DISMISSAL.**

- 6.1.6 Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

### 6.2 Terminology

- 6.2.1 Unless the contrary intention appears or the context otherwise requires, words or expressions contained in the constitution and these instructions bear the same meaning as in the National Health Service Act 2006. References in the Constitution to legislation include all amendments, replacements, or re-enactments made.

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<sup>6</sup> Code of Conduct, Code of Accountability, Department of Health (1994 & 2004)

- 6.2.2 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them. Wherever the term "employee" is used, and where the context permits, it shall be deemed to include employees of third parties contracted to the Foundation Trust when acting on behalf of the Foundation Trust, including nursing and medical staff and consultants practising on the Foundation Trust premises and members of staff of private contractors or trust staff working for private contractors under retention of employment model.

### **6.3 Responsibilities and Delegation**

- 6.3.1 The Foundation Trust shall at all times remain a going concern as defined by the relevant accounting standards in force. The Board of Directors exercises financial supervision and control by:
- (a) Formulating the financial strategy;
  - (b) Requiring the submission and approval of budgets within overall income;
  - (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money) and by ensuring appropriate audit provision; and
  - (d) Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation document.
- 6.3.2 The constitution dictates that the Council of Governors may not delegate any of its powers to a committee or sub-committee. The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the "Reservation of Powers to the Board of Directors" document, published within the Scheme of Delegation. The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Foundation Trust.
- 6.3.3 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board of Directors and as the Accounting Officer for ensuring that the Board of Directors meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Foundation Trust's activities, is responsible to the Board of Directors for ensuring that its financial obligations and targets are met and has overall responsibility for the Foundation Trust's system of internal control.
- 6.3.4 The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
- 6.3.5 It is a duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions. All staff shall be responsible for ensuring conformity with the Standing Orders, Standing Financial Instructions and financial procedures of the Foundation Trust.
- 6.3.6 The Director of Finance is responsible for:
- (a) Implementing the Foundation Trust's financial policies and for co-ordinating any corrective action necessary to further these policies (the SFIs themselves do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes);
  - (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 Foundation Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Foundation Trust at any time and, without prejudice to any other functions of directors and employees to the Foundation Trust, the duties of the Director of Finance include:
- (d) The provision of financial advice to other members of the Board of Directors, Council of Governors and employees;
- (e) The design, implementation and supervision of systems of internal financial control; and
- (f) The preparation and maintenance of such accounts, certificates, estimates, records and financial reports as the Foundation Trust may require for the purpose of carrying out its statutory duties.

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

- (a) The security of the property of the Foundation Trust;
- (b) Avoiding loss;
- (c) Exercising economy and efficiency in the use of resources; and
- (d) Conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

6.3.8 Any contractor or employee of a contractor who is empowered by the Foundation Trust to commit the Foundation 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.

6.3.9 For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Director of Finance.

## **6.4 Audit**

6.4.1 Audit Committee

6.4.1.1 In accordance with Standing Orders, the Board of Directors shall formally establish an Audit Committee with clearly defined terms of reference, which will provide an independent and objective view of internal control by:

- (a) Overseeing internal and external audit services;
  - Internal audit
    - to monitor and review the effectiveness of the internal audit function
  - External audit
    - to assess the external auditor's work and fees on an annual basis to ensure that the work is of sufficiently high standard and that the fees are reasonable
    - to ensure a market testing exercise for the appointment of the external auditor is undertaken at least once every five years
    - to make recommendations to the Council of Governors, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
    - to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements.

- (b) Reviewing financial and information systems and monitoring the integrity of the financial statements and any formal announcements relating to the Trust's financial performance and reviewing of significant financial reporting judgements;
- (c) Reviewing the effective implementation of corporate governance measures to enable the Foundation Trust to implement best practice as set out in appropriate guidance. This will include the Assurance Framework and control related disclosure statements, for example the Statement on Internal Control and supporting assurance processes, together with any accompanying audit statement, prior to endorsement by the Board of Directors
- (d) Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (clinical, operational, compliance controls and risk management systems) that support the achievement of the organisation's objectives
- (e) Monitoring compliance with Standing Orders and Standing Financial Instructions;
- (f) Reviewing schedules of losses and compensations and making recommendations to the Board of Directors.

**6.4.1.2** The Board of Directors shall satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

**6.4.1.3** Where the Audit Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chair of the Audit Committee should raise the matter at a full meeting of the Board of Directors (to the Director of Finance in the first instance).

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

## **6.5 Director of Finance**

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

- (a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control, including the establishment of an effective internal audit function and the coordination of other assurance arrangements;
- (b) Ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- (c) Deciding at what stage to involve the police in cases of fraud, 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 of Directors. The report must cover:
  - (i) An opinion to support the statement on the effectiveness of internal controls in accordance with current guidance issued by the Department of Health;
  - (ii) Major internal financial control weaknesses discovered;
  - (iii) Progress on the implementation of internal audit recommendations;
  - (iv) Progress against plan over the previous year;
  - (v) Strategic audit plan covering the coming three years;
  - (vi) A detailed plan for the coming year.

**6.5.2** The Director of Finance or designated auditors are entitled without necessarily giving prior notice to require and receive:

- (a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;

- (b) Access at all reasonable times to any land, premises, members of the Board of Directors and Council of Governors or employee of the Foundation Trust;
- (c) The production of any cash, stores or other property of the Foundation Trust under a member of the Board of Directors or employee's control; and
- (d) Explanations concerning any matter under investigation.

## **6.6 Role of Internal Audit**

- 6.6.1 The NHS Foundation Trust Accounting Officer Memorandum requires the Foundation Trust to have an internal audit function.
- 6.6.2 The role of internal audit embraces two key areas:
- The provision of an independent and objective opinion to the Accounting Officer, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives
  - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 6.6.3 Internal Audit will review, appraise and report upon:
- (a) The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
  - (b) The adequacy and application of financial and other related management controls;
  - (c) The suitability of financial and other related management data;
  - (d) The extent to which the Foundation Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
    - i) fraud and other offences
    - ii) waste, extravagance, inefficient administration
    - iii) poor value for money or other causes.
  - (e) Internal Audit shall also independently verify the assurance statements in accordance with guidance from NHS Improvement and the Department of Health.
- 6.6.4 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.
- 6.6.5 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Foundation Trust.
- 6.6.6 The Head of Internal Audit shall be accountable to the Audit Committee. 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 Public Sector Internal Auditing Standards (PSIAS). The reporting system shall be reviewed at least every three years. Where, in exceptional circumstances, the use of normal reporting channels is thought to limit the objectivity of the audit, the Head of Internal Audit shall have access to report direct to the Chair or a non-executive member of the Foundation Trust's Audit Committee.
- 6.6.7 Managers in receipt of audit reports referred to them have a duty to take appropriate remedial action within the agreed timescales specified within the report. The Director

of Finance shall identify a formal review process to monitor the extent of compliance with audit recommendations. Where appropriate remedial action has failed to take place within a reasonable period, the matter shall be reported to the Director of Finance.

## **6.7 External Audit**

### **6.7.1 Duties**

- 6.7.1.1** The Foundation Trust is to have an external auditor and is to provide the external auditor with every facility and all information which they may reasonably require.
- 6.7.1.2** The external auditor is to carry out their duties in accordance with Schedule 10 of the 2006 Act and in accordance with any directions given by the Independent Regulator on standards, procedures and techniques to be adopted.
- 6.7.1.3** In auditing the accounts the financial auditor must, by examination of the accounts and otherwise, satisfy themselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6.7.1.4** The external auditor will also audit the quality report of the Foundation Trust.
- 6.7.1.5** The Foundation Trust is required to include an annual governance statement within its annual report and financial accounts which include the quality report. The external auditors have a responsibility to:
- consider the completeness of the disclosures in meeting the relevant requirements; and
  - identify any inconsistencies between the disclosures and the information that they are aware of from their work on the financial statements, quality report and other work.
- 6.7.2 Appointment of External Auditor**
- 6.7.2.1** The external auditor is appointed by the Council of Governors following recommendation from the Audit Committee. <sup>7</sup>The Audit Code for NHS Foundation Trusts (“the Audit Code”) contains the directions of NHS Improvement with respect of those eligible to be appointed under the National Health Service Act 2006, and with respect to the standards, procedures and techniques to be adopted by the external auditor.
- 6.7.2.2** A person may only be appointed as the external auditor if they (or in the case of a firm of each of its members) are a member of one or more of the bodies referred to in Schedule 10 of the 2006 Act.
- 6.7.2.3** The Council of Governors at a general meeting shall appoint or remove the Foundation Trust’s external auditor.
- 6.7.2.4** The Board of Directors may, upon taking the advice of the Audit Committee, resolve that external auditors be appointed to review and publish a report on any other aspect of the Foundation Trust’s performance. Approval of the engagement of external auditors on non-audit work will take into account relevant ethical guidance regarding the provision of such services. Any such auditors are to be appointed by the Council of Governors.

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<sup>7</sup> Audit Code for NHS Foundation Trust, NHS Improvement (2011)

### **6.7.3 Undertaking Work**

**6.7.3.1** NHS Improvement may require auditors to undertake work on its behalf at the Foundation Trust. In this situation, a tripartite agreement between the Independent Regulator, the auditor and the Foundation Trust will be agreed. This agreement, which will include details of the subsequent work and reporting arrangements, will be in accordance with the principles established in the guidance issued by the Institute of Chartered Accountants in England and Wales in audit 05/03: Reporting to Regulators or Regulated Entities.

**6.7.3.2** The auditor may, with the approval of the Council of Governors, provide the Foundation Trust with services which are outside of the scope as defined in the code (additional services). The Foundation Trust shall adopt and implement a policy for considering and approving any additional services to be provided by the auditor.

### **6.7.4 Liaison with Internal Audit**

**6.7.4.1** It is expected that the external auditors will liaise with the internal audit function in order to obtain a sufficient understanding of internal audit activities to assist in planning the audit and developing an effective audit approach. The auditors may also wish to place reliance upon certain aspects of the work of internal audit in satisfying their statutory responsibilities as set out in the 2006 Act and the Audit Code. In particular the financial auditor may wish to consider the work of internal audit when undertaking their procedures in relation to the statement on internal control.

### **6.7.5 Access To Documents**

**6.7.5.1** The Auditors of the Foundation Trust have a right of access at all reasonable times to every document relating to the Foundation Trust which appears to them necessary for the purpose of their functions under Schedule 10 of the 2006 Act.

### **6.7.6 Public Interest Report**

**6.7.6.1** In the event of the External Auditor issuing a Public Interest report the Foundation Trust shall:

- Send the public interest report to the Council of Governors, the Board of Directors and NHS Improvement:
  - At once if it is an immediate report; or
  - Not later than 14 days after conclusion of the audit.
- Forward a report to NHS Improvement within 30 days (or such shorter period as the Independent Regulator may specify) of the report being issued. The report shall include details of the Foundation Trust's response to the issues raised within the Public Interest report.

References in 6.6.5 and 6.6.7 relate equally to internal and external audit.

### **6.8 Fraud and Bribery**

**6.8.1** Fraud applies to any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006. Bribery applies in the giving (or offering) or receiving (or requesting) a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.

- 6.8.2 The Foundation Trust shall take all necessary steps to counter fraud and bribery affecting NHS funded services in accordance with Clause 47 of the “Foundation Trust Agency Purchase Contract” (FTAPC) including Schedule 11 and in accordance with:
- (a) The NHS Fraud and Corruption Manual published by NHS Protect;
  - (b) The policy statement “Applying Appropriate Sanctions Consistently” published by NHS Protect;
  - (c) Any other reasonable guidance or advice issued by CFSMS that affects efficiency, systemic and/or procedural matters
  - (d) The Fraud Act 2006;
  - (e) The Bribery Act 2010.

The Chief Executive and Director of Finance shall monitor and ensure compliance with the above.

- 6.8.3 The Foundation Trust shall nominate a suitable, independent person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.

- 6.8.4 The Local Counter Fraud Specialist shall report to the Foundation Trust Director of Finance and shall work with the staff of NHS Protect in accordance with the Department of Health Fraud and Corruption Manual.

- 6.8.5 All allegations of fraud and bribery will be reported and if necessary investigated by the Local Counter Fraud Specialist. All accountable officers should also be aware of their obligation to pass any referrals onto the Local Counter Fraud Specialist at their earliest convenience.

- 6.8.6 The Local Counter Fraud Specialist will provide a written plan and report, at least annually, on counter fraud work within the Foundation Trust.

## **6.9 Security Management**

- 6.9.1 The Foundation Trust shall promote and protect the security of people engaged in activities for the purposes of the health service functions of that body, its property and its information in accordance with the requirements of the ‘Foundation Trust Contract’, having regard to any other reasonable guidance or advice issued by NHS Protect.

- 6.9.2 The Foundation Trust shall nominate and appoint a local security management specialist as per the Foundation Trust contract.

- 6.9.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

## **6.10 Allocations/Payment by Results, Business Planning, Budgets, Budgetary Control, and Monitoring**

### **6.10.1 Preparation and approval of Business Plans and Budget**

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

- 6.10.1.2** Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets relating to income and expenditure for approval by the Board of Directors. Such budgets will:
- (a) Be in accordance with the aims and objectives set out in the annual plan, and the commissioners' local delivery plans;
  - (b) Accord with workload and workforce plans;
  - (c) Be produced following discussion with appropriate budget holders;
  - (d) Be prepared within the limits of available funds;
  - (e) Identify potential risks;
  - (f) Be based on reasonable and realistic assumptions; and
- 6.10.1.3** The Director of Finance shall monitor financial performance against budgets, periodically review it and report to the Board of Directors. Any significant variances should be reported by the Director of Finance to the Board of Directors as soon as they come to light, and the Board of Directors shall be advised of action to be taken in respect of such variances.
- 6.10.1.4** All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 6.10.1.5** All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 6.10.1.6** The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders and budget managers to help them manage successfully.
- 6.10.2** **Budgetary Delegation**
- 6.10.2.1** The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under Section 31 of the Health Act 1999. 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 (which cannot be from a non-pay heading into a pay heading) (see also sections 6.10.2.2 and 6.10.2.3 below);
  - (e) Achievement of planned levels of service; and
  - (f) The provision of regular reports.
- 6.10.2.2** The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board of Directors.
- 6.10.2.3** 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.
- 6.10.2.4** 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.
- 6.10.3** **Budgetary Control and Reporting**
- 6.10.3.1** The Director of Finance will devise and maintain systems of budgetary control. These will include:
- (a) Regular financial reports to the Board of Directors in a form approved by the Board of Directors containing:

- i) Income and expenditure to date showing trends and forecast year-end position;
  - ii) Balance sheet, including movements in working capital;
  - iii) Capital project spend and projected outturn against plan;
  - iv) Explanations of any material variances from plan/budget;
  - v) 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 and budget manager, covering the areas for which they are responsible;
- (c) Investigation and reporting of variances from financial, and workload budgets;
- (d) Monitoring of management action to correct variances;
- (e) Arrangements for the authorisation of budget transfers;
- (f) Advising the Chief Executive and Board of Directors of the consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the economic and financial impact of future plans and projects; and
- (g) Review of the bases and assumptions used to prepare the budgets.

In the performance of these duties the Director of Finance will have access to all budget holders and budget managers on budgetary matters and shall be provided with such financial and statistical information as is necessary.

**6.10.3.2** Each budget holder is responsible for ensuring that:

- (a) Any planned or known overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board of Directors;
- (b) Officers shall not exceed the budget limit set;
- (c) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- (d) No permanent employees are appointed without the approval of the Chief Executive or Director of Finance other than those provided for in the budgeted establishment as approved by the Board of Directors.

**6.10.3.3** 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.

## **6.10.4 Capital Expenditure**

**6.10.4.1** The general rules applying to delegation and reporting shall also apply to capital expenditure (the particular applications relating to capital are contained in Section 6.18). A project sponsor will be identified who will assume responsibility for the budget relating to the scheme.

## **6.10.5 Monitoring Returns**

**6.10.5.1** The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation within specified timescales.

## **6.11 Annual Accounts and Reports**

### **6.11.1 Accounts**

**6.11.1.1** The Foundation Trust shall keep accounts in such form as NHS Improvement may with the approval of HM Treasury direct. The accounts are to be audited by the Foundation Trust's external auditor. The following documents will be made available to the Comptroller and Auditor General for examination at their request:



- the accounts;
- any records relating to them; and
- any report of the financial auditor on them.

**6.11.1.2** The functions of the Foundation Trust with respect to the preparation of the annual accounts shall be delegated to the Accounting Officer.

**6.11.1.3** In preparing its annual accounts, the accounting officer shall cause the Foundation Trust to comply with any directions given by the Independent Regulator with the approval of the Treasury as to:

- the methods and principles according to which the accounts are to be prepared;
- the information to be given in the accounts;

and shall be responsible for the functions of the Foundation Trust as set out in Schedule 10 to the 2006 Act.

**6.11.1.4** The annual accounts, any report of the external auditor on them, and the annual report are to be presented to the Council of Governors at a General Meeting. The Accounting Officer shall cause the Foundation Trust to:

- lay a copy of the annual accounts, and any report of the financial auditor on them, before Parliament; and
- once it has done so, send copies of those documents to NHS Improvement.

**6.11.1.5** Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the Accounting Officer.

## **6.11.2 Annual Reports**

**6.11.2.1** The Foundation Trust is to prepare annual reports and send them to the independent regulator, NHS Improvement. The reports are to give:

- information on any steps taken by the Foundation Trust to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership; and
- any other information NHS Improvement requires.

**6.11.2.2** The Foundation Trust is to comply with any decision NHS Improvement makes as to:

- the form of the reports;
- when the reports are to be sent to them;
- the periods to which the reports are to relate.

**6.11.2.3** The external auditors of the Foundation Trust have a responsibility to read the information contained within the Annual Report and consider the implications for the audit opinion and/or certificate if there are apparent misstatements or material inconsistencies with the financial statements.

## **6.11.2.4 Annual Plans**

**6.11.2.5** The Foundation Trust is to give information as to its forward planning in respect of each financial year to be submitted in accordance with requirements and timescales set by NHS Improvement. The document containing this information is to be prepared by the Directors, and in preparing the document, the Board of Directors must have regard to the views of the Council of Governors. The Annual Plan must be approved by the Board of Directors.

### **6.11.3 Other Reports**

**6.11.3.1** The Foundation Trust is required to publish a separate Quality Account each year as required by the NHS Act 2009 and in the terms set out in the NHS (Quality Accounts) Regulations 2010 and any guidance issued by NHS Improvement.

**6.11.3.2** The Foundation Trust is also required to provide the following three types of in-year reports:

- regular reports, (quarterly monitoring reports ), subject to review;
- Exception reports, which may relate to any in-year issue affecting compliance with the Authorisation, such as performance against core national healthcare targets and standards; and
- Ad hoc reports, following up specific issues identified either in the Annual Plan or in-year.

## **6.12 Bank and OPG Accounts**

### **6.12.1 General**

**6.12.1.1** The Director of Finance is responsible for managing the Foundation Trust banking arrangements and for advising the Foundation Trust on the provision of banking services and operation of accounts.

**6.12.1.2** The Board of Directors shall approve the banking arrangements.

### **6.12.2 Bank and OPG Accounts**

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

- (a) Bank accounts including those provided by the Government Banking Service (GBS), and other forms of working capital financing;
- (b) Establishing separate bank accounts for the Foundation Trust's non-exchequer funds;
- (c) Ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the Board of Directors all arrangements made with the Foundation Trust's bankers for accounts to be overdrawn (together with the remedial action taken).

**6.12.2.2** All accounts should be held in the name of the Foundation Trust. No officer other than the Director of Finance shall open any account in the name of the Foundation Trust or for the purpose of furthering Foundation Trust activities.

### **6.12.3 Banking Procedures**

**6.12.3.1** The Director of Finance will prepare detailed instructions on the operation of bank accounts which must include:

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

**6.12.3.2** The Director of Finance must advise the Foundation Trust's bankers in writing of the conditions under which each account will be operated.

**6.12.3.3** The Director of Finance shall approve security procedures for any cheques issued without a handwritten signature e.g. lithographed. Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate. All

cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

**6.12.3.4** Acceptance of cash will be limited to a maximum of £10,000.

**6.12.4 Tendering and Review**

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

**6.12.4.2** Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board of Directors. This review is not applicable to GBS accounts.

**6.13 Income, Fees and Charges and Security of Cash, Cheques and other Negotiable Instruments**

**6.13.1 Income Systems**

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

**6.13.1.2** All such systems shall incorporate, where practicable, in full the principles of internal check and separation of duties.

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

**6.13.2 Fees and Charges other than Foundation Trust Agency Purchase Contract**

**6.13.2.1** The Foundation Trust shall follow the Department of Health advice in the NHS Costing Manual in setting prices for non-commercial contracts with NHS organisations other than those covered by the Foundation Trust Agency Purchase Contract and non-NHS organisations.

**6.13.2.2** 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 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 Department of Health's <sup>8</sup>'Commercial sponsorship: Ethical standards in the NHS' shall be followed.

**6.13.2.3** All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

**6.13.3 Non-NHS Income**

**6.13.3.1** In accordance with Part 4 of the Health and Social Care Act 2012 the Foundation Trust shall ensure that the income it receives from providing goods and services for the NHS is greater than its income from other sources.

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<sup>8</sup> Commercial sponsorship: Ethical standards for the NHS, Department of Health (2000)

- 6.13.3.2** Where the Foundation Trust proposed to increase by 5% or more the proportion of its total income in any financial year attributable to activities other than the provision of goods and services for the health service, it will seek approval from the Council of Governors.
- 6.13.4 Debt Recovery**
- 6.13.4.1** The Director of Finance is responsible for the appropriate recovery action on all outstanding debts, including a formal follow up procedure for all debtor accounts.
- 6.13.4.2** Income not received should be dealt with in accordance with losses procedures (see paragraph 6.21 below).
- 6.13.4.3** Overpayments should be detected (or preferably prevented) and recovery initiated.
- 6.13.5 Security of Cash, Cheques and Other Negotiable Instruments**
- 6.13.5.1** The Director of Finance is responsible for:
- (a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable (no form of receipt which has not been specifically authorised by the Director of Finance should be issued);
  - (b) Ordering and securely controlling any such stationery;
  - (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
  - (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Foundation Trust.
- 6.13.5.2** Official money shall not under any circumstances be used for the encashment of private cheques, nor IOUs.
- 6.13.5.3** Staff shall be informed in writing on appointment of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc.
- 6.13.5.4** All cheques, postal orders, cash or other negotiable instruments shall be banked promptly intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.
- 6.13.5.5** The Foundation Trust will not accept a cash payment for a single transaction which is in excess of the current limit (€15,000 as at October 2010 or sterling equivalent or £10,000, whichever is lower.) This exempts the Trust from the requirement to register under the 2007 Money Laundering Regulations that came into effect on 15 December 2007.
- 6.13.5.6** 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 Foundation Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Foundation Trust from responsibility for any loss.
- 6.13.5.7** Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be monitored and recorded within the Finance Department. Any significant trends should be reported to the Director of Finance and internal audit via the incident reporting system. Where there is prima facie evidence of fraud or

corruption, this should follow the form of the Foundation Trust's Fraud and Corruption Response Plan and the guidance provided by NHS Protect .

- 6.13.5.8** Where there is no evidence of fraud or corruption, the loss should be dealt with in line with the Foundation Trust's Losses and Compensations Procedures (see section 6.20 below).
- 6.14** **Foundation Trust Contracts**
- 6.14.1** **Provision of Services**
- 6.14.1.1** The Board of Directors shall regularly review and shall at all times maintain and ensure the capacity and capability of the Foundation Trust to provide Commissioner Requested Services in accordance with the Trust's Licence.
- 6.14.2** **Foundation Trust Contract**
- 6.14.2.1** The Chief Executive, as the Accounting Officer, is responsible for ensuring the Foundation Trust enters into suitable Foundation Trust Contracts (FTCs) with CCGs and other commissioners for the provision of NHS services. The Foundation Trust will follow the priorities contained within the schedules of the contract, and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:
- The standards of service quality expected;
  - The relevant national service framework (if any);
  - The provision of reliable information on cost and volume of services;
  - The Performance Assessment Framework contained within the FT;
  - That FTC builds where appropriate on existing partnership arrangements.
- 6.14.3** A good FTC 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 Foundation Trust works with all partner agencies involved in both the delivery and the commissioning of the service required.
- 6.14.4** The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from FTCs. This will include appropriate payment by results performance information.
- 6.14.5** **Non Commissioner Contracts**
- 6.14.5.1** Where the Trust enters into a relationship with another organisation for the supply or receipt of other services – clinical or non-clinical, the responsible executive director should ensure that an appropriate non-commercial contract is present and signed by both parties. This should incorporate:
- A description of the service and indicative activity levels
  - The term of the agreement
  - The value of the agreement
  - The lead officer
  - Performance and dispute resolution procedures
  - Risk management and clinical governance agreements.
- 6.14.5.2** Non-commissioner contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement so as to ensure value for money and to minimise the potential loss of income.

- 6.15 Terms of Service, Allowances and Payment of Members of the Board of Directors and Employees**
- 6.15.1 Nominations and Remuneration Committee (Executive Directors)**
- 6.15.1.1** In accordance with Standing Orders, the Board of Directors has established a Nominations and Remuneration Committee which is responsible for the appointment of Executive Directors and for agreeing the terms of service of Executive Directors. It has clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 6.15.1.2** The terms of reference for the Nominations and Remuneration Committee (Executive Directors) can be found in this Corporate Governance Manual.
- 6.15.1.3** The Committee shall report in writing to the Board of Directors the basis for its recommendations. The Board of Directors shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors. Minutes of the Board of Directors meetings should record such decisions.
- 6.15.1.4** The Board of Directors will approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees not covered by the Committee.
- 6.15.2 Nominations and Remuneration Committee (Non-Executive Directors)**
- 6.15.2.1** In accordance with Standing Orders, the Council of Governors have established a Nominations and Remuneration Committee which is responsible for the appointment and setting the terms of appointment of Non-Executive Directors. It will make recommendations to a general meeting of the Council of Governors on the appointment of Non-Executive Directors. It has clearly defined terms of reference, specifying its area of responsibility, its composition and the arrangements for reporting.
- 6.15.2.2** The terms of reference of the Nominations and Remuneration Committee (Non-Executive Directors) can be found in this Corporate Governance Manual.
- 6.15.3 Funded Establishment**
- 6.15.3.1** The workforce plans incorporated within the annual budget will form the funded establishment. The establishment of the Foundation Trust will be identified and monitored by the Director of Workforce and Marketing under delegation from the Chief Executive.
- 6.15.3.2** The funded establishment of any department may not be varied without the approval of the Chief Executive or individual nominated within the relevant section of the Scheme of Reservation and Delegation. The Director of Finance is responsible for verifying that funding is available.
- 6.15.4 Staff Appointments**
- 6.15.4.1** No Executive Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- i. Unless authorised to do so by the Chief Executive; and
  - ii. Within the limit of his approved budget and funded establishment as defined in the Scheme of Reservation and Delegation.

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

### **6.15.5 Processing of the Payroll**

- 6.15.5.1** The Director of Workforce and Marketing in conjunction with 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; including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
  - (c) Making payment on agreed dates; and
  - (d) Agreeing method of payment.
- 6.15.5.2** The Director of Workforce and Marketing will issue instructions, taking into account the advice of the Director of Finance and provider of payroll services 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 superannuation, income tax, social security and other authorised deductions from pay;
  - d) Security and confidentiality of payroll information;
  - e) Checks to be applied to completed payroll before and after payment;
  - f) Authority to release payroll data under the provisions of the Data Protection Act;
  - g) Methods of payment available to various categories of employee;
  - h) Procedures for payment by cheque, bank credit, or cash to employees;
  - i) Procedures for the recall of cheques and bank credits;
  - j) Pay advances and their recovery;
  - k) Maintenance of regular and independent reconciliation of pay control accounts;
  - l) Separation of duties of preparing records and handling cash; and
  - m) A system to ensure the recovery from leavers of sums of money and property due by them to the Foundation Trust.
- 6.15.5.3** Appropriately nominated managers have delegated responsibility for:
- (a) Processing a signed copy of the contract/appointment form and such other documentation as may be required immediately upon an employee commencing duty;
  - (b) Submitting time records, and other notifications in accordance with agreed timetables;
  - (c) Completing time records and other notifications in accordance with the Director of Workforce and Marketing's instructions and in the form prescribed by the Director of Workforce and Marketing; and
  - (d) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Workforce and Marketing must be informed immediately. In circumstances where fraud might be expected this must be reported to the Director of Finance.
- 6.15.5.4** Regardless of the arrangements for providing the payroll service, the Director of Workforce and Marketing, in conjunction with the Director of Finance, shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements

are made for the collection of payroll deductions and payment of these to appropriate bodies.

#### **6.15.6 Contracts of Employment**

**6.15.6.1** The Board of Directors shall delegate responsibility to a manager for:

- (a) Ensuring that all employees are issued with a Contract of Employment in a form approved by the Board of Directors and which complies with employment and Health and Safety legislation; and
- (b) Dealing with variations to, or termination of, contracts of employment.

### **6.16 Non Pay Expenditure**

#### **6.16.1 Delegation of Authority**

**6.16.1.1** The Board of Directors 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.

**6.16.1.2** The Chief Executive will set out:

- (a) The list of managers who are authorised to place requisitions for the supply of goods and services (see Table B Delegated Financial Limits Section 4) which should be updated and reviewed on an ongoing basis and annually by the Finance Department in conjunction with departmental officers;
- (b) Where the authorisation system is computerised, the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system; and
- (c) The maximum level of each requisition and the system for authorisation above that level.

**6.16.1.3** The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

#### **6.16.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services**

**6.16.2.1** The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Foundation Trust with particular reference to the requirements for quotations and tenders detailed in Table B delegated limits of the Scheme of Reservation and Delegation. In so doing, the advice of the Foundation Trust's Procurement Department and advisor 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.

**6.16.2.2** The requisitioner, in choosing the item to be supplied (or the service to be performed) shall only commit expenditure within delegated approval limits with the raising of an official Trust Purchase Order (PO). Invoices received by the Trust without an official PO number quoted will be returned unpaid to the supplier.

**6.16.2.3** The Director of Finance shall be responsible for the prompt payment of properly authorised accounts and claims in accordance with the Better Payment Practice Code (BPPC). Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

**6.16.2.4** The Director of Finance will:

- (a) Advise the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained and,



once approved, the thresholds should be incorporated in the Scheme of Reservation and Delegation and regularly reviewed;

- (b) Prepare procedural instructions where not already provided in the Scheme of Delegation or procedure notes for budget holders on the obtaining of goods, works and services incorporating the thresholds;
- (c) Be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - i) A list of directors/employees (including specimens of their signatures) authorised to approve or incur expenditure. Where the authorisation system is computerised, the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system.
  - ii) Certification that:
    - Goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - The account is arithmetically correct;
    - The account is in order for payment.
  - iii) A timetable and system for submission to the 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.
  - iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department
  - v) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received (except as below).

#### 6.16.2.5

Prepayments outside of normal commercial arrangements, for example fully comprehensive maintenance contracts and rental insurance, are only permitted where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate);
- (b) The appropriate officer in conjunction with the Procurement Department 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 Foundation 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 he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

**6.16.2.6** Official Orders must, where not generated by the Trust's computerised procurement system:

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

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

- (a) All contracts other than for a simple purchase permitted within the Scheme of Delegation or delegated budget, 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 and GATT rules on public procurement;
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health. Where an officer certifying accounts relies upon other officers to do preliminary checking, he/she shall wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms;
- (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:
  - Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
  - Conventional hospitality, such as lunches in the course of working visits
- (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 or on purchasing cards;
- (g) Verbal orders must only be issued very exceptionally – by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order, and clearly marked "Confirmation Order";
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) Goods are not taken on trial or loan in circumstances that could commit the Foundation Trust to a future uncompetitive purchase;
- (j) Changes to the list of directors/employees 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; and

- (m) Orders are not required to be raised for utility bills, NHS recharges and ad hoc services such as private hospital fees. Payments must be authorised in accordance with the delegated limits set for non pay.

**6.16.2.8** 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 the Capital Investment Manual and any other relevant guidance issued by NHS Improvement. The technical audit of these contracts shall be the responsibility of the relevant Director.

**6.16.2.9** Under no circumstances should goods be ordered through the Foundation Trust for personal or private use.

**6.16.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

**6.16.3.1** 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.

**6.17 External Borrowing and Investments**

**6.17.1 Public Dividend Capital**

**6.17.1.1** On authorisation as a Foundation Trust, the Public Dividend Capital held immediately prior to authorisation continues to be held on the same conditions.

**6.17.1.2** Additional Public Dividend Capital may be made available on such terms the Secretary of State (with the consent of the Treasury) decides.

**6.17.1.3** Draw down of Public Dividend Capital should be authorised in accordance with the mandate held by the Department of Health Cash Funding Team, and is subject to approval by the Secretary of State.

**6.17.1.4** The Foundation Trust shall be required to pay annually to the Department of Health a dividend on its Public Dividend Capital at a rate to be determined from time to time, by the Secretary of State.

**6.17.2 Working Capital Loan Facility**

**6.17.2.1** The Foundation Trust may be required by NHS Improvement to have a working capital facility. This will be provided by the Trust's banker or other commercial provider if available and cost effective. Such a facility may be of variable term.

**6.17.2.2** The Foundation Trust must only draw down against this facility in respect of true working capital needs, and in accordance with the terms and conditions of the facility.

**6.17.3 Commercial Borrowing and Investment**

**6.17.3.1** The Foundation Trust may borrow money from any commercial source for the purposes of or in connection with its functions.

**6.17.3.2** The Foundation Trust may invest money (other than money held by it as charitable trustee) for the purposes of or in connection with its functions. Such investment may include forming, or participating in forming, or otherwise acquiring membership of bodies corporate.

- 6.17.3.3** The Foundation Trust may also give financial assistance (whether by way of loan, guarantee or otherwise) to any person for the purposes of or in connection with its functions.
- 6.17.4** **Investment of Temporary Cash Surpluses**
- 6.17.4.1** Temporary cash surpluses must be held only in such public and private sector investments as authorised by the Board of Directors.
- 6.17.4.2** The Finance, Performance and Business Development committee is responsible for establishing and monitoring an appropriate investment strategy.
- 6.17.4.3** The Director of Finance is responsible for advising the Board of Directors on investments and shall report periodically to the Board of Directors concerning the performance of investments held.
- 6.17.4.4** The Director of Finance will prepare detailed procedural instructions on investment operations and on the records to be maintained. The Foundation Trust's Treasury Management Policy will include instructions on funding and investing, safe harbour investments, risk management, borrowing, controls, reporting and performance management. It will also incorporate guidance from NHS Improvement as appropriate.
- 6.18** **Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets**
- 6.18.1** **Capital Investment**
- 6.18.1.1** The Chief Executive:
- (a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
  - (b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
  - (c) Shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges.
- 6.18.1.2** For capital expenditure proposals, the Chief Executive shall ensure (in accordance with the limits outlined in the Scheme of Delegation):
- (a) That a business case is produced, setting out:
    - i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
    - ii) Appropriate project management and control arrangements; and
    - iii) The involvement of appropriate Foundation Trust personnel and external agencies; and
  - (b) That the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.
- 6.18.1.3** For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of CONCODE and the capital investment manual and any other relevant guidance issued by NHS Improvement.
- 6.18.1.4** 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 Inland Revenue guidance.

- 6.18.1.5** The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised budgets.
- 6.18.1.6** The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:
- (a) Specific authority to commit expenditure
  - (b) Authority to proceed to tender
  - (c) Approval to accept a successful tender.
- 6.18.1.7** The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "CONCODE" and the capital investment manual guidance and any other relevant guidance issued by NHS Improvement, and the Foundation Trust's Standing Orders.
- 6.18.1.8** The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.
- 6.18.2** **Private Finance**
- 6.18.2.1** The Foundation Trust should normally test for PFI 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 private finance represents value for money and genuinely transfers risk to the private sector;
  - (b) A business case must be referred to NHS Improvement for approval or treated as per current guidelines;
  - (c) The proposal must be specifically agreed by the Foundation Trust, in the light of such professional advice as should reasonably be sought, in particular with regard to vires;
  - (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.
- 6.18.3** **Asset Registers**
- 6.18.3.1** 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 once a year.
- 6.18.3.2** The Foundation Trust shall maintain an asset register recording fixed assets. As a minimum, the minimum data set to be held within these registers shall be as specified in the NHS Foundation Trust Annual Reporting Manual as issued by NHS Improvement.
- 6.18.3.3** 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, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties;
  - (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads; and
  - (c) Lease agreements in respect of assets held under a finance lease and capitalised.

- 6.18.3.4** 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).
- 6.18.3.5** The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on the Asset Register.
- 6.18.3.6** The value of each asset shall be indexed to current values in accordance with methods specified in the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement.
- 6.18.3.7** The value of each asset shall be depreciated using methods and rates as specified in the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement.
- 6.18.3.8** The Director of Finance shall calculate and pay capital charges as specified by the Department of Health.
- 6.18.4** **Protected Property**
- 6.18.4.1** A register of protected property is required to be maintained in accordance with requirements issued by NHS Improvement. The property referred to in Condition 9(1) of the Licence, which is to be protected, is limited to land and buildings owned or leased by the Foundation Trust (assets such as equipment, financial assets, cash or intellectual property will not be regarded as protected assets).
- 6.18.4.2** No protected property may be disposed of (including disposing of part of it or granting an interest in it) without the approval of NHS Improvement.
- 6.18.4.3** This will be achieved through the annual planning process. The annual plan will include proposed changes in the treatment of assets that are protected and proposed disposals and acquisitions.
- 6.18.4.4** The Foundation Trust is required to notify relevant bodies of the publication date of their plans to allow them to lodge any objections. Twenty-one days is allowed before the plans are then approved.
- 6.18.4.5** During the year when the proposed changes are made the Asset Register must be updated accordingly. The relevant bodies should then be notified that an updated Asset Register is available.
- 6.18.4.6** As required by its Licence the Foundation Trust must make the Asset Register available for inspection by the public. The Foundation Trust may charge a reasonable fee for access to this information.
- 6.18.5** **Security of Assets**
- 6.18.5.1** The overall control of fixed assets is the responsibility of the Chief Executive advised by the Director of Finance. Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- (a) Recording managerial responsibility for each asset;
  - (b) Identification of additions and disposals;
  - (c) Identification of all repairs and maintenance expenses;
  - (d) Physical security of assets;
  - (e) Periodic verification of the existence of, condition of, and title to, assets recorded;

- (f) Identification and reporting of all costs associated with the retention of an asset; and
  - (g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 6.18.5.2** All significant discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 6.18.5.3** Whilst each employee has a responsibility for the security of property of the Foundation Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board of Directors. Any breach of agreed security practices must be reported in accordance with instructions.
- 6.18.5.4** Any damage to the Foundation Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.
- 6.18.5.5** Where practical, assets should be marked as Foundation Trust property.
- 6.19 Stock, Stores and Receipt of Goods**
- 6.19.1** Stocks are defined as those goods normally utilised in day to day activity, but which at a given point in time have not been used or consumed. There are three broad types of store:
- (a) Controlled stores – specific areas designated for the holding and control of goods;
  - (b) Wards and departments – goods required for immediate usage to support operational services;
  - (c) Manufactured Items – where goods and consumables are being made or processes are being applied which add to the raw material cost of the goods.
- 6.19.2** Such stocks should be kept to a minimum and for:
- (a) Controlled stores and other significant stores (as determined by the Director of Finance) should be subjected to an annual stock take or perpetual inventory procedures; and
  - (b) Valued at the lower of cost and net realisable value.
- 6.19.3** 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 employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her 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 the Head of Pharmacy. The control of any fuel oil shall be the responsibility of the Head of Estates and Facilities.
- 6.19.4** The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager.
- 6.19.5** Wherever practicable, stocks should be marked as NHS property.
- 6.19.6** 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.
- 6.19.7** Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.

- 6.19.8 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 6.19.9 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 6.20, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 6.19.10 Receipt of Goods**
- 6.19.10.1** All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.
- 6.19.10.2** All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where the goods received are found to be unsatisfactory, or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately.
- 6.19.10.3** For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note to satisfy themselves that the goods have been received. The Finance Department will make payment on receipt of an invoice. This may also apply for high-level low volume items such as stationery.
- 6.19.11 Issue of Stocks**
- 6.19.11.1** The issue of stocks shall be supplied by an authorised requisition note and a receipt for the stock issued shall be returned to the designated officer. Where a 'topping up' system is used, a record shall be maintained as approved by the Director of Finance. Regular comparisons shall be made of the quantities issued to wards/departments etc, and explanations recorded of significant variations.
- 6.19.11.2** All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance.
- 6.20 Disposals and Condemnations, Insurance, Losses and Special Payments**
- 6.20.1 Disposals and Condemnations**
- 6.20.1.1** The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 6.20.1.2** When it is decided to dispose of a Foundation Trust asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 6.20.1.3** 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.

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

## **6.21 Losses and Special Payments**

**6.21.1** The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Director of Finance must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

**6.21.2** Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their directorate manager or head of department, who must immediately inform the Director of Finance who will liaise with the Chief Executive or inform an officer charged with responsibility for responding to concerns involving loss confidentially. This officer will then appropriately inform the Director of Finance who will liaise with the Chief Executive.

**6.21.3** Where a criminal offence such as theft or arson is suspected, the Divisional Manager or departmental head must immediately inform the police and obtain a crime number, which should be forwarded to the Director of Finance. In cases of fraud, bribery or corruption, or of anomalies which may indicate fraud, bribery or corruption, the Director of Finance must inform their Local Counter Fraud Officer, who will inform NHS Protect before any action is taken and reach agreement on how the case is to be handled.

**6.21.4** The Director of Finance must notify NHS Protect and the external auditor of all frauds.

**6.21.5** 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 Board of Directors, and
- (b) The external auditor, and
- (c) NHS Protect (through LSMS).

**6.21.6** The Board of Directors shall approve the writing-off of all losses and special payments in accordance with the Scheme of Delegation.

**6.21.7** The Director of Finance shall be authorised to take any necessary steps to safeguard the Foundation Trust's interests in bankruptcies and company liquidations.

**6.21.8** For any loss, the Director of Finance should consider whether any insurance claim can be made.

**6.21.9** The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.

## **6.22 Insurance**

**6.22.1** The Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management programme.

## **6.23**

### **Compensation Claims**

#### **6.23.1**

The Foundation Trust is committed to effective and timely investigation and response to any claim which includes allegations of clinical negligence, employee and other compensation claims. The Foundation Trust will follow the requirements and note the recommendations of the Department of Health, and the NHS Litigation Authority (NHSLA), in the management of claims. Where appropriate external insurance has been contracted, this will be within the above mentioned requirements and recommendations. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim.

#### **6.23.2**

The Foundation Trust will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by:

- Adopting prudent risk management strategies including continuous review
- Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants
- Adopting a systematic approach to claims handling in line with the best current and cost effective practice
- Following guidance issued by the NHSLA relating to clinical negligence
- Achieving compliance with the relevant core Care Quality Commission standards
- Implementing an effective system of clinical governance.

#### **6.23.3**

The Director of Nursing & Midwifery in association with the Medical Director is responsible for clinical negligence, for managing the claims process and informing the Board of Directors of any major developments on claims related issues.

## **6.24**

### **Information Technology**

#### **6.24.1**

#### **Responsibilities and duties of the Director of Finance**

##### **6.24.1.1**

The Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the Foundation Trust, shall:

- (a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Foundation Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (updated 2000) and the Computer Misuse Act 1990;
- (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 adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks;
- (e) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.

##### **6.24.1.2**

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

**6.24.1.3** The Foundation Trust has published and maintains a Freedom of Information (Fol) Publication Scheme as 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.

**6.24.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

**6.24.2.1** In the case of computer systems which are proposed General Applications (i.e. those applications which a number of NHS organisations wish to sponsor jointly), all responsible directors and employees will send to the Director of Finance:

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

**6.24.3 Contracts for Computer Services with other health bodies or outside agencies**

**6.24.3.1** 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.

**6.24.3.2** 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.

**6.24.4 Requirement for Computer Systems which have an impact on corporate financial systems**

**6.24.4.1** Where computer systems have an impact on corporate financial systems, the Director of Finance shall satisfy themselves that:

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

**6.24.5 Risk Assessment**

**6.24.5.1** The Director of Finance shall ensure that risks to the Trust arising from the use of information technology are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

**6.24.5.2** The Foundation Trust shall disclose to NHS Improvement and directly to any third parties, as may be specified by the Secretary of State, information, if any, as specified in the Licence. Other information, as requested, shall be provided to NHS Improvement.

**6.24.5.3** The Foundation Trust shall participate in the national programme for information technology, in accordance with any guidance issued by NHS Improvement.

**6.25 Patients' Property**

**6.25.1** The Foundation 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.

6.25.2 The Chief Executive is responsible for ensuring that patients, or their guardians as appropriate, are informed before or at admission by

- Notices and information booklets
- Hospital admission documentation and property records
- The oral advice of administrative and nursing staff responsible for admissions

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

6.25.3 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. The said instructions shall cover the necessary arrangements for withdrawal of cash or disbursement of money held in accounts of patients who are incapable of handling their own financial affairs. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

6.25.4 A patient's property record, in a form determined by the Director of Finance, shall be completed in respect of the following:

- (a) Property handed in for safe custody by any patient (or guardian as appropriate); and
- (b) Property taken into safe custody, having been found in the possessions of:
  - Mentally disordered patients
  - Confused and/or disorientated patients
  - Unconscious patients
  - Patients dying in hospital
  - Patients found dead on arrival at hospital (property removed by police).

A record shall be completed in respect of all persons in category (b), including a nil return if no property is taken into safe custody.

6.25.5 The record shall be completed by a member of the hospital staff, in the presence of a second member of staff and the patient (or representative) where practicable. It shall then be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signatures as requested for the original entry on the record.

6.25.6 Where Department of Health instructions require the opening of separate accounts for patients' monies (separate from those containing Foundation Trust monies), these shall be opened and operated under arrangements agreed by the Director of Finance.

6.25.7 Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Works and Pensions. For long stay patients, the Chief Executive shall ensure that positive action is taken to use their funds effectively and so reduce balances accruing.

6.25.8 Refunds of cash handed in for safe custody will be dealt with in accordance with current Department of Works and Pensions guidance. Property other than cash, which has been handed in for safe custody, shall be returned to the patient as required by the officer who has

been responsible for its security. The return shall be receipted by the patient, or guardian as appropriate, and witnessed.

6.25.9 The disposal of property of deceased patients shall be effected by the officer who has been responsible for its security. Such disposal shall be in accordance with written instructions issued by the Director of Finance. In particular, where cash or valuables have been deposited for safe custody, they shall only be released after written authority has been given by the Director of Finance. Such authority shall include details of the lawful kin or other person entitled to the cash and valuables in question.

6.25.10 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.

6.25.11 Property handed over for safe custody shall be placed into the care of the appropriate administrative staff. Where there are no administrative staff present, the property shall be placed into the care of the most senior member of nursing staff on duty.

6.25.12 In respect of deceased patients, if there is no will and no lawful next of kin the property vests in the Crown and particulars shall, therefore, be notified to the Treasury Solicitor.

6.25.13 Any funeral expenses necessarily borne by the Foundation Trust are a first charge on a deceased person's estate. Where arrangements for burial or cremation are not made privately, any element of the estate held by the Foundation Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance.

6.25.14 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.

6.25.15 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.

## **6.26 Funds held on Trust**

### **6.26.1 General**

6.26.1.1 The Foundation Trust has a responsibility as a corporate trustee for the management of funds it holds on trust. The management processes may overlap with those of the organisation of the Foundation Trust. The trustee responsibilities must be discharged separately, and full recognition given to its dual accountabilities, to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

6.26.1.2 The reserved powers of the Board of Directors and the Scheme of Delegation make clear where decisions where discretion must be exercised are to be taken and by whom.

6.26.1.3 As management processes overlap, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.

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

**6.26.1.5** Charitable Funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the Trust and the objectives of which are for the benefit of the NHS in England. They are administered by the Foundation Trust Board of Directors acting as the Charitable Funds Committee (the trustees).

**6.26.1.6** The Director of Finance shall maintain such accounts and records as may be necessary to record and protect all transactions and funds of the Foundation Trust as trustees of non-exchequer funds, including an Investment Register.

#### **6.26.2 Existing Charitable Funds**

**6.26.2.1** The Director of Finance shall arrange for the administration of all existing funds. A Deed of Establishment must exist for every fund, and detailed codes of procedure shall be produced covering every aspect of the financial management of charitable funds, for the guidance of fund managers. The Deed of Establishment shall identify the restricted nature of certain funds, and it is the responsibility of fund managers, within their delegated authority, and the Charitable Funds Committee, to ensure that funds are utilised in accordance with the terms of the Deed.

**6.26.2.2** The Director of Finance shall periodically review the funds in existence, and shall make recommendations to the Charitable Funds Committee regarding the potential for rationalisation of such funds within statutory guidelines.

**6.26.2.3** The Director of Finance shall ensure that all funds are currently registered with the Charities Commission in accordance with the Charities Act 1993 or subsequent legislation.

#### **6.26.3 New Charitable Funds**

**6.26.3.1** The Director of Finance shall recommend the creation of a new fund where funds and/or other assets received for charitable purposes cannot adequately be managed as part of an existing fund. All new funds must be covered by a Deed of Establishment, and must be formally approved by the Charitable Funds Committee.

**6.26.3.2** The Deed of Establishment for any new fund shall clearly identify, inter alia, the objects of the new fund, the nominated fund manager, the estimated annual income and, where applicable, the Charitable Funds Committee's power to assign the residue of the fund to another fund contingent upon certain conditions e.g. discharge of original objects.

#### **6.26.4 Sources of New Funds**

**6.26.4.1** All gifts accepted shall be received and held in the name of the Charity and administered in accordance with the Charity's policy, subject to the terms of specific funds. As the Charity can accept gifts only for all or any purposes relating to the NHS, officers shall, in cases of doubt, consult the Director of Finance before accepting any gift. Advice to the Board of Directors on the financial implications of fund raising activities by outside bodies or organisations shall be given by the Director of Finance.

**6.26.4.2** All gifts, donations and proceeds of fund-raising activities which are intended for the Charity's use must be handed immediately to the Director of Finance via the Finance Department to be banked directly to the Charitable Funds Bank Account.

**6.26.4.3** In respect of donations, the Director of Finance shall:

- (a) Provide guidelines to Officers of the Foundation Trust as to how to proceed when offered funds. These will include:
  - The identification of the donors intentions;
  - Where possible, the avoidance of creating excessive numbers of funds;

- The avoidance of impossible, undesirable or administratively difficult objects;
  - Sources of immediate further advice; and
  - Treatment of offers for personal gifts.
- (b) Provide secure and appropriate receipting arrangements, which will indicate that donations have been accepted directly into the appropriate fund and that the donor's intentions have been noted and accepted.

**6.26.4.4** In respect of Legacies and Bequests, the Director of Finance shall be kept informed of and record all enquiries regarding legacies and bequests. Where required, the Director of Finance shall:

- (a) Provide advice covering any approach regarding:
  - The wording of wills;
  - The receipt of funds/other assets from executors.
- (b) After the death of a testator, all correspondence concerning a legacy shall be dealt with on behalf of the Charity by the Director of Finance who alone shall be empowered to give an executor a good discharge;
- (c) Where necessary, obtain grant of probate, or make application for grant of letters of administration;
- (d) Be empowered to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- (e) Be directly responsible, in conjunction with the Charitable Funds Committee, for the appropriate treatment of all legacies and bequests.

**6.26.4.5** In respect of fund-raising, the final approval for major appeals will be given by the Board of Directors. Final approval for smaller appeals will be given by the Charitable Funds Committee. The Director of Finance shall:

- (a) Advise on the financial implications of any proposal for fund-raising activities;
- (b) Deal with all arrangements for fund-raising by and/or on behalf of the Charity, and ensure compliance with all statutes and regulations;
- (c) Be empowered to liaise with other organisations/persons raising funds for the Charity, and provide them with an adequate discharge;
- (d) Be responsible for alerting the Charitable Funds Committee and the Board of Directors to any irregularities regarding the use of the Charity's name or its registration numbers; and
- (e) Be responsible for the appropriate treatment of all funds received from this source.

**6.26.4.6** In respect of Trading Income (see also NHS Charitable Funds Guidance Chapter 6), the Director of Finance shall:

- (a) Be primarily responsible, along with designated fund managers, for any trading undertaken by the Charity; and
- (b) Be primarily responsible for the appropriate treatment of all funds received from this source.

**6.26.4.7** In respect of Investment Income, the Director of Finance shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

## **6.26.5 Investment Management**

**6.26.5.1** The Charitable Funds Committee shall be responsible for all aspects of the management of the investment of charitable funds as delegated under the terms of the approved investment policy. The issues on which the Director of Finance shall be required to provide advice to the Charitable Funds Committee shall include:

- (a) The formulation of investment policy which meets statutory requirements (Trustee Investment Act 1961) with regard to income generation and the enhancement of capital value;
- (b) The appointment of advisers, brokers and, where appropriate, investment fund managers and:
  - The Director of Finance shall recommend the terms of such appointments, and for which
  - Written agreements shall be signed by the Chief Executive
- (c) Pooling of investment resources and the preparation of a submission to the Charity Commission for them to make a scheme;
- (d) The participation by the Charity in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- (e) That the use of assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- (f) The review of the performance of brokers and fund managers;
- (g) The reporting of investment performance.

**6.26.5.2** The Director of Finance shall prepare detailed procedural instructions concerning the receiving, recording, investment and accounting for Charitable Funds.

#### **6.26.6 Expenditure from Charitable Funds**

**6.26.6.1** Expenditure from Charitable Funds shall be managed on a day to day basis by the Financial Accountant and by the Charitable Funds Committee in accordance with delegated limits on behalf of the Corporate Trustee. In so doing, the committee shall be aware of the following:

- (a) The objects of various funds and the designated objectives;
- (b) The availability of liquid funds within each trust;
- (c) The powers of delegation available to commit resources;
- (d) The avoidance of the use of exchequer funds to discharge endowment fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by trust funds at the earliest possible time;
- (e) That funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Foundation Trust; and
- (f) The definitions of “charitable purposes” as agreed by the Department of Health with the Charity Commission.

**6.26.6.2** Delegated authority to incur expenditure which meets the purpose of the funds is set out in the Scheme of Delegations. Exceptions are as follows:

- (a) Any staff salaries/wages costs require Charitable Funds Committee approval;
- (b) No funds are to be “overdrawn” except in the exceptional circumstance that Charitable Funds Committee approval is granted.

#### **6.26.7 Banking Services**

**6.26.7.1** The Director of Finance shall advise the Charitable Funds Committee and, with its approval, shall ensure that appropriate banking services are available in respect of administering the Charitable Funds. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the Charity Commission.

#### **6.26.7.2 Asset Management**



- 6.26.7.2.1 Assets in the ownership of or used by the Charitable Fund shall be maintained along with the general estate and inventory of assets of the Foundation Trust. The Director of Finance shall ensure:
- (a) That appropriate records of all donated assets owned by the Charitable Fund are maintained, and that all assets, at agreed valuations are brought to account;
  - (b) That appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;
  - (c) That donated assets received on trust shall be accounted for appropriately;
  - (d) That all assets acquired from Charitable Funds which are intended to be retained within the funds are appropriately accounted for.

#### **6.26.8 Reporting**

**6.26.8.1** The Director of Finance shall ensure that regular reports are made to the Charitable Funds Committee and Board of Directors with regard to, inter alia, the receipt of funds, investments and expenditure.

**6.26.8.2** The Director of Finance shall prepare annual accounts in the required manner, which shall be submitted to the Board of Directors within agreed timescales.

**6.26.8.3** The Director of Finance shall prepare an annual trustees' report and the required returns to the Charity Commission for adoption by Charitable Funds Committee and subsequently the Board of Directors as Corporate Trustee.

#### **6.26.9 Accounting and Audit**

**6.26.9.1** The Director of Finance shall maintain all financial records to enable the production of reports as above, and to the satisfaction of internal and external audit.

**6.26.9.2** Distribution of investment income to the charitable funds and the recovery of administration costs shall performed on a basis determined by the Director of Finance.

**6.26.9.3** The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. He/she will liaise with external audit, and provide them with all necessary information.

**6.26.9.4** The Charitable Funds Committee and subsequently the Board of Directors shall be advised by the Director of Finance on the outcome of the annual audit.

#### **6.26.10 Taxation and Excise Duty**

**6.26.10.1** The Director of Finance shall ensure that the Charity's liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

#### **6.27 Tendering, Quotation and Contracting Procedures**

##### **6.27.1.1 Duty to comply with Standing Orders and Standing Financial Instructions**

**6.27.1.1.1** The procedure for making all contracts by or on behalf of the Foundation Trust shall comply with the Trust's Standing Orders and Standing Financial Instructions (except where Suspension of Standing Orders is applied). In particular reference should be made to the Trust Delegated Authorities Table A Section 35 and Table B Section 6 Delegated Financial Limits of this Corporate Governance Manual.

##### **6.27.1.2 EU Directives Governing Public Procurement**

**6.27.1.2.1** Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if

incorporated in these Standing Orders and Standing Financial Instructions. Details of EU thresholds and the differing procedures to be adopted can be obtained from the Supplies Departments (see paragraph 6.27.1.4.1).

6.27.1.2.2 NHS ProCure22 was launched in 2016 as a standardised approach to the procurement of healthcare facilities. It is based upon long term relationships with selected supply chains that have the ability to work with NHS bodies across the whole life cycle of a capital scheme. For further details see the ProCure22 website at [www.procure22.nhs.uk](http://www.procure22.nhs.uk)

### **6.27.1.3 Formal Competitive Tendering**

6.27.1.3.1 The Foundation Trust shall ensure that competitive tenders are invited for:

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

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

6.27.1.3.3 Formal tendering procedures are not required where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed the limit set in the Scheme of Reservation and Delegation; or
- (b) the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with; or
- (c) regarding disposals as set out in Standing Financial Instruction 'Disposals and Condemnations'.

### **6.27.1.4 Fair and Adequate Competition**

6.27.1.4.1 No company must be given any advantage over its competitors, which might hinder fair competition between prospective contractors or suppliers. In this context see also the section on awarding contracts in the section below containing Standards of Business Conduct for NHS Staff.

6.27.1.4.2 The Foundation 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 three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

### **6.27.1.5 Items which subsequently breach thresholds after original approval**

6.27.1.5.1 Items estimated to be below the limits set in this Standing Financial Instruction 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 Foundation Trust record.

### **6.27.1.6 Waiving of Formal Tendering / Quotation Procedures**

6.27.1.6.1 There is no exemption from formal procedures if the total financial value exceeds the OJEU threshold. In this instance, and in accordance with the Public Contract Regulations 2015, tendering/quotation procedures cannot be waived.

6.27.1.6.2 Formal tendering procedures may 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;
- (b) Where the requirement is covered by an existing contract;
- (c) Where national or other framework agreements are in place and have been approved by the Board of Directors;
- (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) Where specialist expertise is required and is available from only one source;
- (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) Where 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 Foundation 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.

6.27.1.6.3 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.

6.27.1.6.4 Competitive tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with CONCODE) without Departmental of Health approval.

6.27.1.6.5 Where it is decided that competitive tendering or quotation is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded on the Trust's standard Waiver Request Form. The originating department should submit the completed Waiver Request Form for approval in advance of any requisitioning activity to the Deputy Director of Finance in respect of quotations or the Chief Executive / Director of Finance in respect of tenders.

6.27.1.6.6 All requests to waive tenders should be reported to the Board of Directors at the first available meeting.

6.27.1.6.7 Exceptionally a single tender action may be permitted. However it should not be used retrospectively i.e. after a contract has been awarded nor should it be used for administrative convenience or to avoid competition. In all cases the reasons should be documented and reported by the Director of Finance to the Board of Directors.

#### **6.27.1.7 Competitive Tenders and Quotations**

6.27.1.7.1 Wherever practicable, at least three competitive tenders or quotations shall be obtained for the supply of goods or services in accordance with the Trust Delegated Financial Limits Table B Section 6.

6.27.1.7.2 In respect of any formal procurement exercises to be undertaken over the £5,000 threshold, the Head of Procurement's advice must be sought prior to commencement of the exercise. The Head of Procurement will lead any procurement exercises which exceed the EU procurement threshold.

#### **6.27.1.8 Contracting / Tendering Procedure**

##### **6.27.1.8.1 Invitation to Tender**

6.27.1.8.1.1 All invitations to tender on a formal competitive basis shall state the date and time as being the latest time for the receipt of tenders and no tender will be considered for acceptance unless submitted via the Trust's accepted method of receiving completed tender responses. All tenders must be received in this way and no exceptions will be made.

6.27.1.8.1.2 Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

6.27.1.8.1.3 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 (GC/Wks) 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 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 Department of Health guidance and, in minor respects, to cover special features of individual projects.

6.27.1.8.1.4 Every tender for goods, materials, services (including consultancy services) or disposals shall embody such of the NHS Standard Contract conditions as are applicable. Every tenderer must give a written undertaking not to engage in collusive tendering or other restrictive practice.

6.27.1.8.1.5 Selection and award criterion must always be established in advance of tender selection taking place. Subsequent decisions to vary these criteria will be closely scrutinised before final approval is given.

6.27.1.8.1.6 Before the due date of the tender, the electronic tendering portal will issue an automatic notification to the directors responsible for receiving and the releasing of electronic tenders.

##### **6.27.1.8.2 Receipt and safe custody of tenders**

6.27.1.8.2.1 Formal competitive tender documents will be received electronically via the Trust's electronic tendering portal.

6.27.1.8.2.2 The Chief Executive or their nominated representative will be responsible for ensuring a secure system is in place for the safe custody of tenders. Electronic tenders received will be kept 'locked' in a secure electronic tender box within the electronic portal until the tender deadline for receipt of completed tender responses.

6.27.1.8.2.3 The electronic tenders will remain sealed until the electronic seal is removed by the Chief Executive's designated receiving officer. The date and time of receipt of each tender will be recorded on the electronic tender portal along with any tenders that have been

received after the tender deadline, which will include details of the date and time the late tender(s) was/were received.

6.27.1.8.2.4 The Chief Executive shall designate a Releasing Officer, not from the originating Department, to release the electronic tenders which have had the seal removed by the receiving officer. Appropriate records will be provided by the electronic portal, as below.

6.27.1.8.2.5 Tenders will be held by the electronic tender portal under electronic seal until the closing date and time have been reached.

#### **6.27.1.8.3 Opening tenders and Register of tenders**

6.27.1.8.3.1 The rules relating to the opening of tenders should be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.

6.27.1.8.3.2 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened (i.e. the electronic seal will be removed) at one time in the presence of the Chief Executive or his/her nominated Executive Director together with one other Executive Director who is not from the originating Department (i.e. the department sponsoring or commissioning the tender).

6.27.1.8.3.3 The involvement of Finance Department staff in the preparation of a tender proposal will not preclude the Director of Finance from serving as one of the two Executives to open and release tenders. All Executive Directors are authorised to open and release tenders and for this purpose the Foundation Trust Secretary will count as a Director for the purposes of opening tenders.

6.27.1.8.3.4 Should a tender be procured directly by an Executive Director, that officer should not be present at the opening or releasing of tenders.

6.27.1.8.3.5 The electronic tender portal will provide an extensive audit trail of the time of the tenders being opened and the time they are released to the evaluation team.

6.27.1.8.3.6 No tender shall be amended after it has been received except to correct bona fide errors endorsed as such by the Chief Executive or his nominated Executive Director. Any corrections shall be recorded.

6.27.1.8.3.7 On completion of the opening and releasing arrangements, all accepted tenders will be made available to the issuing department via the electronic tender portal.

6.27.1.8.3.8 Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e. those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (See 6.27.1.8.4.2 below).

#### **6.27.1.8.4 Admissibility**

6.27.1.8.4.1 In considering which tender to accept, the designated Officers shall have regard to whether value for money will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the Chief Executive.

6.27.1.8.4.2 Tenders received after the due time and date may be considered only if the Chief Executive or nominated Executive Director decides that there are exceptional

circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fides of the tenders concerned. The Chief Executive or nominated Executive Director shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted, the late arrival of the tender should be reported to the Board of Directors at its next meeting.

- 6.27.1.8.4.3 Incomplete tenders i.e. those from which information necessary for the adjudication of the tender is missing and amended tenders i.e. those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt should be dealt with in the same way as late tenders under Section 6.26.11.9.4.2 above.
- 6.27.1.8.4.4 Where examination of tenders reveals errors that would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing their offer.
- 6.27.1.8.4.5 Necessary discussions with a tenderer of the contents of their tender, in order to elucidate technical points etc, before the award of a contract, need not disqualify the tender.
- 6.27.1.8.4.6 Formal pre-contract discussions must have the written consent of the Chief Executive and at least two Officers must be present and all details must be confirmed in writing.
- 6.27.1.8.4.7 If for any reason the designated officers are of the opinion that the tender 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.
- 6.27.1.8.4.8 Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or their nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- 6.27.1.8.4.9 Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or their nominated officer or if the process of evaluation and adjudication has not started.
- 6.27.1.8.4.10 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 their nominated officer.

#### **6.27.1.8.5 Acceptance of formal tenders**

- 6.27.1.8.5.1 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 Foundation Trust, obtaining an independent assessment if required.
- 6.27.1.8.5.2 A tender other than the lowest (if payment is to be made by the Trust), or other than the highest (if payment is to be received by the Trust) shall not be accepted unless there are good reasons to the contrary. Such reasons shall be set out in a permanent record and be reported to the Board.

- 6.27.1.8.5.3 A financial appraisal should be undertaken by the Director of Finance of successful tenderers who bid for contracts in excess of £50,000 and for all contractors bidding for financial services.
- 6.27.1.8.5.4 All tender documentation should be treated as confidential and should be retained for inspection / audit.
- 6.27.1.8.5.5 Note, unsuccessful bidders will be debriefed by the Head of Procurement involved, as required.
- 6.27.1.8.5.6 A contract cannot be concluded until the expiry of a period of at least 10 calendar days with effect from the day following the date on which the contract award decision is sent to the tenderers concerned if fax or electronic means are used; or, if other means of communication are used, before the expiry of a period of either at least 15 calendar days with effect from the day following the date on which the contract award decision is sent to the tenderers and candidates concerned.
- 6.27.1.8.5.7 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of their tender before the award of a contract will not disqualify the tender (see also 6.27.1.8.4.6 above).
- 6.27.1.8.5.8 The lowest tender, if payment is to be made by the Foundation Trust, or the highest, if payment is to be received by the Foundation Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.
- 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.
- 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.
- 6.27.1.8.5.9 No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Foundation Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- 6.27.1.8.5.10 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.
- 6.27.11.9.5.11 All tenders must be treated as confidential and will be retained within the secure electronic tender portal for inspection.
- 6.27.11.9.6 Tender reports to the Board of Directors**
- 6.27.11.9.6.1 Reports to the Board of Directors will be made for spend above £500,000 to be approved in line with delegated limits.

#### 6.27.11.9.7.1 **Responsibility for maintaining list**

6.27.11.9.7.1.1A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Foundation Trust is satisfied. All suppliers must be made aware of the Foundation Trust's terms and conditions of contract.

#### 6.27.11.9.7.1.2 **Building and Engineering Construction Works**

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

#### 6.27.11.9.7.1.3 **Financial Standing and Technical Competence of Contractors**

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

#### 6.27.11.9.7.1.4 **Exceptions to using approved contractors**

6.27.11.9.7.1.4.1 If in the opinion of the Chief Executive and the Director of Finance or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

6.27.11.9.7.1.4.2 An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

#### 6.27.11.10 **Quotations: Competitive and non-competitive**

##### 6.27.11.10.7 **Quotation Procedures**

6.27.11.10.7.1 Quotations must be obtained in writing as specified in the Delegated Financial Limits Table B Section 6 of this Corporate Governance Manual.



- 6.27.11.10.7.2 Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Foundation Trust.
- 6.27.11.10.7.3 Quotations should be in writing unless the Director of Finance or their 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.
- 6.27.11.10.7.4 Wherever practicable, requests for quotations and quotation responses should be provided via the electronic tendering portal. This electronic tendering portal will allow for all quotations to be received electronically and will record the time and date of receipt.
- 6.27.11.10.7.5 If quotations are to be received outside of the electronic tendering portal they should be opened by the nominated Receiving Officer.
- 6.27.11.10.7.6 Where only one quotation is received the Foundation Trust shall, as far as practicable, ensure that the price to be paid is fair and reasonable, obtaining an independent assessment if required.
- 6.27.11.10.7.7 A quotation other than the lowest (if payment is to be made by the Foundation Trust), or other than the highest (if payment is to be received by the Foundation Trust) shall not be accepted unless there are good reasons to the contrary. Such reasons shall be set out in a permanent record and be reported to the Board.
- 6.27.11.10.7.8 All quotation documentation should be treated as confidential and should be retained either via the electronic tendering portal or in hard copy format for inspection / audit.

#### 6.27.11.10.8 **Non-Competitive Quotations**

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

- (i) 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;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) miscellaneous services, supplies and disposals;
- (iv) 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.(i) and (ii) of this SFI) apply.

#### 6.27.11.10.8.2 **Quotations to be within Financial Limits**

6.27.11.10.8.

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

#### 6.27.11.10.9 **Instances where formal competitive tendering or competitive quotation is not required**

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

- (a) The Foundation Trust shall use the NHS Supply Chain or nominated procurement partner for procurement of all goods and services unless the Chief

Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.

- (b) If the Foundation Trust does not use the NHS Supply Chain - where tenders or quotations are not required, because expenditure is below the levels defined in the Scheme of Reservation and Delegation, the Foundation Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance, where a suitable framework agreement exists which does not require further mini competitions

#### **6.27.11.11 Private Finance for capital procurement**

6.27.11.11.1 The Foundation Trust should normally market-test for PFI (Private Finance Initiative 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 private finance 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 independent regulator, NHS Improvement, for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the Foundation Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

#### **6.27.11.12 Compliance requirements for all contracts**

6.27.11.12.1 The Board may only enter into contracts on behalf of the Foundation Trust within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) The Foundation Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) Any relevant directions including the NHS FREM, Estate code and guidance on the Procurement and Management of Consultants;
- (d) Such of the NHS Standard Contract Conditions as are applicable.
- (e) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Foundation 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 Foundation Trust.

#### **6.27.11.13 Foundation Trust Contracts / Healthcare Services Agreements**

6.27.11.13.1 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the requirements of the law. A contract with a Foundation

Trust, being a Public Benefits Corporation, is a legal document and is enforceable in law.

- 6.27.11.13.2 The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board of Directors (refer to Scheme of Reservation and Delegation).

**6.27.11.14 Disposals (See also Section 6.20 Condemnations and Disposals)**

- 6.27.11.14.1 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 their nominated officer;
- (b) Obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Foundation Trust;
- (c) items to be disposed of with an estimated sale value of less than that defined on the 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 DH guidance has been issued but subject to compliance with such guidance.

**6.27.11.15 In-house Services**

- 6.27.11.15.1 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 Foundation Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 6.27.11.15.2 In all cases where the Board of Directors 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.
- 6.27.11.15.3 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.
- 6.27.11.15.4 The evaluation team shall make recommendations to the Board of Directors.
- 6.27.11.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Foundation Trust.

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

- 6.27.11.16.1 These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Foundation Trust's trust funds and private resources.

## **6.27.12 Acceptance of Gifts and Hospitality by Staff**

6.27.12.1 The Director of Finance shall ensure that all staff are made aware of the Foundation Trust policy on acceptance of gifts and other benefits in kind by staff. This policy should follow the guidance contained in the <sup>9</sup>Department of Health Standards of Business Conduct for NHS Staff.

## **6.27.13 Retention of documents**

### **6.27.13.1 Context**

6.27.13.1.1 All NHS records are public records under the terms of the Public Records Act 1958 section 3 (1) – (2). The Secretary of State for Health and all NHS organisations have a duty under this Act to make arrangements for the safe keeping and eventual disposal of all types of records. In addition, the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 must be achieved.

### **6.27.13.1.2 Accountability**

6.27.13.1.2.1 The Chief Executive and senior managers are personally accountable for records management within the organisation. Additionally, the organisation is required to take positive ownership of, and responsibility for, the records legacy of predecessor organisations and /or obsolete services. Under the Public Records Act 1958 all NHS employees are responsible for any records that they create or use in the course of their duties. Thus any records created by an employee of the NHS are public records and may be subject to both legal and professional obligations.

6.27.13.1.2.2 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in the <sup>10</sup>Department of Health guidance, Records Management: NHS Code of Practice.

### **6.27.13.1.3 Types of Record Covered by The Code of Practice**

6.27.13.1.3.2 The guidelines apply to NHS records of all types (including records of NHS patients treated on behalf of the NHS in the private healthcare sector) regardless of the media on which they are held:

- Patient health records (electronic or paper based)
- Records of private patients seen on NHS premises;
- Accident and emergency, birth and all other registers;
- Theatre registers and minor operations (and other related) registers;
- Administrative records (including e.g. personnel, estates, financial and accounting records, notes associated with complaint handling);
- X-ray and imaging reports, output and other images;
- Photographs, slides and other images;
- Microform (i.e. fiche / film)
- Audio and video tapes, cassettes, CD-ROM etc.
- Emails;
- Computerised records;
- Scanned records;
- Text messages (both outgoing from the NHS and incoming responses from the patient).

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

<sup>9</sup>Standards of business conduct for NHS staff (HSG(93)5), NHS Management Executive, 1993

<sup>10</sup>Records Management: NHS Code of Practice, Department of Health 2006 & 2009

6.27.13.1.3.4 Documents held in accordance with the Records Management Code of Practice shall only be destroyed at the express instigation of the Chief Executive, records shall be maintained of documents so destroyed.

#### **6.27.14 Risk Management**

6.27.14.1 The Chief Executive shall ensure that the Foundation Trust has a programme of risk management which must be approved Board of Directors and monitored by the Governance and Clinical Assurance committee.

6.27.14.2 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) Decisions on which risks shall be insured;
- (g) Arrangements to review the risk management programme.

6.27.14.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the Annual Report and Accounts, as required by current guidance.

#### **6.27.15 Insurance arrangements**

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

6.27.15.2 Arrangements to be followed by the Board of Directors in agreeing Insurance cover:

- (a) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
- (b) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- (c) 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.

#### **6.27.15.3 Standard Areas for Commercial Insurance Cover**

- (a) Foundation Trust's may enter commercial arrangements for insuring motor vehicles owned by the Foundation Trust including insuring third party liability arising from their use;

- (b) Where the Foundation Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (c) Where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Foundation Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Foundation Trust's powers to enter into commercial insurance arrangements the Finance Director should consult NHS Improvement or the Department of Health as appropriate.

#### **6.27.15.4 Consideration for Other Areas of Insurance Cover**

6.27.15.4.1 As a Foundation Trust the Board need to consider the adequacy of insurance cover recognising the Public Benefit Corporation status. Key areas to consider include:

- (a) Directors and Officers Liability – Recognising the cover available through the NHSLA, consideration is required to the adequacy of the cover in respect of selling assets, entering into contracts and insolvency indemnity cover
- (b) Property Damage – consider the provision for underwriting claims.
- (c) Business interruption resulting from property damage-consider the provision to cover for loss of income.

### **7 Standing Orders for the Board of Directors – these are contained in the Trust Constitution**

### **8. Code of Conduct for the Board of Directors<sup>11</sup>**

Public service values must be at the heart of the National Health Service. High standards of corporate and personal conduct based on a recognition that patients come first, have been a requirement throughout the NHS since its inception. Moreover, since the NHS is publicly funded, it must be accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money. There are three crucial public service values which must underpin the work of the health service:

- Accountability – everything done by those who work in the NHS must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
- Probity – there should be an absolute standard of honesty in dealing with the assets of the NHS: integrity should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
- Openness – there should be sufficient transparency about NHS activities to promote confidence between the NHS organisation and its staff, patients and the public.

These values are included in the seven principles of public life as outlined by the Nolan Committee and which are also reflected in this version of the Code adopted by the Board of Directors:

<sup>11</sup> Based on Code of Conduct, Code of Accountability published by the Department of Health (originally published 1994, first revision 2002, second revision 2004 thereafter amended from time to time)

- Selflessness – holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends
- Integrity – holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
- Objectivity – in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit
- Accountability – holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office
- Openness – holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands
- Honesty – holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest
- Leadership – holders of public office should promote and support these principles by leadership and example.

## 8.1 General Principles

Public service values matter in the NHS and those who work in it have a duty to conduct NHS business with probity. They have a responsibility to respond to staff, patients and suppliers impartially, to achieve value for money from the public funds with which they are entrusted and to demonstrate high ethical standards of personal conduct.

The success of this Code depends on a vigorous and visible example from boards and the consequential influence on the behaviour of all those who work within the organisation. Boards have a clear responsibility for corporate standards of conduct and acceptance of the Code should inform and govern the decisions and conduct of all board directors. Board members should conduct themselves in a manner that does not damage or undermine the reputation of the organisation, or its staff individually or collectively and should not take part in any activity in conflict with the objects or that might damage the reputation of the organisation.

## 8.2 Openness and Public Responsibilities

Health needs and patterns of provision of health care do not stand still. There should be a willingness to be open with the public, patients and with staff as the need for change emerges. It is a requirement that major changes are consulted upon before decisions are reached. Information supporting those decisions should be made available, in a way that is understandable, and positive responses should be given to reasonable requests for information and in accordance with the Freedom of Information Act 2000 (as amended).

NHS business should be conducted in a way that is socially responsible. As a large employer in the local community, NHS organisations should forge an open and positive relationship with the local community and should work with staff and partners to set out a vision for the organisation in line with the expectations of patients and the public. NHS organisations should demonstrate to the public that they are concerned with the wider health of the population including the impact of the organisation's activities on the environment. The confidentiality of personal and individual patient information must, of course, be respected at all times.

Board members must make decisions together and take joint responsibility for them. The extent to which any one board member or a small group of members is empowered to speak

for or take action on behalf of the organisation or the board must (subject to any specific constitutional rules) be a matter for all members to decide together. Such decisions must be recorded.

### **8.3 Public Service Values in Management**

It is unacceptable for the board of any NHS organisation, or any individual within the organisation for which the board is responsible, to ignore public service values in achieving results. Chairs and board directors have a duty to ensure that public funds are properly safeguarded and that at all times the board conducts its business as efficiently and effectively as possible. Proper stewardship of public monies requires value for money to be high on the agenda of all NHS boards.

Accounting, tendering and employment practices within the NHS must reflect the highest professional standards. Public statements and reports issued by the board should be clear, comprehensive and balanced, and should fully represent the facts. Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues.

### **8.4 Public Business and Private Gain**

Chairs and board directors should act impartially and should not be influenced by social or business relationships. No one should use their public position to further their private interests. Where there is a potential for private interests to be material and relevant to NHS business, the relevant interests should be declared and recorded in the board minutes, and entered into a register which is available to the public. When a conflict of interest is established, the board director should withdraw and play no part in the relevant discussion or decision.

### **8.5 Hospitality and Other Expenditure**

Board directors should set an example to their organisation in the use of public funds and the need for good value in incurring public expenditure. The use of NHS monies for hospitality and entertainment, including hospitality at conferences or seminars, should be carefully considered. All expenditure on these items should be capable of justification as reasonable in the light of the general practice in the public sector. NHS boards should be aware that expenditure on hospitality or entertainment is the responsibility of management and is open to be challenged by the internal and external auditors and that ill-considered actions can damage respect for the NHS in the eyes of the community.

### **8.6 Relations with Suppliers**

NHS boards should have an explicit procedure for the declaration of hospitality and sponsorship offered by, for example, suppliers. Their authorisation should be carefully considered and the decision should be recorded. NHS boards should be aware of the risks in incurring obligations to suppliers at any stage of a contracting relationship. Suppliers should be selected on the basis of quality, suitability, reliability and value for money. Refer also to Standards for Business Conduct.

### **8.7 Staff**

NHS boards should ensure that staff have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, malpractice, breaches of this code and other concerns of an ethical nature. The board must establish a climate:

- that enables staff who have concerns to raise these reasonably and responsibly with the right parties;
- that gives a clear commitment that staff concerns will be taken seriously and investigated; and



- where there is an unequivocal guarantee that staff who raise concerns responsibly and reasonably will be protected against victimisation.

## **8.8 Compliance**

Board directors should satisfy themselves that the actions of the board and its directors in conducting board business fully reflect the values in this Code and, as far as is reasonably practicable, that concerns expressed by staff or others are fully investigated and acted upon. All board directors are required, on appointment, to subscribe to the Code of Conduct.

## **9. Code of Conduct for the Council of Governors**

### **9.1 Introduction**

This Code seeks to outline appropriate conduct for the Council of Governors and addresses both the requirements of office and the personal behaviour of individual Governors. Ideally any sanctions for non-compliance would never need to be applied, however a Code is considered an essential guide for Foundation Trust (FT) Governors. The Code seeks to expand on and complement our NHS Foundation Trust Constitution.

As a member of the Council of Governors sometimes dealing with difficult and confidential issues, Governors are required to act with discretion and care in the performance of their role. They will be required to maintain confidentiality with regard to information gained via their involvement with the Trust.

### **9.2 Qualifications for Office**

Governors must continue to comply with the qualifications required to hold elected office throughout their period of tenure. The Trust Secretary should be advised of any changes in circumstances which disqualify the Governor from continuing in office. An example of this would be joining the Trust as an employee, given that the number of employees sitting on the Trust's elected body is limited.

All Governors will be expected to understand, agree and promote the Trust's Equal Opportunities Policy in every area of their work.

One of the key objectives of the governing body is to promote social inclusion through its activities and as such the development and delivery of initiatives should not prejudice any part of the community on the grounds of age, race, disability, marital status, sexual orientation or religious belief.

### **9.3 Role of Governors and the Council of Governors**

- To hold the Non-Executive Directors (NEDs) individually and collectively to account for the performance of the Board of Directors
- To represent the interests of the members of the Foundation Trust as a whole and the interests of the public, bringing a fair and open-minded view on all issues
- To appoint and, if appropriate, remove the Chair
- To appoint and, if appropriate, remove the other Non-Executive Directors
- To decide the remuneration and allowances and other terms and conditions of office of the Chair and the other NEDs
- To approve the appointment of the Chief Executive
- To appoint and, if appropriate, remove the NHS Foundation Trust's auditor
- To receive the NHS Foundation Trust's annual accounts, any report of the auditor on them, and the annual report

- Put forward views on the Foundation Trust's forward plan and communicate the Trust's plans to members
- To adhere to the seven principles of public life, as defined by the Nolan Committee (further information at [www.public-standards.org.uk](http://www.public-standards.org.uk)). The seven principles are:
  - Selflessness
  - Integrity
  - Objectivity
  - Accountability
  - Openness
  - Honesty
  - Leadership
  - To actively support and promote the principle of FT and contribute to its success
  - To adhere to the Trust's policies and procedures and support its objectives
  - To lead the Trust's membership development strategy, including membership recruitment
  - To engage and consult with the membership of the Trust
  - To encourage members to become future Governors.
  - To recognise that their role is a collective one whereby they exercise collective decision making in the meeting room which is recorded in the minutes. Outside the meeting room a Governor has no more rights and privileges than any other member
  - To undertake an advisory role to the Board of Directors.

In addition, individual Governors are required to:

- To attend Council of Governor meetings
- To contribute to the workings of the Council, ensuring that it fulfils its role and functions.

It should be noted that the functions allotted to the Council of Governors are not of a managerial nature.

#### **9.4 Confidentiality**

In the course of their duties Governors may receive information which is confidential. All Governors are required to respect the sensitivity of the information they are made privy to as a result of their position and to adhere to the Trust's policy in this regard. Information made available to Governors in confidence must remain confidential. Failure to maintain confidentiality may result in removal from the Council of Governors.

#### **9.5 Conflict of Interest**

Governors should act with the utmost integrity and objectivity and in the best interests of the Trust in performing their duties. They should not use their position for personal advantage or seek to gain preferential treatment. They should declare any conflicts of interest which may arise and should not vote on any such matters. If in any doubt they should seek advice from the Trust Secretary. It is important that conflicts of interest are addressed and are seen to be actioned in the interests of the trust and all individuals concerned.

Governors must declare any involvement they may have in any organization with which the hospital may be considering entering into a contract.

There is a Register of Interests in which Governors must enter any pecuniary and non-pecuniary interests that might create a conflict of interest. It also records 'nil' returns. Failure to declare interests may result in removal from the Council of Governors.

Please see separate declaration of interests documentation included in the induction pack.

#### **9.6 Council of Governors meetings**

Governors have a responsibility to attend meetings of the Council. When this is not possible they should submit an apology to the Trust Secretary in advance of the meeting.

Absence from the Council of Governors meetings without good reason established to the satisfaction of the Council is grounds for disqualification. Absence from three consecutive meetings will result in the member being deemed to have resigned their position unless the grounds for absence are deemed to be satisfactory by the Council of Governors.

Governors are expected to attend for the duration of the meeting.

## **9.7 Personal Conduct**

Governors are required to adhere to the highest standards of conduct in the performance of their duties. In respect of their interaction with others they are required to:

- Adhere to good practice in respect of the conduct of the meetings and respect the views of their fellow members, both elected and appointed.
- Be mindful of conduct which could be deemed to be unfair or discriminatory.
- Treat the Trust's employees and fellow members with respect and in accordance with the trust's policies.
- Recognise that the Council of Governors and the Board of Directors and its management team have a common purpose, ie the success of the trust, and to work together as a team to this end.
- Governors should conduct themselves in such a manner as to reflect positively on the trust. When attending external meetings or any other events at which they are present, it is important for Governors to be ambassadors for the trust.

## **9.8 Accountability**

Governors are accountable to the membership and should demonstrate this by attending members' meetings and other key events which provide opportunities to interface with their electorate in order to best understand their views.

## **9.9 Training and Development**

Training and development are essential for the Council of Governors in respect of the effective performance of their role and Governors will be expected to both contribute to the formulation of a Training Programme for the Council and to actively participate in training events which are arranged for them. Governors may be removed from the Council of Governors if they have refused without reasonable cause to undertake any training which the Council of Governors requires all Governors to undertake.

## **9.10 Visits to Trust premises**

Where the Governors wish to visit the premises of the Trust in a formal capacity as opposed to individuals in a personal capacity, the Council should liaise with the Trust Secretary to make the necessary arrangements. When attending Trust premises in the formal capacity of Governor, Governors must wear their identity badge which clearly indicates that they are a Governor of Liverpool Women's NHS Foundation Trust.

## **9.11 Non-compliance with the Code of Conduct**

Non-compliance with the Code may result in action being taken as follows:

- Where misconduct takes place, the Chair shall be authorized to take such action as may be immediately required, including the exclusion of the person concerned from a meeting.
- Where such misconduct is alleged, it shall be open to the Council of Governors to decide by simple majority of those in attendance, to lay a formal charge of misconduct.

- The individual will be notified in writing of the charge/s, detailing the specific behaviour which is considered to be detrimental to the trust and inviting their response for consideration by the Council within a defined timescale.
- The Governor will be invited to address the Council in person if the matter cannot be resolved satisfactorily through correspondence.
- The Council of Governors will decide by simple majority of those present and voting whether to uphold the charge of conduct detrimental to the trust.
- The Council of Governors may impose such sanctions as shall be deemed appropriate, ranging from the issuing of a written warning as to the member's future conduct, to the removal of the individual from office.
- In order to aid participation by all parties it is imperative that all Governors observe the points of view of others and conduct likely to give offence will not be permitted. The Chair will reserve the right to ask any member of the Council who, in his or her opinion, fails to observe the Code to leave the meeting.

This Code of Conduct does not limit or invalidate the right of the Council of Governors or the trust to act under the constitution.

## **10. Code of Conduct for NHS Managers<sup>12</sup>**

### **10.1 Introduction**

The Code of Conduct for NHS Managers sets out the standards of conduct expected of NHS Managers. It serves two purposes:

- to guide NHS managers and employing health bodies in the work they do and the decisions and choices they have to make
- to reassure the public that these important decisions are being made against a background of professional standards and accountability.

### **10.2 The Code**

#### **10.2.1**

As an NHS manager, I will observe the following principles:

- make the care and safety of patients my first concern and act to protect them from risk;
- respect the public, patients, relatives, carers, NHS staff and partners in other agencies;
- be honest and act with integrity;
- accept responsibility for my own work and the proper performance of the people I manage;
- show my commitment to working as a team member by working with all my colleagues in the NHS and the wider community;
- take responsibility for my own learning and development.

#### **10.2.2**

This means in particular that I will:

- respect patient confidentiality;
- use the resources available to me in an effective, efficient and timely manner having proper regard to the best interests of the public and patients;
- be guided by the interests of the patients while ensuring a safe working environment;
- act to protect patients from risk by putting into practice appropriate support and disciplinary procedures for staff; and
- seek to ensure that anyone with a genuine concern is treated reasonably and fairly.

<sup>12</sup> Based on Code of Conduct for NHS Managers published by the Department of Health, 2002 time to time amended.

- 10.2.3 I will respect and treat with dignity and fairness, the public, patients, relatives, carers, NHS staff and partners in other agencies. In my capacity as a senior manager within the NHS I will seek to ensure that no one is unlawfully discriminated against because of their religion, belief, race, colour, gender, marital status, disability, sexual orientation, age, social and economic status or national origin. I will also seek to ensure that:
- the public are properly informed and are able to influence services;
  - patients are involved in and informed about their own care, their experience is valued, and they are involved in decisions;
  - relatives and carers are, with the informed consent of patients, involved in the care of patients;
  - partners in other agencies are invited to make their contribution to improving health and health services; and
  - NHS staff are:
    - valued as colleagues;
    - properly informed about the management of the NHS;
    - given appropriate opportunities to take part in decision making.
    - given all reasonable protection from harassment and bullying;
    - provided with a safe working environment;
    - helped to maintain and improve their knowledge and skills and achieve their potential; and
    - helped to achieve a reasonable balance between their working and personal lives.
- 10.2.4 I will be honest and will act with integrity and probity at all times. I will not make, permit or knowingly allow to be made, any untrue or misleading statement relating to my own duties or the functions of my employer.
- 10.2.5 I will seek to ensure that:
- the best interests of the public and patients/clients are upheld in decision-making and that decisions are not improperly influenced by gifts or inducements;
  - NHS resources are protected from fraud, bribery and corruption and that any incident of this kind is reported to the NHS Protect;
  - judgements about colleagues (including appraisals and references) are consistent, fair and unbiased and are properly founded; and
  - open and learning organisations are created in which concerns about people breaking the Code can be raised without fear.
- 10.2.6 I will accept responsibility for my own work and the proper performance of the people I manage. I will seek to ensure that those I manage accept that they are responsible for their actions to:
- the public and their representatives by providing a reasonable and reasoned explanation of the use of resources and performance;
  - patients, relatives and carers by answering questions and complaints in an open, honest and well researched way and in a manner which provides a full explanation of what has happened, and of what will be done to deal with any poor performance and, where appropriate giving an apology; and
  - NHS staff and partners in other agencies by explaining and justifying decisions on the use of resources and give due and proper consideration to suggestions for improving performance, the use of resources and service delivery.
- 10.2.7 I will support and assist the Accountable Officer of my organisation in his or her responsibility to answer to Parliament, Ministers, the Department of Health and the

Independent Regulator of Foundation Trusts in terms of fully and faithfully declaring and explaining the use of resources and the performance of the local NHS in putting national policy into practice and delivering targets.

- 10.2.8 For the avoidance of doubt, nothing in paragraphs 10.2.3 to 10.2.7 of this Code requires or authorises an NHS manager to whom this Code applies to:
- make, commit or knowingly allow to be made any unlawful disclosure;
  - make, permit or knowingly allow to be made any disclosure in breach of his or her duties and obligations to his or her employer, save as permitted by law.
- 10.2.9 If there is any conflict between the above duties and obligations and this Code, the former shall prevail.
- 10.2.10 I will show my commitment to working as a team by working to create an environment in which:
- teams of frontline staff are able to work together in the best interests of patients;
  - leadership is encouraged and developed at all levels and in all staff groups; and
  - the NHS plays its full part in community development.
- 10.2.11 I will take responsibility for my own learning and development. I will seek to:
- take full advantage of the opportunities provided;
  - keep up to date with best practice; and
  - share my learning and development with others.
- 10.2.12 I will also uphold the seven principles of public life as outlined by the Nolan Committee:
- Selflessness – holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends
  - Integrity – holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
  - Objectivity – in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit
  - Accountability – holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office
  - Openness – holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands
  - Honesty – holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest
  - Leadership – holders of public office should promote and support these principles by leadership and example

### **10.3 Implementing the Code**

- 10.3.1 The Code should be seen in a wider context that NHS managers must follow the 'Nolan Principles on Conduct in Public Life' (see paragraph 8.2.11 above), the 'Corporate Governance Codes of Conduct and Accountability', the 'Standards of Business Conduct', the 'Code of Practice on Openness in the NHS' and standards of good employment practice.

- 10.3.2 In addition many NHS managers come from professional backgrounds and must follow the code of conduct of their own professions as well as this Code.
- 10.3.3 In order to maintain consistent standards, the Trust will consider suitable measures to ensure that managers who are not their employees but who:
- manage their staff or services; or
  - manage units which are primarily providing services to their patients also observe the Code.
- 10.3.4 It is important to respect both the rights and responsibilities of managers. To help managers to carry out the requirements of the Code, the Trust will provide reasonable learning and development opportunities and seek to establish and maintain an organisational culture that values the role of managers. NHS managers have the right to be:
- treated with respect and not be unlawfully discriminated against for any reason;
  - given clear, achievable targets;
  - judged consistently and fairly through appraisal;
  - given reasonable assistance to maintain and improve their knowledge and skills and achieve their potential through learning and development; and
  - reasonably protected from harassment and bullying and helped to achieve a reasonable balance between their working and personal lives.
- 10.4 Breaching the Code**
- 10.4.1 Alleged breaches of the Code of Conduct will be promptly considered and fairly and reasonably investigated. Individuals must be held to account for their own performance, responsibilities and conduct where employers form a reasonable and genuinely held judgement that the allegations have foundation. Investigators should consider whether there are wider system failures and organisational issues that have contributed to the problems. In order to learn from and prevent future breaches of the Code, it is necessary to look at the wider causes of alleged breaches.
- 10.4.2 Local employers should decide whether to investigate alleged breaches informally or under the terms of local disciplinary procedures. It is essential however that both forms of investigation should be, and be seen to be, reasonable, fair and impartial. If Chief Executives or Directors are to be investigated, the employing authority should use individuals who are employed elsewhere to conduct the investigation. The NHS Confederation, the Institute of Healthcare Management and the Healthcare Financial Management Association are among the organisations who maintain lists of people who are willing to undertake such a role.
- 10.5 Application of the Code**
- 10.5.1 The Code codifies and articulates certain important contractual obligations that apply to everyone holding management positions. These include Chief Executives and Directors who as part of their duties are personally accountable for achieving high quality patient care.
- 10.5.2 The Trust will:
- incorporate the Code into the employment contracts of Chief Executives and Directors and include the Code in the employment contracts of new appointments to that group

- identify any other senior managerial posts, i.e. with levels of responsibility and accountability similar to those of Director-level posts, to which they consider the Code should apply
- include the Code in new employment contracts as appropriate
- incorporate the Code into the employment contracts of existing postholders as appropriate.
- investigate alleged breaches of the Code by those to whom the Code applies promptly and reasonably as at paragraphs four to five
- provide a supportive environment to managers (see paragraph 10.2.5 above).

*See also Standards of Business Conduct for NHS Staff, included in this manual*

## **11. Standards of Business Conduct for NHS Staff**

### **11.1 Introduction**

11.1.1 These guidelines are based on recommendations by the NHS Management Executive to assist NHS employers and staff in maintaining strict ethical standards in the conduct of NHS business. They cover:

- the standards of conduct expected of all NHS staff where their private interests may conflict with their public duties; and
- the steps which NHS employers should take to safeguard themselves and the NHS against conflict of interest
- Action checklist for NHS Managers - *Part C* (omitted from this extract)
- Short guide for staff - *Part D*
- Ethical Code of the Chartered Institute of Purchasing and Supply (CIPS) (reproduced courtesy of IPS) - *Part E*.

11.1.2 The guidance is in four parts:

- Part A - brief summary of the main provisions of the Bribery Act 2010
- Part B - general policy guidelines
- Part C – Short guide for staff
- Part D - Ethical Code of the Chartered Institute of Purchasing and Supply (CIPS).

### **Part A**

#### **Bribery Act 2010**

Bribery is generally defined as an inducement or reward offered, promised or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage, on behalf of oneself or another.

The Act repeals the UK's existing anti-corruption legislation – the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Acts of 1906 and 1916 and the common law offence of bribery – and provides an updated and extended framework of offences to cover bribery both in the UK and abroad.

#### **Zero Tolerance**

Bribery is a criminal offence. Liverpool Women's NHS Foundation Trust does not, and will not, pay bribes or offer improper inducements to anyone for any purpose; nor do we or will we, accept bribes or improper inducements. This approach applies to everyone who works for us, or with us. To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in, or otherwise encourage, bribery.



Proactively combatting bribery has clear benefits for this Trust and the wider NHS. It helps prevent:

- adverse damage to or criticism of the organisation's reputation and funding;
- the potential diversion and/or loss of resources from NHS care;
- unforeseen and unbudgeted costs of investigations and/or defence of any legal action; and,
- a negative impact on patient/stakeholder perceptions.

## **Part B**

### **General policy guidelines**

#### **Responsibility of the Trust**

The Trust is responsible for ensuring that these guidelines are brought to the attention of all employees; also that machinery is put in place for ensuring that they are effectively implemented.

#### **Responsibility of NHS staff**

It is the responsibility of staff to ensure that they are not placed in a position which risks, or appears to risk, conflict between their private interests and their NHS duties. This primary responsibility applies to all NHS staff, i.e. those who commit NHS resources directly (e.g. by the ordering of goods) or those who do so indirectly (e.g. by the prescribing of medicines). A further example would be staff who may have an interest in a private nursing home and who are involved with the discharge of patients to residential facilities.

#### **Guiding principle in conduct of public business**

It is a long established principle that public sector bodies, which include the NHS, must be impartial and honest in the conduct of their business, and that their employees should remain beyond suspicion. It is also an offence under the Bribery Act 2010 for an inducement or reward offered, promised or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage, on behalf of oneself or another (see Part A).

*A breach of the provisions of the Act renders employees liable to prosecution and may also lead to loss of their employment and superannuation rights in the NHS.*

NHS staff are expected to:

- ensure that the interest of patients remains paramount at all times;
- be impartial and honest in the conduct of their official business;
- use the public funds entrusted to them to the best advantage of the service, always ensuring value for money.

It is also the responsibility of staff to ensure that they do not:

- abuse their official position for personal gain or to benefit their family or friends;
- seek to advantage or further private business or other interests, in the course of their official duties.

#### **Implementing the guiding principles**

##### **Casual gifts**

Casual gifts offered by contractors or others, e.g. at Christmas time should be politely but firmly declined.

Any gifts received from or offer of gifts by a contractor or potential contractor must be reported immediately to the Chief Executive. In the context of these instructions contractor means any supplier

of goods and/or services to the Trust. Exception may be made only for items of a trivial nature, otherwise staff should decline all offers of gifts.

Articles of low intrinsic value such as diaries or calendars, or small tokens of gratitude from patients or their relatives, need not necessarily be refused. In cases of doubt staff should either consult their line manager or politely decline acceptance.

### **Hospitality**

Modest hospitality provided it is normal and reasonable in the circumstances, e.g. lunches in the course of working visits, may be acceptable, though it should be similar to the scale of hospitality which the NHS as an employer would be likely to offer.

Visits to contractors or potential contractors or to another site to inspect their installations must be made at the Trust's expense and not the contractor's. Exception to this rule may be granted by the Chief Executive where reasonable. Otherwise only minimal hospitality should be accepted from a contractor or potential contractor and an immediate explanation must be given to the Chief Executive if a breach of the rules occurs. As with gifts, unless of a minor nature hospitality and entertainment should be declined.

Staff should decline all other offers of gifts, hospitality or entertainment. If in doubt they should seek advice from their line manager.

Any item/s of gifts and hospitality accepted, which are over the value of £25.00, should be entered into the gifts and hospitality register held in the Chief Executive's office.

### **Declaration of interests**

The Trust needs to be aware of all cases where an employee, or his or her close relative or associate, has a controlling and/or significant financial interest in a business (including a private company, public sector organisation, other NHS employer and/or voluntary organisation), or in any other activity or pursuit, which may compete for an NHS contract to supply either goods or services to the employing authority.

All NHS staff should therefore declare such interests to their employer, either on starting employment or on acquisition of the interest, in order that it may be known to and in no way promoted to the detriment of either the employing authority or the patients whom it serves.

One particular area of potential conflict of interest, which may directly affect patients, is when NHS staff hold a self beneficial interest in private care homes or hostels. While it is for staff to declare such interests to their employing authority, the employing authority has a responsibility to introduce whatever measures it considers necessary to ensure that its interests and those of patients are adequately safeguarded. This may for example take the form of a contractual obligation on staff to declare any such interests. Advice on professional conduct issued by the General Medical Council recommends that when a doctor refers a patient to a private care home or hostel in which he or she has an interest, the patient must be informed of that interest before referral is made.

In determining what needs to be declared, employers and employees will wish to be guided by the principles set out in 'Principles of conduct in the NHS' above.

The Trust will:

- ensure that staff are aware of their responsibility to declare relevant interests (perhaps by including a clause to this effect in staff contracts)
- keep a register of all such interests and make them available for inspection by the public

- develop a local policy, in consultation with staff and local staff interests, for implementing this guidance. This may include the disciplinary action to be taken if an employee fails to declare a relevant interest, or is found to have abused his or her official position, or knowledge, for the purpose of self-benefit, or that of family or friends.

### **Preferential treatment in private transactions**

Individual staff must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had, or may have, official dealings on behalf of their NHS employer. (This does not apply to concessionary agreements negotiated with companies by NHS management, or by recognised staff interest, on behalf of all staff - for example, NHS staff benefits schemes.)

### **Contracts**

All staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign purchase orders, or place contracts for goods, materials or services, are expected to adhere to professional standards of the kind set out in the Ethical Code of the CIPS, reproduced at Part D.

### **Favouritism in awarding contracts**

Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of NHS Standing Orders and of EC Directives on Public Purchasing for Works and Supplies. This means that:

- no private, public or voluntary organisation or company which may bid for NHS business should be given any advantage over its competitors, such as advance notice of NHS requirements. This applies to all potential contractors, whether or not there is a relationship between them and the NHS employer, such as a long-running series of previous contracts
- each new contract should be awarded solely on merit, taking into account the requirements of the NHS and the ability of the contractors to fulfil them.

The Trust will ensure that no special favour is shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or relevant managerial capacity. Contracts may be awarded to such businesses where they are won in fair competition against other tenders, but scrupulous care must be taken to ensure that the selection process is conducted impartially, and that staff who are known to have a relevant interest play no part in the selection.

### **Warnings to potential contractors- Trust bribery statement**

NHS employers will wish to ensure that all invitations to potential contractors to tender for NHS business include a notice warning tenderers of the consequences of engaging in any corrupt practices involving employees of public bodies.

Liverpool Women's NHS Foundation Trust does not, and will not, pay bribes or offer improper inducements to anyone for any purpose; nor do we or will we, accept bribes or improper inducements. This approach applies to everyone who works for us, or with us. To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in, or otherwise encourage, bribery.

### **Outside employment**

NHS employees are advised not to engage in outside employment which may conflict with their NHS work, or be detrimental to it. They are advised to tell the Trust if they think they may be risking a conflict of interest in this area: the Trust will be responsible for judging whether the interests of patients could be harmed, in line with the principles in 'Implementing the guiding principles' above.

Second employments must also be considered carefully. These activities should neither take precedence over an officer's main employment with the Trust nor should engagement in these activities in any way affect an officer's efficient discharge of duties under his or her main employment. Where an officer has reason to believe that this or her second employer has any business dealings whatsoever with the Trust the fact must be reported to the Chief Executive.

For full time staff, the main employment of officers necessarily takes precedence over any other paid or voluntary activities undertaken. Employees should not engage in any second or spare time job which affects in any way their performance or discharge of their duties with this Trust.

Second or spare time jobs are permissible without the need for registration or authorisation where the activity is not with a supplier or contractor to the Trust or not with any other NHS organisation.

Extra jobs, whether regular or occasional, should not be with a supplier to the Trust unless specifically approved by the Chief Executive who will keep a register detailing the personnel, the activity, the employer, and any other such details as deemed desirable.

Details of such situations must be submitted as and when these arise and confirmed on an annual basis.

Particular care must be taken to disclose any employment, even if only on a temporary or supply basis, with another NHS or private health care body.

### **Private practice**

Consultants (and associate specialists) employed under the Consultant Contract are permitted to carry out private practice in NHS hospitals subject to the conditions outlined in the handbook and in accordance with the Code of Conduct for Private Practice

Other grades may undertake private practice or work for outside agencies, providing they do not do so within the time they are contracted to the NHS, and they observe the conditions in the paragraph above. All hospital doctors are entitled to fees for other work outside their NHS contractual duties (paragraph 41 of the TCS of Hospital Medical and Dental staff) e.g. examinations and reports for life insurance purposes. Hospital doctors and dentists in training should not undertake locum work outside their contracts where such work would be in breach of their contracted hours. Career grade medical and dental staff employed by NHS Trusts may agree terms and conditions different from the National Terms and Conditions of Service.

### **Rewards for Initiative**

The Trust will identify potential intellectual property rights (IPR), as and when they arise, so that they can protect and exploit them properly, and thereby ensure that it receives any rewards or benefits (such as royalties) in respect of work commissioned from third parties, or work carried out by their employees in the course of their NHS duties. Most IPR are protected by statute e.g. patents are protected under the Patents Act 1977 and copyright (which includes software programmes) under the Copyright Designs and Patents Act 1988. To achieve this, the Trust will build appropriate specifications and provisions into the contractual arrangements which they enter into *before* the work is commissioned, or begins. They should always seek legal advice if in any doubt in specific cases.

With regard to patents and inventions, in certain defined circumstances the Patents Act gives *employees a right* to obtain some reward for their efforts, and employers should see that this is effected. Other rewards may be given voluntarily to employees who within the course of their employment have produced innovative work of outstanding benefit to the NHS. Similar rewards should be voluntarily applied to other activities such as giving lectures and publishing books and articles.

In the case of collaborative research and evaluative exercises with manufacturers, NHS employers should see that they obtain a fair reward for the input they provide. If such an exercise involves additional work for an NHS employee outside that paid for by the NHS employer under his or her contract of employment, arrangements should be made for some share of any rewards or benefits to be passed on to the employee(s) concerned from the collaborating parties. Care should however be taken that involvement in this type of arrangement with a manufacturer does not influence the purchase of other supplies from that manufacturer.

### **Commercial sponsorship for attendance at courses and conferences**

Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable, but only where the employee seeks permission in advance and the employer is satisfied that acceptance will not compromise purchasing decisions in any way.

On occasions when NHS employers consider it necessary for staff advising on the purchase of equipment to inspect such equipment in operation in other parts of the country (or exceptionally, overseas), employing authorities will themselves want to consider meeting the cost, so as to avoid putting in jeopardy the integrity of subsequent purchasing decisions.

### **Commercial sponsorship of posts - “linked deals”**

Pharmaceutical companies, for example, may offer to sponsor, wholly or partially, a post for the Trust. The Trust will not enter into such arrangements, unless it has been made abundantly clear to the company concerned that the sponsorship will have no effect on purchasing decisions by the Trust. Where such sponsorship is accepted, monitoring arrangements will be established to ensure that purchasing decisions are not, in fact, being influenced by the sponsorship agreement.

*Under no circumstances should employers agree to “linked deals” whereby sponsorship is linked to the purchase of particular products, or to supply from particular sources.*

### **“Commercial in-confidence”**

Staff should be particularly careful of using, or making public, internal information of a “commercial in-confidence” nature, *particularly if its disclosure would prejudice the principle of a purchasing system based on fair competition. This principle applies whether private competitors or other NHS providers are concerned*, and whether or not disclosure is prompted by the expectation of personal gain (see the paragraphs above and Part D).

However, NHS employers should be careful about adopting a too restrictive view on this matter. It should certainly not be a cause of excessive secrecy on matters which are not strictly commercial per se. For example, the term “commercial in confidence” should not be taken to include information about service delivery and activity levels, which should be publicly available. Nor should it inhibit the free exchange of data for medical audit purposes, for example, subject to the normal rules governing patient confidentiality and data protection. In all circumstances the overriding consideration must be the best interests of patients.

### **Disciplinary action**

Failure to follow the principles and the guidance in this Code may result in disciplinary action and possibly prosecution under the Bribery Act 2010.

Officers should take action to report as soon as possible any instance where they feel the guidelines have been broken, accidentally or otherwise, by themselves or others. It should be emphasised that the crime occurs when any money, gift or consideration has been offered, requested or received and the recipient then shows favour or partiality to the donor. The recipient should be prepared to, and be able to demonstrate that any gift or hospitality was not received corruptly. Money should never be accepted. Prompt disclosure and registration are important acts to refute the charge of corruption.

## **Part C**

### **Short guide for staff**

Do:

- make sure you understand the guidelines on standards of business conduct, and consult your line managers if you are not sure
- make sure you are not in a position where your private interests and NHS duties may conflict (3)
- declare to your employer any relevant interests. If in doubt, ask yourself:
  - am I, or might I be, in a position where I (or my family/friends) could gain from the connection between my private interests and my employment?
  - do I have access to information which could influence purchasing decisions?
  - could my outside interest be in any way detrimental to the NHS or to patients' interests?
  - do I have any other reasons to think I may be risking a conflict of interest?
  - if still unsure - declare it!
- adhere to the ethical code of the Chartered Institute of Purchasing and Supply if you are involved in any way with the acquisition of goods and services
- seek your employer's permission before taking on outside work, if there is any question of it adversely affecting your NHS duties (special guidance applies to doctors)
- obtain your employer's permission before accepting any commercial sponsorship.

Do not:

- accept any gifts, inducements or inappropriate hospitality
- abuse your past or present official position to obtain preferential rates for private deals
- unfairly advantage one competitor over another or show favouritism in awarding contracts
- misuse or make available official "commercial in confidence" information.

If in doubt seek advice from the Trust Secretary on 0151 702 4033 or if you wish to report any concerns in relation to fraud or corruption contact the Trust's LCFS on 07800 617 012, the Fraud and Corruption Reporting Line 0800 028 4060 or [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk).

## **Part D**

### **Chartered Institute of Purchasing and Supply - Ethical Code (Reproduced by kind permission of CIPS)**

#### **Introduction**

The code set out below was approved by the CIPS Council on 11 March 2009 and is binding on CIPS members.

- maintain the highest standard of integrity in all my business relationships
- reject any business practice which might reasonably be deemed improper
- never use my authority or position for my own personal gain
- enhance the proficiency and stature of the profession by acquiring and applying knowledge in the most appropriate way
- foster the highest standards of professional competence amongst those for whom I am responsible
- optimise the use of resources which I have influence over for the benefit of my organisation
- comply with both the letter and the intent of:
  - the law of countries in which I practise
  - agreed contractual obligations
  - CIPS guidance on professional practice

- declare any personal interest that might affect, or be seen by others to affect, my impartiality or decision making
- ensure that the information I give in the course of my work is accurate
- respect the confidentiality of information I receive and never use it for personal gain
- strive for genuine, fair and transparent competition
- not accept inducements or gifts, other than items of small value such as business diaries or calendars
- always declare the offer or acceptance of hospitality and never allow hospitality to influence a business decision
- remain impartial in all business dealing and not be influenced by those with vested interests.

*See also Code of Conduct for NHS Managers, included in this manual.*

## **12. Standing Orders of the Council of Governors – these can be found in the4 Trust Constitution**

## **13. Procedure for amending the Corporate Governance Manual**

### **13.1 Procedure for Reviewing and Updating**

#### **13.1.1 Background**

This manual sets out how the Trust operates and regulates itself. This is of vital importance in the public sector where the use of public funds and the performance and conduct of the organisation is under constant scrutiny.

#### **13.1.2 Annual Review**

The manual will be reviewed annually. It will be reviewed by the Trust Audit Committee in July. Thereafter it will be presented to the Board of Directors for formal approval and adoption at the next available meeting.

All changes<sup>13</sup> to the manual will be reviewed by the Audit Committee. These changes will be clearly highlighted in the updated Manual which is presented for subsequent adoption to the Board of Directors.

Following adoption, the Chief Executive and the Trust Secretary are responsible for ensuring that all directors, governors and trust staff are made aware of the manual and their responsibilities in respect of it. An up-to-date version of the manual will at all times be available on the Trust's intranet and website.

Where there are proposed changes to the manual that require initial review and approval by the Council of Governors, this will be done prior to consideration by the Audit Committee and the Board of Directors.

Care should be taken to ensure that all changes are consistent with the Trust's Constitution. Any proposed changes to the Constitution must first be approved by the Trust's members and NHS Improvement as per paragraph 23 of the Constitution.

Changes to Standing Financial Instructions, Scheme of Delegation of Board powers and associated section or which have financial implications or impact must always be routed through the Trust's Finance Department, where the Deputy Director of Finance will ensure all financial aspects of the change are given due consideration and approval. These changes must be subsequently approved

<sup>13</sup> With the exception of minor changes such as an organisational name change which will be reported for noting to the next available Audit Committee

by the Finance, Performance and Business Development Committee ahead of consideration by the Audit Committee and Board of Directors.

The Trust Secretary will co-ordinate the submission of Corporate Governance Manual changes for approval to the Audit Committee, the Board of Directors and the Council of Governors as required.

### **13.1.3 Periodic Updating**

The manual will be reviewed annually when necessary changes will be made. However it is recognised that changes may need to be made in-year to reflect legislative, constitutional, operational or other requirements i.e. periodic updating.

In such circumstances the same procedures must be followed, in due order, as specified above in respect of the annual review.

DRAFT