

# **STANDING FINANCIAL INSTRUCTIONS**

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# 1 **INTRODUCTION**

## 1.1 **GENERAL**

- 1.1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated in the Standing Orders of the Trust.
- 1.1.2 These SFIs detail the financial responsibilities and accountabilities to be adopted by the Trust. They have been designed to ensure that the financial transactions of the Trust 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 Scheme of Delegation adopted by the Trust.
- 1.1.3 These SFIs identify the financial responsibilities, which apply to all employees working for the Trust and its constituent organisations and Trading Units. They do not provide detailed procedural advice and are deliberately focused on responsibilities and accountabilities rather than process and procedure. These statements should therefore be used in conjunction with the detailed departmental and financial procedure notes. The Director of Finance must approve all financial procedures.
- 1.1.4 Should any difficulty arise regarding the interpretation or application of any of these SFIs then the advice of the Director of Finance **MUST BE SOUGHT BEFORE ACTION IS TAKEN**. The user should be familiar with and comply with the provisions within these SFIs.
- 1.1.5 **FAILURE TO COMPLY WITH SFIs AND SOs IS A DISCIPLINARY MATTER, WHICH COULD RESULT IN DISMISSAL.**

## 1.2 **TERMINOLOGY**

- 1.2.1 The following apply throughout these instructions:
- (a) TRUST means the Sheffield Teaching Hospitals NHS Foundation Trust
  - (b) BOARD means the Board of the Trust
  - (c) BUDGET means a resource, expressed in financial terms, proposed by the Trust for the purpose of carrying out, for a specific period, any or all of the functions of the Trust
  - (d) BUDGET HOLDER means the director or employee with delegated authority to manage finances for a specific area of the organisation
  - (e) CHIEF EXECUTIVE OFFICER means the chief officer of the Trust
  - (f) DIRECTOR OF FINANCE means the chief financial officer of the Trust
  - (g) FUNDS HELD ON TRUST shall mean those funds which the Trust holds at 1<sup>st</sup> April 1996 or date of incorporation, receives on distribution by statutory instrument or chooses subsequently to

accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.

(h) LEGAL ADVISOR means the properly qualified person appointed by the Trust to provide legal advice.

1.2.2 Wherever the title Chief Executive Officer (CEO), Director of Finance (DoF), or other nominated officer is used in these instructions, it shall be deemed to include such other director or employees who have been duly authorised to represent them.

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

### **1.3 RESPONSIBILITIES AND DELEGATION**

1.3.1 The BOARD exercises financial supervision and control by:

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

1.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Powers to the Board' document.

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

1.3.4 Within the SFI's, it is acknowledged that the CEO is ultimately accountable to the Board, and as Accounting Officer for ensuring that the Board meets its obligation to perform its function with the available financial resources. The Accounting Officer has a duty to prepare accounts in accordance with the Health and Social Care (Community Health and Standards) Act 2003. The Accounting Officer has personal responsibility for signing the accounts. In addition it is an important principle that, regardless of the source of funding, the Accounting Officer is responsible to Parliament for the resources under his control.

The Accounting Officer must ensure that:

- (a) there is a high standard of financial management in the NHS FT as a whole;
- (b) financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the NHS FT; and
- (c) financial considerations are fully taken into account in decisions on NHS FT policy proposals.

1.3.5 The CEO and DoF will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

1.3.6 It is a duty of the CEO to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions.

1.3.7 The DoF is responsible for:

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

and, without prejudice to any other functions of directors and employees to the Trust, the duties of the DoF include

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

1.3.8 All directors and employees, individually, severally and collectively, are responsible for:

- (a) the security of the property of the Trust
- (b) avoiding loss
- (b) exercising economy and efficiency in the use of resources

- (d) conforming with the requirements of the Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

All staff must be made aware of these responsibilities on joining the Trust.

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

1.3.10 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 DoF.

## **1.4 WAIVERS TO STANDING FINANCIAL INSTRUCTIONS**

1.4.1 These Standing Financial Instructions may require waiving for a number of reasons. Examples include only one possible supplier for an item requiring the tendering process to be completed, orders that are required urgently and Trust Fund expenditure requests which require immediate action. Any waiver must be clearly documented, must include supporting information and must be authorised by the CEO or the Chairman and the DoF if at short notice. The Audit Committee will report any concerns from the waiver request to the main Board as appropriate.

It should be noted that waivers to these Standing Financial Instructions should be exceptional.

## **2 AUDIT**

### **2.1 AUDIT COMMITTEE**

2.1.1 In accordance with Standing Orders the Board shall establish an Audit Committee, which will provide an independent, objective view of internal control by:

- (a) overseeing Internal and External Audit services
- (b) reviewing financial systems, financial information used by the Trust and compliance with law, guidance and codes of conduct
- (c) monitoring compliance with Standing Orders and Standing Financial Instructions
- (d) reviewing schedules of losses and compensations and making recommendations to the Board
- (e) review of internal audit reports
- (f) review of internal audit work plan before work commences

- (g) review of external audit plan before work commences considering the reliance to be placed on internal audit
- (h) review of external audit management letter.

2.1.2 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chairman of the Audit Committee should raise the matter at a full meeting of the Board.

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

The terms of reference of the Audit Committee must be approved by the Trust Board.

## **FRAUD & CORRUPTION**

2.2.1 In line with their responsibilities as set out by Monitor and in HSG(96)12 Trust CEO and DoF shall monitor and ensure compliance with S of S Directions on fraud and corruption.

2.2.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the NHS Fraud and Corruption manual and guidance.

2.2.3 The Local Counter Fraud Specialist shall report to the Trust DoF and shall work with staff in the Directorate of Counter Fraud Services and Counter Fraud Operational Service in accordance with the NHS Counter Fraud and Security Management Service Manual.

## **2.3 DIRECTOR OF FINANCE**

2.3.1 The DoF is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function
- (b) ensuring that the internal audit is adequate and meets the mandatory audit standards
- (c) deciding at what stage to involve other bodies (i.e. the police) in cases of misappropriation, and other irregularities
- (d) ensuring that an annual audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - (i) a clear statement on the effectiveness of internal control
  - (ii) major internal 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

2.3.2 The DoF or designated auditors are entitled without necessarily giving prior notice to require and receive:

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

## **2.4 ROLE OF INTERNAL AUDIT**

2.4.1 Internal Audit will review, appraise and report on:

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

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

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

2.4.4 The Head of Internal Audit shall be accountable to the DoF. The reporting system for internal audit shall be agreed between the DoF, the Audit Committee and the Head of Internal Audit. The agreement

shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every three years.

## **2.5 EXTERNAL AUDIT**

2.5.1 The external auditor is appointed by the Governors Council and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. Should there be concern relating to the performance of the external auditor the issue should be raised with the external auditor and referred to the Governors Council where a resolution cannot be reached.

## **3 BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **3.1 PREPARATION AND APPROVAL OF BUSINESS PLANS AND BUDGETS**

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

3.1.2 Prior to the start of the financial year the DoF will, on behalf of the CEO, prepare and submit budgets for approval by the Board. Such budgets will:

- (a) be in accordance with the aims and objectives set out in the Annual Business Plan
- (b) accord with workload and manpower plans
- (c) be produced following discussion with appropriate budget holders
- (d) be prepared within the limits of available funds
- (e) identify potential risks.

3.1.3 The DoF shall monitor financial performance against the budget and business plan, periodically review them, and report to the Board.

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

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

## **3.2 BUDGETARY DELEGATION**

3.2.1 The CEO may delegate the management of a budget or part of a budget to a Trust Executive Group (TEG) Director or a Clinical Director for clearly defined purposes. This delegation must be in writing and be accompanied by a clear definition of:

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

Budgets may delegate budgets to appropriate managers within CMT's, Clinical Directorates or Departments but the ultimate accountability for performance against the budget remains with the Executive Directors and Clinical Directors.

3.2.2 The CEO and delegated budget holders must not exceed the budgetary total or virement limits set by the Board. Budgets shall only be used for the purpose for which they were established. Executive Directors and Clinical Directors may utilise the surpluses arising within individual budgets to fund other budgets within their control. Any virement of funding in excess of these levels requires prior authorization from the CEO.

3.2.3 Unbudgeted expenditure, other than overspending of existing budgets, not covered in accordance with 3.2.2 (above) shall only be incurred after authorization and approval from the CEO. Any such expenditure must be supported by a revenue business case. Examples of items requiring a revenue business case include significant recurrent commitments (i.e. any additional staff and significant revenue commitments not budgeted).

3.2.4 The DoF is responsible for the transferring of specific reserves covering specific events such as pay awards and inflation adjustments to budget holders. This may be delegated to the appropriate Executive Director for management purposes.

3.2.5 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the CEO.

## **3.3 BUDGETARY CONTROL AND REPORTING**

3.3.1 The DoF will devise and maintain systems of budgetary control. The responsibility for the format and content of these reports will be at Directorate level. These will include:

- (a) monthly financial reports to the Board, covering the financial duties, in an approved form containing:
  - (i) income and expenditure to date showing trends and forecast of the year end position
  - (ii) movements in working capital
  - (iii) capital project spend and projected outturn against plan
  - (iii) explanations of any material variances from plan
  - (iv) details of any corrective action where necessary and the CEO and/or DoF view on whether such actions are sufficient to correct the situation
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible
- (c) investigation and reporting of variances from financial, workload and manpower budgets
- (g) monitoring the management action taken to correct variances
- (h) arrangements for the authorisation of budget transfers

3.3.2 Each budget holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board. This does not apply in exceptional circumstances where action must be taken immediately to avoid legal or Health and Safety requirements. Any such exceptional circumstances must be agreed with the Director of Finance.
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement.
- (c) no permanent employees are appointed without the approval of the CEO other than those provided for in the budgeted establishment as approved by the Board.

3.3.3 The CEO 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. This can be delegated to the Executive Directors as appropriate.

## **3.4 CAPITAL EXPENDITURE**

3.4.1 The general rules applying to budgetary delegation and reporting shall also apply to capital expenditure. Reporting shall be in the form required by the Board. (The particular applications relating to capital are contained in Chapter 11.)

### **3.5 MONITORING RETURNS**

3.5.1 The CEO is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

## **4 ANNUAL ACCOUNTS AND REPORTS**

4.1 The DoF, on behalf of the Trust, will:

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

4.2 The annual accounts require the approval of the Board prior to publication. The responsibility for the review and initial review of the accounts is delegated to the Audit Committee appointed by the Board.

4.3 The Trust's Audited Annual Accounts must be presented at an Annual General Meeting held in public.

4.4 The Trust will publish an Annual Report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with Monitor's Manual for Accounts.

## **5 BANK AND PGO ACCOUNTS**

### **5.1 GENERAL**

5.1.1 The DoF is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/direction issued by Monitor.

5.1.2 The Board shall approve the banking arrangements.

### **5.2 BANK AND PGO ACCOUNTS**

5.2.1 The DoF is responsible for:

- (a) bank accounts and paymaster general office (PGO) accounts
- (b) establishing separate bank accounts for the non-exchequer funds of the Trust
- (c) ensuring payments made from bank or PGO accounts do not exceed the amount credited to the account except where arrangements have been made

- (d) reporting to the Board all arrangements made with the bankers of the Trust for accounts to be overdrawn.

### **5.3 BANKING PROCEDURES**

- 5.3.1 The DoF will prepare detailed instructions on the operation of bank and PGO accounts, which must include:
  - (a) the conditions under which each bank and PGO account is to be operated
  - (b) the limit to be applied to any overdraft
  - (c) those authorised to sign cheques or other orders to draw on the accounts of the Trust.
  - (d) payments over an amount stipulated by the DoF shall be supported by more than one authorised signature on the cheque of authority to pay, as appropriate.
- 5.3.2 The DoF must advise the bankers of the Trust in writing of the conditions under which each account will be operated.

### **5.4 TENDERING AND REVIEW**

- 5.4.1 The DoF will review the banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by seeking competitive tenders for the Trust banking business.
- 5.4.2 Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board.

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

### **6.1 INCOME SYSTEMS**

- 6.1.1 The DoF is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 6.1.2 The DoF is responsible for the prompt banking of all monies received.

### **6.2 FEES AND CHARGES**

- 6.2.1 The Trust shall follow advice from Monitor in setting prices for internal market contracts.
- 6.2.2 The DoF 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. Directorate fees will be agreed within the Directorate, External fees will be approved by the DoF and

items of a sensitive nature will be referred to TEG.

- 6.2.3 All employees must inform the DoF promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreement, private patient undertakings and other transactions.

### **6.3 DEBT RECOVERY**

- 6.3.1 The DoF is responsible for the appropriate recovery action on all outstanding debts. The DoF shall establish the procedure for the issuing of credit notes and write-off of debts after all reasonable steps have been taken to secure payment. Authorization levels shall be approved by the Board.
- 6.3.2 It is the responsibility of the DoF to ensure that adequate provisions for bad debt are made.
- 6.3.3 Income not received should be dealt with in accordance with losses procedures.
- 6.3.4 All overpayments should be detected (or preferably prevented) and recovery initiated.

### **6.4 SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

- 6.4.1 The DoF is responsible for:
- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable
  - (b) ordering and securely controlling any such stationery
  - (c) the provision of adequate facilities and systems for employees whose duties include collection and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines
  - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 6.4.2 Official money shall not be used for the encashment of private cheques.
- 6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the DoF.
- 6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safe unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not held liable for any loss, and written indemnities must be obtained from the organisation or individuals

absolving the Trust from responsibility from any loss.

## **7 CONTRACTING FOR PROVISION OF SERVICES BY THE TRUST**

- 7.1 The CEO is responsible for negotiating contracts for the provision of services to patients in accordance with the Business Plan, and for establishing the arrangements for providing extra-contractual services. In carrying out these functions, the CEO should take into account the advice of the DoF regarding:
- (a) costing and pricing of services
  - (b) payment terms and conditions
  - (c) amendments to contracts and extra-contractual arrangements
- 7.2 Contracts should be so devised as to minimise risk whilst covering all costs incurred. Contract prices should comply with "Costing For Contracting" guidelines.
- 7.3 The DoF shall produce regular reports detailing actual and forecast contract income (linked to contract activity) with a detailed assessment of the impact of the variable elements of income and the forecast impact on the achievement of year-end financial targets.
- 7.4 All contracts for the provision of services by the Trust must be signed by the CEO.
- 7.5 Any pricing of contracts at marginal cost must be undertaken by the DoF and reported to the Board.

## **8 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES**

### **8.1 REMUNERATION AND TERMS OF SERVICE**

- 8.1.1 In accordance with the Standing Orders the Board shall establish Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 8.1.2 The Committee will:
- (a) advise the Board about the appropriate remuneration and terms of service for the CEO and other executive directors (and other senior employees), including:
    - (i) all aspects of salary (including any performance-related elements/bonuses)
    - (ii) provision for other benefits, including pensions and cars
    - (iii) arrangements for termination of employment and other contractual terms
  - (b) make such recommendations to the Board on the remuneration and terms of service of executive directors (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust – having proper regard to the Trust's circumstances and performance and to the

provisions of any national arrangements for such staff where appropriate

- (c) monitor and evaluate the performance of individual executive directors (and senior employees) and
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

8.1.3 The committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of services of executive directors. Minutes of the Board meetings should record such decisions.

8.1.3 The Board will approve proposals presented by the CEO for setting of remuneration and conditions of service for those employees not covered by the committee.

8.1.3 The Governors Council will determine the remuneration and Terms and Conditions for the Chairman and Non-Executive Directors.

## **8.2 FUNDED ESTABLISHMENT**

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

8.2.2 The funded establishment of any department may not be varied without the approval of the CEO.

## **8.3 STAFF APPOINTMENTS**

8.3.1 No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration:

- (a) unless within the limit of his approved budget and funded establishment,

OR

- (b) unless authorised to do so by the CEO

8.3.2 The Board will approve procedures presented by the CEO for the determination of commencing pay rates, conditions of service, etc, for employees.

## **8.4 PROCESSING OF PAYROLL**

8.4.1 The Director of Finance is responsible for:

- (a) making payment on agreed dates
- (b) agreeing the method of payment

8.4.2 The Director of Human Resources, with advice from the DoF, will issue instructions regarding as part of the management of the payroll contract:

- (a) verification and documentation of data
- (b) the final determination of pay
- (c) the timetable for receipt and preparation of payroll data and the payment of employees
- (d) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay
- (e) security and confidentiality of payroll information
- (f) checks to be applied to completed payroll before and after payment
- (g) authority to release payroll data under the provisions of the Data Protection Act
- (h) methods of payment available to various categories of employee
- (i) procedures for payment by cheque, bank credit etc. to employees
- (j) procedures for the recall of cheques and bank credits
- (k) pay advances and their recovery
- (l) maintenance of regular and independent reconciliation of pay control accounts
- (m) segregation of duties of preparing records and handling cash
- (n) a system to ensure the recovery from leavers of sums of money and property due to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records and other notifications in accordance with agreed timetables

- (b) completing time records and other notifications in accordance with instructions issued by the DoF and in the form prescribed
- (c) submitting termination forms in the prescribed format 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 the Trust without notice, the DoF must be informed immediately.

8.4.4 Regardless of the arrangements for providing the payroll service, the DoF shall ensure that the chosen method is supported by appropriate contract 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 the appropriate bodies.

## **8.5 CONTRACT OF EMPLOYMENT**

8.5.1 The Board shall delegate responsibility to the Director of Human Resources for:

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

## **8.6 VARYING PAY AND CONDITIONS**

8.6.1 The CEO has authority to approve local variations to the pay and conditions of an individual up to Executive Director within the organisation. This approval can only be obtained after a joint, documented recommendation from the Directorate of Human Resources and the relevant Head of Department.

8.6.2 Any amendments to the pay and condition of a small group of employees must be subject to authorization by the Remuneration Committee. A small group is defined as a group of less than 10 employees working within a specific operational area. The head of the initiating Directorate and the Directorate of HR will make a joint, written justification for any such change which the Directorate of HR will table to a Remuneration Committee meeting. The written justification will include:

- (a) reasons for change
- (b) outline of consultative processes used in developing the proposal
- (c) likely impact of the change on other staff groups within the Trust
- (d) full cost justification and appraisal.

- 8.6.3 Major reward projects will only proceed following the approval of the Trust Board. Major projects are classed as those that impact on a large group (10 or more) of employees in one or more staff category. The initiating Directorate will propose the project by presenting a paper to the Trust Board that gives full consideration to the business case for such a project. The sponsoring manager will ensure the Trust Board is advised of progress.

## **9 NON-PAY EXPENDITURE**

### **9.1 DELEGATION OF AUTHORITY**

- 9.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the CEO will determine the level of delegation to budget managers.
- 9.1.2 The CEO will set out:
- (a) the list of managers who are authorised to place requisitions for the supply of goods and services in line with the budget allocation for those items
  - (b) the maximum level of each requisition and the system for authorization above that level.
- 9.1.3 The CEO shall set out procedures on the seeking of professional advice regarding the supply of goods and services.
- 9.1.4 No contract for the supply of goods and services may be authorised by any staff other than members of the Supplies or Estates Directorates in respect of capital purchases and exceptionally the CEO. The CEO may not authorise a contract directly relating to their own budget responsibility.

### **9.2 CHOICE, REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES**

- 9.2.1 The requisitioner, in choosing the item to be supplied shall always obtain the best value for money for the Trust. The advice of the Supplies Department should be sought in doing so. Where this advice is not available to the requisitioner, the Director of Finance (and/or the CEO) shall be consulted.
- 9.2.2 The DoF shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 9.2.3 The DoF will:
- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders 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 certify requisitions, orders and invoices
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
    - the account is arithmetically correct
    - the account is in order for payment.
  - (iii) A timetable and system for submission to the DoF of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring payment
  - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below)

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

- (a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e., cashflows must be discounted to NPV) and the intention is not to circumvent cash limits
- (b) the appropriate Director must provide the DoF with a written case setting out all relevant circumstances of the purchase. The report must detail the effects on the Trust if the supplier at some time in the course of the prepayment agreement is unable to meet his commitments
- (b) the DoF will need to be satisfied with the proposed arrangements before contractual arrangements proceed
- (c) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director or CEO if problems are encountered.

9.2.5 Official orders must:

- (a) be consecutively numbered
- (b) be in a form approved by the DoF
- (c) state the terms and conditions of trade of the Trust
- (d) only be issued to, and used by, those duly authorised by the CEO.

9.2.6 Managers must ensure that they comply fully with the guidance and limits specified by the DoF 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 DoF in advance of the commitment being made
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621)
- (c) where consultancy advice is being obtained, the procurement must be in compliance with Monitor guidance
- (d) no order shall be issued for any item to any company which

has made an offer of gifts, rewards or benefit to the directors or employees, other than:

- (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
- (ii) conventional hospitality, such as lunches in the course of working visits
- (e) no requisition/order is placed for any item for which there is no budget provision unless authorised by the DoF or CEO
- (f) all goods, services or works are ordered on an official order except where works and services are executed in accordance with a contract and where purchases are made from petty cash
- (g) verbal orders must only be issued very exceptionally - by staff with delegated responsibility from the CEO 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 so devised to avoid financial thresholds
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive tender and risk
- (j) changes to the list of staff authorised to certify invoices are notified to the DoF
- (k) purchases from petty cash are restricted in value and type of purchase in accordance with instructions issued by the DoF
- (l) petty cash records are maintained in a form as determined by the DoF.

9.2.7 The CEO must ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant director.

## **10 EXTERNAL BORROWING AND INVESTMENTS**

### **10.1 EXTERNAL BORROWING**

10.1.1 The DoF will advise the Board concerning the ability of the Trust to pay interest, and repay, both the originating capital debt and any proposed new borrowing, within the framework of the Prudential Borrowing Limit. The DoF is also responsible for reporting periodically to the Board concerning the PDC and overdrafts.

10.1.2 Any application for PDC or overdraft will only be made by the DoF or by an employee so delegated.

10.1.3 The DoF must prepare detailed procedural instructions concerning

applications for PDC and overdrafts.

10.1.4 All short-term borrowing should be kept to a minimum period of time possible, consistent with the cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the DoF or an employee so delegated.

10.1.5 All long-term borrowing must be consistent with the plans outlined in the current business plan.

## **10.2 INVESTMENTS**

10.2.1 Temporary cash surpluses must be held only in such public or private sector investments as detailed in Trust Policy.

10.2.2 The DoF is responsible for advising the Board on investments and shall therefore report annually to the Board concerning the performance of investments held.

10.2.3 The DoF will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

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

## **11.1 CAPITAL INVESTMENT**

11.1.1 The CEO:

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

11.1.2 For significant capital expenditure proposal the CEO shall ensure:

- (a) that a business case is produced in line with the guidance contained within the Trust's Capital Procedures Manual. This business case should set out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to cost

appropriate project management and control arrangements

- (c) that the DoF has certified professionally to the costs and revenue consequences detailed in the business case

11.1.3 For capital schemes where the contracts stipulate stage payments the CEO will issue procedures for their management, incorporating the recommendations of "CONCODE"

The DoF shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

The CEO 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.

The CEO will issue a scheme of delegation for capital investment management in accordance with CONCODE guidance and the Trust's Standing Orders.

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

## **11.2 PRIVATE FINANCE**

11.2.1 When the Trust proposes to use finance that is to be provided other than through its revenue cash the following procedures shall apply:

- (a) The DoF shall demonstrate that the use of private finance represents value for money and that there is appropriate sharing of risk with private sector
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the appropriate NHS Regional Office and/or treated as per current guidelines (including as at 1/4/95, the Capital Investment Manual and HSG 95(15)).
- (c) Trust approval procedures for a private finance deal are exactly as per the Capital Investment Manual. It is the capital value of the asset being acquired that is the appropriate value for determining the relevant approval level. Thus, a business case must be prepared and the appropriate approval obtained as normal. The proposal must be specifically agreed by the Board

### **11.3 ASSET REGISTER**

- 11.3.1 The CEO is responsible for the maintenance of registers of assets, taking into account the advice of the DoF 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.
- 11.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual.
- 11.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads
  - (c) lease agreements in respect of assets held under finance leases and capitalised.
- 11.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorization documents and invoices.
- 11.3.5 The DoF shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.3.6 The value of assets shall be indexed to current values in accordance with methods specified by Monitor. The DoF shall determine the indexation policies to be applied.
- 11.3.7 The value of each asset shall be depreciated using methods and rates as specified in the Capital Charges Manual.

### **11.4 SECURITY OF ASSETS**

- 11.4.1 The overall control of fixed assets is the responsibility of the CEO.
- 11.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the DoF. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset
  - (b) identification of additions and disposals
  - (c) identification of all repairs and maintenance expenses

- (d) physical security of assets
- (e) periodic verification of the existence of, condition of, and title to, assets recorded
- (f) identification and reporting of all costs associated with the retention of an asset
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

11.4.3 All discrepancies revealed by verification of physical assets as compared to the asset register shall be notified to the DoF.

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

11.4.5 Any damage to the Trust premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure of reporting losses.

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

## **11.5 Property**

11.5.1 The following matters related to property must be considered by the Board. Submission to the Board must be in the format of a business case as detailed in the Trust Capital Manual.

- (a) acquisition of freehold property
- (b) acquisition of property by means of a lease over £100k pa

The complexity of the business case should be determined by the materiality of the consideration or lease payments and any contentious issues, and must contain:

- (a) details of the consideration or lease payments
- (b) details of the period of the lease
- (c) details of the required accounting treatment
- (d) annual running costs of the property
- (e) funding sources within the Trust of both capital and revenue aspects of the acquisition
- (f) the results of property and ground surveys
- (g) professional advice taken and the resultant cost

- (h) details of any legal agreement entered into
- (i) any restrictive covenants that exist on the property
- (j) planning permission.

Any property acquisition should be in accord with Estatecode.

- 11.5.2 The contracts to acquire the property must be signed by the relevant Trust Board member.
- 11.5.3 Appointment of professional advisors must be in line with the separate procedures for the appointment of advisers in compliance with ESTATECODE.
- 11.5.4 Trust Board approval must be obtained for the disposal of any property that is recorded on the balance sheet of the Trust. A business case must be presented to the Board, which must include:
  - (a) the proceeds to be received
  - (b) any warrants or guarantees being given
  - (c) independent valuations obtained.
- 11.5.5 The disposal must be effected in full accord with Estatecode.
- 11.5.6 Disposal of property identified in the FT's Terms of Authorisation as protected property, may not be disposed of without the approval of Monitor.
- 11.5.7 Granting of property leases by the Trust must have prior approval of the Board where the annual rental value of the lease is in excess of £200k pa. An appropriate business case must be submitted to include confirmation to Monitor that provision of such accommodation will not inhibit provision of the Trusts' mandatory goods and services.
- 11.5.8 Granting of interests in Trust property by lease or licence with an annual rental or fee of <£200k must have the prior approval of the Trust Executive Group. An appropriate business case must be submitted, which should confirm to Monitor that provision of such accommodation will not inhibit provision of the Trust's mandatory goods and services.
- 11.5.9 Granting of occupancy rights in Trust property under Service Agreements must be sanctioned and agreed by the Director of Estates in accordance with para. 4.5 of the Trust's policy for the Provision of Goods and Services to NHS and other Organisations.

## **12 STORES AND RECEIPT OF GOODS**

- 12.1 Stores, defined in terms of controlled stores and departmental stores (for

immediate use) should be:

- (a) controlled at an optimum level consistent with meeting clinical or operational needs
  - (b) subjected to stocktake at least on an annual basis
  - (c) valued at the lower of cost and net realisable value.
- 12.2 Subject to the responsibility of the DoF for the system of control, overall responsibility for the control of stores shall be delegated to Executive Directors by the CEO. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record and available to the DoF. The control of pharmacy stocks shall be the responsibility of the designated Pharmaceutical Officer; the control of fuel oil and coal of the designated estates manager.
- 12.3 The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 12.4 The DoF shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 12.5 Stocktaking arrangements shall be agreed with the DoF and there shall be a physical check covering all items in the store at least once each financial year.
- 12.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the DoF.
- 12.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the DoF for a review of slow moving and obsolete items and for the condemnation, disposal, and replacement of all unserviceable articles. The designated Manager shall report to the DoF any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 12.8 For goods supplied via the NHS Supplies Authority central warehouses, the CEO shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the DoF who shall satisfy himself that the goods have been received before accepting the recharge.

### **13 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

## **13.1 DISPOSALS AND CONDEMNATIONS**

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

## **13.2 LOSSES AND SPECIAL PAYMENTS**

- 13.2.1 The DoF 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.
- 13.2.2 Any employee discovering or suspecting a loss of any kind must either immediately inform their head of department, who must inform the CEO and DoF or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the DoF and/or CEO. Where a criminal offence is suspected, the DoF must immediately inform the police if theft or arson is involved.
- 13.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the DoF must immediately notify:
- (a) the Trust Board
  - (b) the External Auditor.

- 13.2.4 The Management Audit Committee shall approve the writing-off of any losses in line with the Scheme of Delegation.
- 13.2.5 The DoF shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidation's.
- 13.2.6 For any loss, the DoF should consider whether any insurance claim can be made.
- 13.2.7 The DoF shall maintain a Losses and Special Payments Register in which write-off action is recorded.

## **14 INFORMATION TECHNOLOGY**

- 14.1 The DoF who is responsible for the accuracy and security of the computerised financial data of the Trust shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which he is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1984;
  - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.
- 14.2 The DoF shall satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.
- 14.3 The DoF shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 14.4 Where another health organisation or any other agency provides a computer service for financial applications, the DoF shall periodically seek assurances that adequate controls are in operation.
- 14.5 Where computer systems have an impact on corporate financial systems the DoF shall satisfy himself that:
- (a) systems acquisitions, development and maintenance are in line with

corporate policies such as an Information Technology Strategy

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

In such cases all responsible directors and employees will involve the DoF:

- (a) in details of the outline design of the system
- (b) developing the operational requirement.

## **15 PATIENTS' PROPERTY**

15.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereby referred to as 'property') handed in by patients, in the possession of unconscious or confused patient, or found in the possession of patients dying in hospital or dead on arrival.

15.2 The CEO 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,
- signature of a disclaimer form,

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

15.3 The DoF must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patients money in order to maximise the benefit to the patient.

15.4 Where guidance requires the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the DoF.

15.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the

property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

- 15.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 15.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

## **16. RETENTION OF DOCUMENTS**

- 16.1 The CE shall be responsible for maintaining archives for all documents required to be retained under the direction contained in HC(89)20.
- 16.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 16.3 Documents held under HSC (99)053 – For the Record - shall only be destroyed at the express instigation of the CE, records shall be maintained of documents so destroyed.

## **17. RISK MANAGEMENT AND INSURANCE**

- 17.1 The CE shall ensure that the Trust has a programme of risk management, which will be approved and monitored by the Board.
- 17.2 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 and decisions on the acceptable level of retained risk;
  - d) contingency plans to offset the impact of adverse events;
  - e) audit arrangements including; internal audit, clinical audit, health and safety review;
  - f) arrangements to review risk management programme.
  - g) arrangements to review the assurance framework.
  - h) arrangements to review the Health Care Standards framework.

The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of Internal Control within the Annual Report and Accounts.

- 17.3 The DoF shall ensure that insurance arrangements exist in accordance with the risk management programme.

- 17.4 The Accounting Officer should ensure that effective management systems appropriate for the achievement of the NHS FT's objectives including financial monitoring and control systems, have been put in place. This will ensure that there are processes in place to allow for the signature of the Statement of Internal Control.
- 17.5 The Accounting Officer will ensure that there are processes in place to allow for the operation of an effective Assurance Framework.