

**STANDING FINANCIAL INSTRUCTIONS**

**Standing Financial Instructions**  
  
**August 2017**

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## STANDING FINANCIAL INSTRUCTIONS

### Introduction

#### 1.1. Purpose

- 1.1.1. These Standing Financial Instructions (Instructions) are issued for the regulation of the conduct of the Trust, its Directors, officers, employees and agents in relation to all financial matters.
- 1.1.2. These Instructions explain the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law, Government policy and best practice in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way in which the Trust manages public resources.
- 1.1.3. They identify the financial responsibilities which apply to everyone working for the Trust. They do not provide detailed procedural guidance. These statements should therefore be read in conjunction with the detailed departmental and financial policies and procedure notes. All financial policies and procedures must be approved by the Chief Financial Officer.
- 1.1.4. These instructions should be read in conjunction with the Finance pages on the Trust's Intranet which contain guidance for Trust officers on financial matters.

#### 1.2. Authority and Compliance

- 1.2.1. These Standing Financial Instructions have been compiled under the authority of the Board of Directors of the Trust. These have been reviewed and approved by the Trust's Audit Committee and by the Board of Directors.
- 1.2.2. These Standing Financial Instructions apply to all staff, including those within hosted organisations, interim appointments and temporary contractors. Failure to comply may result in disciplinary action, up to and including dismissal, for Trust employees and immediate termination, without notice, of engagement for contractors.
- 1.2.3. Management must ensure that all employees are aware of and understand their individual financial responsibilities and the rules contained within these instructions. All employees are required to seek clarification from management where they are unsure as to the most appropriate course of action and should do so in advance of making any financial commitment on behalf of the Trust.
- 1.2.4. Where existing departmental rules and procedures appear to offer conflicting advice to that contained in these Instructions, it is expected that these Instructions will take precedence. However, staff are urged to bring such conflicts to the attention of the Chief Financial Officer.

#### 1.3. Terminology

- 1.3.1. Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and
- 1.3.2. "Trust" means the King's College Hospital NHS Foundation Trust;
- 1.3.3. "Board" means the Board of Directors of the Trust;
- 1.3.4. "Budget" means a resource, expressed in financial terms, approved by the Trust for the

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purpose of carrying out, for a specific period, any or all of the functions of the Trust;

- 1.3.5. "Chief Executive" means the most senior executive with overall responsibility for the Trust's activities and is accountable to the Board of Directors;
- 1.3.6. "Chief Financial Officer" means the senior executive responsible for managing the financial actions of the Trust;
- 1.3.7. "Funds held on trust" shall mean monies held by the Trust, received 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.
- 1.3.8. "Legal Adviser" means the properly qualified person appointed by the Trust to provide legal advice.
- 1.3.9. "NHS Improvement" is an arm of the Department of Health which oversees the financial performance of NHS Trusts and Foundation Trusts.
- 1.3.10. Wherever the title Chief Executive, Chief Financial Officer, 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.
- 1.3.11. Wherever the term "employee" is used, and where the context permits, it shall be deemed to refer to all staff of the Trust including nursing and medical staff, consultants practising upon Trust premises as well as employees of third parties contracted to the Trust when acting on behalf of the Trust ( i.e. temporary or contract workers).

## 2. Powers of Authority and Delegation

### 2.1. Principles of delegated powers of authority and Schemes of Delegation

- 2.1.1. The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation Document adopted by the Trust. The Board of Directors have determined that they shall reserve, for their sole approval, certain financial transactions based around types or values as set out in the Scheme of Delegation. Those aside, all executive powers are invested in the Chief Executive, who in turn will provide delegated powers to relevant officers. The Chief Executive and Chief Financial Officer may, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
- 2.1.2. The Scheme of Delegation is a collection of schedules setting out various powers of authority by post holder. The first schedule sets out Board of Directors powers and the extent to which they are delegated to the Chief Executive and members of the Trust Management Executive. Separate schedules are to be retained by each member of the Trust Management Executive setting out the powers they have themselves delegated to identified post holders within their own organisational control.
- 2.1.3. The Trust Executive Directors shall be responsible for ensuring that Schemes of Delegation are kept current. A full record of each Scheme of Delegation must be retained within each Executive Directorate with evidence of proper authorisation and acceptance. Copies, including amendments, must be given to the Chief Financial Officer to enable him/her to keep a record of all Schemes of Delegation for each Directorate within the Trust.

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2.1.4. No officer nor employee of the Trust may delegate to anyone who is outside their organisational control.

### **2.2. Board of Directors**

2.2.1. The Board of Directors have retained sole rights to approve all financial transactions with a value in excess of the level specified in the Scheme of Delegation, subject to any exclusions covered by specific delegated authority. This applies to individual transactions and to term contracts for the provision of goods, proposals to spend or generate income, procurement decisions and issuing of contracts for services or capital works over a period of time (unless the contract is such that the Trust may terminate it without financial penalty after the first year).

2.2.2. There are no exceptions to this instruction other than through the exercise of the Chairman of the Board of Directors' action. This may occur where the Chairman instructs the Chief Executive to approve such transactions where time is a critical factor in the interest of the Trust and it is not possible to consult all members of the Board of Directors. In such circumstances, the Chief Executive must provide a full report to the Board of Directors at the next available opportunity.

### **2.3. Chief Executive**

2.3.1. The Chief Executive is the accounting officer for the Trust. This means they are accountable to Parliament for the funds administered by the Trust. The Chief Executive has overall executive responsibility for the Trust's activities and is responsible to the Board of Directors for ensuring that its financial obligations and targets are met. Further, the Chief Executive is recognised by Statute as the Accountable Officer of the Trust and as such is accountable to Parliament for all actions undertaken by the Trust.

2.3.2. Save for the requirements under Board of Directors powers, the Chief Executive is provided with full operational powers to approve financial transactions within the Trust and to delegate such powers to individual members of the Trust Management Executive as per the Scheme of Delegation.

2.3.3. It is the duty of the Chief Executive to ensure that existing members of the Board of Directors, officers, and all new appointees are notified of, and put in a position to understand, their responsibilities within these Instructions. The Chief Executive's duty encompasses both financial and non-financial roles.

### **2.4. Trust Management Executive**

2.4.1. Individual members of the Trust Management Executive are identified as First Line Budget Holders for the purposes of these Instructions and the associated Schemes of Delegation. The Chief Executive delegates powers to them in accordance with the relevant Scheme of Delegation to enable the efficient management of individual directorates.

2.4.2. Each budget holder must produce, update, formally approve and retain their own Schemes of Delegation for officers within their organisational control. Copies, including amendments, must be given to the Chief Financial Officer to enable him/her to keep a record of all Schemes of Delegation for each Directorate within the Trust.

### **2.5. Chief Financial Officer**

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- 2.5.1. The Chief Executive delegates powers to the Chief Financial Officer in his/her role as a First Line Budget Holder responsible for the Finance Directorate. In addition to these, the Chief Financial Officer is provided with further powers to manage the approval of financial transactions initiated by other directorates across the Trust.
- 2.5.2. The Chief Financial Officer is required to implement the Trust's financial policies, ensure that detailed financial procedures and systems are established and ensure that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose the financial position of the Trust at any time.
- 2.5.3. The Chief Financial Officer shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these instructions. The Chief Financial Officer shall require in relation to any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officer discharges his/her duties shall be to the satisfaction of the Chief Financial Officer.
- 2.5.4. The Chief Financial Officer shall ensure that such systems and procedures are implemented so as to protect the Trust's assets from fraud.

### 2.6. Director of Capital, Estates and Facilities

- 2.6.1. As with other Trust Management Executive members, the Chief Executive delegates powers to the Director of Capital, Estates and Facilities in his/her role as a First Line Budget Holder responsible for that Directorate. In addition to these, the Director of Capital, Estates and Facilities is provided with further powers to manage the approval of financial transactions relating to capital works programmes, in accordance with the Schemes of Delegation.

## 3. Corporate Responsibilities of all Trust employees

### 3.1. Compliance with principles of Public Sector Values

- 3.1.1. All employees, including directors and senior management, of the Trust must be committed to the highest standards of corporate and personal conduct in all aspects of their work within the Trust, based on a recognition of public service values. These cannot be ignored.
- 3.1.2. The crucial public service values which must be understood, accepted and applied are:
- **Accountability** - everything done by those who work in the Trust 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 Trust. 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 Trust duties.
  - **Openness** - there should be sufficient transparency about Trust activities to promote confidence between the Trust, its staff, patients and the public.
  - **Selflessness** - Holders of public office should act solely in terms of the public interest.

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- **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 3.1.3. All employees, but particularly the Board of Directors, Trust Management Executive and senior management, have a constant duty to ensure that public funds are properly safeguarded and Trust business is conducted as efficiently and effectively as possible.
- 3.1.4. Proper stewardship of public monies requires Value for Money to be achieved. The Board of Directors and employees must strive for this at all times.
- 3.1.5. Accounting, tendering and employment practices within the Trust must reflect the highest professional standards.
- 3.2. Compliance with rules on Gifts and Hospitality**
- 3.2.1. Employees are required to exercise caution in all matters relating to the offering and receipt of gifts and hospitality to and from third parties. Employees must be aware of the potential risks and the public perception, however unjustified, that may arise in such circumstances.
- 3.2.2. The Trust's Business Conduct Policy and Section 8.1 of these Instructions set out the Trust's policies regarding gifts and hospitality. It is vital that employees of the Trust fully understand these policies and reflect them in their conduct at all times. It is essential that gifts and hospitality must not be offered or received in any situation or manner which may be prejudicial to the interests or reputation of the Trust.
- 3.2.3. Where an employee is uncertain as to the most appropriate course of action involving a gift or hospitality, the matter should be referred to the immediate line manager for guidance, consideration or approval before taking any further action. If this is not possible, there should be a refusal to make or accept any offer of a gift or hospitality which cannot be fully justified. A material breach of these instructions will be regarded as a significant disciplinary offence.
- 3.2.4. All staff must comply with the Trust's Anti-Bribery Policy.
- 3.3. Compliance with rules of delegated powers of authority**
- 3.3.1. While the Board of Directors retain absolute authority for the conduct of the financial affairs of the Trust, it is necessary to establish a system of delegated powers to enable appropriate officers of the Trust to manage the day to day activities. This system of delegated powers is referred to throughout these Instructions as Schemes of Delegation. The high level Scheme of Delegation is included as *APPENDIX A – SCHEME OF DELEGATION* to these Instructions. The lower level Schemes of Delegation must be maintained by each Directorate and copies provided to the Chief Financial Officer after each amendment.
- 3.3.2. It is critical that employees of the Trust understand these fundamental principles and apply them at all times. These are:
- Financial or approval powers cannot be delegated to a subordinate officer(s) in excess of the powers as set out in the Scheme of Delegation for the delegating officer.

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- Powers may only be delegated to officer(s) within the organisational control of the delegating officer; in circumstances where there is no practicable alternative, the term 'officers' in this context may include individuals who are not directly employed by the Trust, such as temporary contractors.
  - All powers of delegation must be provided in writing, duly authorised by the delegating officer and accepted by the receiving officer. Any variations to such delegated powers must also be in writing.
  - All applications for short term powers of delegation, such as holiday cover, which are not intended to be permanent must be provided in writing by the delegating officer, with start and end dates prior to the period for which approval is sought. In the event of an anticipated event such as long-term illness or an extended period away from the office, the maximum time limit for temporary delegation is 6 months.
  - Any officer wishing to approve a transaction outside their written delegated powers must in all cases refer the matter to the relevant line manager with adequate delegated powers, before any financial commitment(s) is made in respect of that transaction.
  - Powers may be onwardly delegated unless this is specifically prohibited by the delegator.
  - Conditions or restrictions on delegated powers, e.g. not allowing onward delegation of those powers, should be reasonable in the circumstances and stated in writing.
- 3.3.3. Failure to comply with these principles, or a material breach thereof, will be recognised as a disciplinary offence. Where such a breach results in clear financial loss, the employee may be personally liable to compensate the Trust.

### **3.4. Compliance with Trust policies and procedures**

- 3.4.1. Employees are reminded that absolute authority governing all actions within the Trust rests with the Board of Directors and that this authority is exercised through Schemes of Delegation. All employees are bound through their contracts of employment to follow the instructions of the Board of Directors and to comply with the policies and procedures that are developed and authorised by the Trust.
- 3.4.2. These Standing Financial Instructions set out specific Trust policies and procedures across a number of areas. Employees must comply with these requirements at all times. Where exceptions are deemed necessary, prior approval from the relevant Executive Director must be obtained, as set out in these Instructions. Compliance will be monitored through systems controls, management review, and by audit processes. It is the responsibility of management to ensure that all employees are aware of and understand their individual responsibilities deriving from these Instructions.
- 3.4.3. It is neither possible nor desirable to govern all the financial affairs of the entire Trust through a single set of instructions. Therefore, these Instructions make reference in a number of areas where it is considered appropriate for the Chief Executive or the Chief Financial Officer to develop a series of detailed policies and procedures. In these instances, it is the responsibility of all employees of the Trust to ensure they understand fully the existence, contents and requirements of such policies and procedures and to comply with them on the basis that they have received full authority from the Board of Directors.

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3.4.4. Guidance on the existence and relevance of policies and procedures to specific situations are available from either the Chief Executive, Chief Financial Officer. All employees are required to consult with one of these Executive Directors in situations where they are unsure as to the most appropriate course of action. Such consultation must be sought in advance of making any financial commitment on behalf of the Trust. The Board of Directors will expect all employees of the Trust to comply with these requirements and will regard a material breach as a disciplinary offence.

### 3.5. Safeguarding Trust resources

3.5.1. Employees of the Trust have an individual and collective responsibility for safeguarding the interests of the Trust at all times. Section 3.1 and 3.2 of these Instructions explain the general requirement for all staff to protect the reputation of the Trust as a public service organisation. This section is intended to remind Trust employees of the requirement to safeguard the financial resources of the Trust. These resources may take the obvious tangible form of fixed assets, cash or negotiable instruments, as well as less clear, or possibly intangible items such as lost or foregone income through failure to notify income sources or opportunities to earn or recover income due to the Trust.

3.5.2. Employees are directed to section 5.2 of these Instructions, which describe the responsibilities of the Chief Financial Officer with regard to income management. Employees are expected to comply with these Instructions and report all income sources promptly to the Chief Financial Officer.

3.5.3. The Chief Executive, in consultation with the Chief Financial Officer and Security personnel, will develop, maintain and monitor detailed policies, procedures and instructions covering all aspects of the security of money, assets and other Trust resources. Employees of the Trust are expected to comply fully with these requirements and to take any and all corrective action as necessary or instructed by appropriate officers of the Trust.

3.5.4. Further to this requirement, each employee has an individual and collective responsibility for the security of property and other resources of the Trust. All issues of concern or potential risk must be reported immediately to the Security department, including any concerns employees have where existing practices may represent a risk to the assets or other resources of the Trust.

3.5.5. Any damage to the Trust's premises, assets, supplies or other resources must be reported immediately in accordance with procedures of Losses and Special Payments, which shall be established by the Chief Financial Officer. Any employee discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Chief Financial Officer.

3.5.6. In the case of suspected fraud, it must be reported to the Local Counter Fraud Specialist. This officer will then appropriately inform the Chief Financial Officer and/or Chief Executive. The Chief Financial Officer must also ensure that procedures are in place that specify the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it. (These are set out in the Local Counter Fraud and Corruption policy.)

3.5.7. Where a criminal offence is suspected, the Chief Financial Officer must immediately inform the police if theft (not involving deception) or arson is involved. For losses apparently caused by theft (not involving deception), arson, neglect of duty or gross carelessness, except if

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trivial, the Chief Financial Officer must notify the Board of Directors and the External Auditor.

- 3.5.8. The Board of Directors recognise that in extreme cases financial loss may be the result of fraud (i.e. intentional deception to secure unlawful advantage) or corruption. While the Board of Directors has every confidence in the integrity of Trust employees, it has a duty to put in place controls to minimise the opportunity for illegal appropriation of Trust resources. Accordingly, the Chief Financial Officer shall ensure that appropriate counter-fraud measures are in place, which are referred to in section 5.14 of these instructions.
- 3.5.9. All employees of the Trust are required to ensure they fully understand the Trust's Local Counter Fraud and Corruption Policy and the procedures for reporting suspicions or matters of possible concern. (This policy can be found on the intranet).

### 3.6. Patients Property

- 3.6.1. The Trust has a responsibility to provide safe custody for money and other personal 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.
- 3.6.2. 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.

## 4. Responsibilities of the Chief Executive

### 4.1. Business Plans and Estimates

4.1.1. The Chief Executive, with the assistance of the Chief Financial Officer, shall compile and submit to the Board of Directors and the NHS Improvement strategic plans and operational plans in accordance with the guidance issued about timing and Trust financial duties. The operational plan shall be reconcilable to an annual update of the financial pro-formas, which the Chief Financial Officer will prepare and submit to the Board of Directors and NHS Improvement. The plan will contain:

- a statement of the significant assumptions on which it is based;
- details of major changes in workload, delivery of services or resources required to achieve the plan.
- Prior to the start of the financial year the Chief Executive will require the Chief Financial Officer to prepare and submit financial estimates and forecasts, on both revenue and capital account, for approval by the Board. As a consequence, the Chief Financial Officer shall have right of access to all budget holders on budgetary related matters. Such budgets will be:
  - in accordance with the aims and objectives set out in the service development strategy and annual business plan;
  - in accordance with workload and manpower plans;

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- produced following discussion with appropriate budget holders;
  - prepared within the limits of available funds; and
  - identify potential risks.
- 4.1.2. All budget holders must provide the Chief Financial Officer with all financial, statistical and other relevant information as necessary for the compilation of such business plans, estimates and forecasts.
- 4.1.3. The Chief Executive shall require the Chief Financial Officer to report to the Board of Directors any significant in-year variance from the business plan and to advise the Board of Directors on action to be taken.
- 4.1.4. The Chief Financial Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them to manage their budgets successfully.
- 4.1.5. The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- the amount of the budget;
  - the purpose(s) of each budget heading;
  - individual and group responsibilities;
  - authority to exercise virement;
  - achievement of planned levels of service; and
  - the provision of regular reports.
- 4.1.6. The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 4.1.7. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 4.1.8. Non-recurring budgets should not be used against annual recurring finance expenditure without the written authority of the Chief Financial Officer.

### **4.2. Budgets**

- 4.2.1. The Chief Financial Officer shall, on behalf of the Chief Executive, and in advance of the financial year to which they refer, prepare and submit budgets within the forecast limits of available resources and planning policies to the Board of Directors for approval. Budgets will be in accordance with the aims and objectives set out in the Trust's service strategy and business plan.
- 4.2.2. The Chief Executive shall require the Chief Financial Officer to devise and maintain systems of budgetary control. All officers whom the Board of Directors may empower to engage staff, to otherwise incur expenditure, or to collect or generate income, shall comply with the

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requirements of those systems. The systems of budgetary control shall incorporate the reporting of, and investigation into, financial, activity or workforce variances from budget. The Chief Financial Officer shall be responsible for providing budgetary information and advice to enable the Chief Executive and other officers to carry out their budgetary responsibilities.

- 4.2.3. The Chief Executive may delegate management of a budget or part of a budget to officers to permit the performance of defined activities. The Schemes of Delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of services and the provision of regular reports upon the discharge of those delegated functions to the Chief Executive.
- 4.2.4. The Chief Executive shall not exceed the budgetary or virement limits set by the Board of Directors, and officers shall not exceed the budgetary limits set for them by the Chief Executive. The Chief Executive may vary the budgetary limit of an officer within the Chief Executive's own budgetary limit.
- 4.2.5. Except where otherwise approved by the Chief Executive, taking account of advice of the Chief Financial Officer, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.
- 4.2.6. Expenditure for which no provision has been made in an approved budget and which is not subject to funding under the delegated powers of virement shall only be incurred after authorisation by the Chief Executive or Board of Directors, as appropriate.
- 4.2.7. The Chief Financial Officer shall keep the Chief Executive and the Board of Directors informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

### **4.3. Contracts for the provision of Healthcare Services**

4.3.1. The Board of Directors will approve standard terms and conditions for legally binding contracts, on the basis of which the Trust will provide healthcare services. Any variations to the standard terms and conditions will be approved in accordance with the Scheme of Delegation. The Chief Executive is responsible for negotiating contracts for the provision of services to patients in accordance with the Business Plan. In carrying out these functions, the Chief Executive should take into account the advice of the Chief Financial Officer regarding:

- costing and pricing of services;
- payment terms and conditions;
- amendments to NHS service agreements and out of area arrangements.

4.3.2. NHS service agreements should be devised to minimise risk whilst maximising the Trust's opportunity to generate income, achieve activity and performance targets. The Trust will

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utilise the National Tariff and, subject to approval from NHS Improvement, will engage with commissioners to agree a tariff for any services in respect of which the Trust believes that a local tariff should apply.

- 4.3.3. The Chief Financial Officer shall ensure that a summary of the Trust's contracts is reported annually to the Board of Directors. The Chief Financial Officer shall also produce regular reports detailing actual and forecast contract income with a detailed assessment of the impact of the variable elements of income.
- 4.3.4. Any pricing of non NHS Tariff services should be undertaken by the Chief Financial Officer in accordance with a policy and the tariff reported to the Board of Directors. In respect of non-NHS tariff income the Council of Governors will be asked to satisfy itself that the services from which such income is derived do not interfere with the Trust's fulfilment of its principal purpose.

### **4.4. Capital Expenditure**

- 4.4.1. The Chief Executive is ultimately responsible for all capital expenditure of the Trust, including expenditure on assets under construction. To discharge this duty, the Chief Executive will issue Schemes of Delegation for approval of capital commitments, and will arrange for the development of detailed policies and procedures covering all aspects of capital investment management, including scheme appraisals, contract awarding, contract management and financial control.
- 4.4.2. The Chief Executive shall provide executive delegation to the Director of Capital, Estates and Facilities to manage programmes for capital works expenditure, including assets under construction, within the restrictions of the Schemes of Delegation.
- 4.4.3. All expenditure on capital assets will be authorised in line with Schemes of Delegation. Any commitment in excess of the limits currently specified shall be referred firstly to the Chief Executive and then to the Board of Directors, dependent on approval required, before such commitment is made.

### **4.5. Tendering and Contracting**

- 4.5.1. The Chief Executive has overall responsibility to ensure that the Trust applies the principles of Value for Money in the procurement of goods, services and capital programmes. The Chief Executive shall liaise with the Chief Financial Officer and the Director of Capital, Estates and Facilities to develop procedures for competitive selection wherever possible in procurement exercises. The Chief Executive shall ensure that these procedures are open and clearly demonstrate fair and adequate competition wherever possible. In particular, the procedures will incorporate NHS and Trust requirements for disclosure of any commercial sponsorship offered by or received from actual or potential suppliers to the Trust.
- 4.5.2. The Chief Executive shall establish procedures covering the receipt, safe custody and formal opening of tenders received and appropriate records to be maintained in connection with the full tender exercise.

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### 4.6. Risk Management and Insurance

- 4.6.1. The Chief Executive shall ensure that the Trust has a programme of risk management which will be approved and monitored by the Board of Directors.
- 4.6.2. The programme of risk management shall include:
- a process for identifying and quantifying risks and potential liabilities;
  - engendering among all levels of staff a positive attitude towards the control of risk;
  - 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;
  - contingency plans to offset the impact of adverse events;
  - audit arrangements including internal audit, clinical audit and health and safety review;
  - arrangements to review the risk management programme.
- 4.6.3. The existence, integration and evaluation of the above elements will provide a basis to make statements on the effectiveness of internal control within the Annual Report and Accounts.
- 4.6.4. The Chief Financial Officer shall ensure that insurance arrangements exist in accordance with the risk management programme, and that documented procedures cover these arrangements.

### 4.7. Retention of Documents

- 4.7.1. The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with the NHS Code of Practice on Records Management. Annex D2 to the Code of Practice sets out the retention periods for Business and Corporate (Non-Health) Records. APPENDIX C summarises the retention periods for key documents and records.
- 4.7.2. The documents held in archives shall be capable of retrieval by authorised persons.
- 4.7.3. Documents held under Annex in accordance with the procedures set out in the Code of Practice and at the express instigation of the Chief Executive. Records shall be maintained of documents so destroyed.
- 4.7.4. The Chief Financial Officer shall provide advice on the retention of financial records.

### 4.8. Patients' Property

- 4.8.1. The Chief Executive shall ensure that there are procedures in place for informing patients or

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

4.8.2. The Trust has a responsibility to provide safe custody for money and other personal items (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.

4.8.3. The Chief Executive is responsible for ensuring that patients or their guardians, where 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 Trust will not accept responsibility or liability for patients' property brought into Trust premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

4.8.4. The Chief Executive shall require the Chief Financial Officer, in conjunction with the Chief Nurse and Chief Operating officer, to provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

4.8.5. In cases where the 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.

4.8.6. 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.

### **4.9. Annual Report and Accounts**

4.9.1. The Chief Executive will prepare and certify annual accounts, submit together with any report of the auditor to NHS Improvement and for laying before Parliament.

## **5. Responsibilities of the Chief Financial Officer**

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### 5.1. General

5.1.1. The Chief Financial Officer is responsible for:

- implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
- 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;
- 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;
- the design, implementation and supervision of systems of internal financial control; and
- 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.

All such arrangements shall comply with the NHS Provider Licence and all other relevant statutory requirements.

5.1.2. All directors and employees, severally and collectively, are responsible for:

- the security of the property of the Trust;
- avoiding loss;
- exercising economy and efficiency in the use of resources; and
- conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

5.1.3. The Chief Financial Officer is responsible to ensure that 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 are covered by these instructions.

5.1.4. The Chief Financial Officer shall require in relation to any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officer discharges his/her duties shall be to the satisfaction of the Chief Financial Officer.

5.1.5. The Chief Financial Officer shall ensure appropriate arrangements are in place to pay and recover tax, and shall be responsible for seeking professional advice in this regard as necessary.

### 5.2. Income

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### 5.2.1. General

5.2.1.1. The Chief Financial Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including from other NHS bodies. All such arrangements shall comply with the NHS Provider Licence. Systems should be in place to ensure the prompt banking of all monies received.

### 5.2.2. Fees and charges

5.2.2.1. The Chief Financial Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the NHS Executive or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

5.2.2.2. All employees must inform the Chief Financial Officer promptly of monies due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

### 5.2.3. Debt recovery

5.2.3.1. The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.

5.2.3.2. Income not received and which is irrecoverable should be dealt with in accordance with write off procedures.

5.2.3.3. Procedures should be in place to minimise overpayments, but where these do occur recovery action should be initiated, subject to such action being cost effective.

### 5.2.4. Security of cash, cheques and other negotiable instruments

5.2.4.1. The Chief Financial Officer is responsible for:

- approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- ordering and securely controlling any such accountable stationery;
- providing adequate facilities, procedures and systems for employees whose duties include collecting and holding cash by making available safes or lockable cash boxes, dealing with keys and coin operated machines;
- prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust. The opening of incoming post shall be performed by staff other than those responsible for cash or bank reconciliations, and financial instruments received through the post shall be entered immediately in an approved register. All cheques shall be crossed immediately and passed to the cashier, from whom a

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signature shall be obtained.

- 5.2.4.2. Trust monies shall not under any circumstances be used for the encashment of private cheques or IOU notes.
- 5.2.4.3. All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.
- 5.2.4.4. The holders of safe keys shall not accept unofficial funds for depositing in Trust safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

### 5.3. Annual Accounts and Reports

- 5.3.1. The Chief Financial Officer, on behalf of the Trust, will prepare financial returns in accordance with the requirements of NHS Improvement and the Treasury, the Trust's accounting policies and generally accepted accounting principles.
- 5.3.2. The Chief Financial Officer, *as delegated by the Chief Executive* on behalf of the Trust, will prepare and certify annual accounts and submit them together with any report from the auditor for laying before Parliament and submission to NHS Improvement.
- 5.3.3. The Trust's annual accounts must be audited by an auditor appointed by the Council of Governors in accordance with the appointment process as set out in the Audit Code for NHS Foundation Trusts issued by NHS Improvement.
- 5.3.4. The Trust will publish an Annual Report, in accordance with guidelines issued by NHS Improvement. This will be presented to the Council of Governors at a general meeting and (by at least one member of the Board of Directors) to the members at the annual members' meeting. The document will include inter alia, the Audited Annual Accounts of the Trust. The annual report and audited accounts will be sent to NHS Improvement.

### 5.4. Bank and Government Banking Services (GBS) Accounts

- 5.4.1. The Chief Financial Officer is responsible for managing the Trust's banking arrangements in accordance with the policy approved by the Board of Directors and for advising the Trust on the provision of banking services and operation of accounts. This advice will reflect any guidance and directions issued from time to time by NHS Improvement.
- 5.4.2. The Chief Financial Officer is responsible for all bank and GBS accounts and for establishing separate bank accounts for the Trust's non-exchequer funds.
- 5.4.3. The Chief Financial Officer is responsible for:
  - ensuring payments made from a bank or GBS account does not exceed the credit balance on that individual account except where prior arrangements have been made;

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- applying solely for an overdraft subject to another employee acting on his/her behalf within the Scheme of Delegation;
- reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.

### 5.5. Banking Procedures

5.5.1. The Chief Financial Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- conditions under which each bank and GBS account is to be operated;
- the limit to be applied to any overdraft; and
- those authorised to sign cheques or other orders drawn on the Trust's bank accounts

5.5.2. The Chief Financial Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.5.3. The Chief Financial Officer will review the banking arrangements of the Trust at regular intervals not exceeding 5 years to ensure they reflect best practice and represent best value for money. Following such reviews, the Chief Financial Officer shall determine whether or not to seek competitive tenders for the Trust's banking business.

5.5.4. Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board of Directors.

### 5.6. Investments

5.6.1. The Chief Financial Officer will produce an investment policy, in accordance with any guidance received from NHS Improvement, for approval by the Board of Directors. The investment may include investment of cash in approved institutions, by forming or participating in forming bodies corporate and/or otherwise acquiring membership of bodies corporate.

5.6.2. The policy will set out the Chief Financial Officer's responsibilities for advising the Board of Directors on investments and reporting periodically to the Board of Directors concerning the performance of investments held.

5.6.3. The Chief Financial Officer will prepare detailed procedural instructions on the operation of investment accounts and the records to be maintained.

### 5.7. External Borrowing and Public Dividend Capital

5.7.1. The Chief Financial Officer will advise the Board of Directors of the Trust's ability to pay interest on, the repayment of the Public Dividend Capital and any commercial borrowing

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within the limits set by the Trust's NHS Provider Licence and reviewed annually by NHS Improvement. The Chief Financial Officer is also responsible for reporting periodically to the Board of Directors on the Public Dividend Capital and all loans and overdrafts.

- 5.7.2. Any application for a loan or overdraft will only be made by the Chief Financial Officer or by an employee acting on his/her behalf, and in accordance with the Scheme of Delegation, as appropriate.
- 5.7.3. The Chief Financial Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 5.7.4. All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Chief Financial Officer.
- 5.7.5. All long-term borrowing must be consistent with the plans outlined in the current Business Plan.
- 5.7.6. Assets protected under the NHS Provider Licence with NHS Improvement shall not be used as collateral for borrowing. Non-protected assets will be eligible as security for a loan.

### 5.8. Capital Expenditure

- 5.8.1. The Chief Financial Officer, in conjunction with other directors as appropriate, shall be responsible for preparing detailed procedural guides for the financial management and control of expenditure on capital assets, including the maintenance of an asset register in accordance with the minimum data set as specified in the NHS Foundation Trust Financial Reporting Manual and the requirements of the NHS Provider Licence.
- 5.8.2. The Chief Financial Officer, in conjunction with the Director of Capital, Estates and Facilities, shall implement procedures to comply with guidance on valuation contained within the NHS Foundation Trust Financial Reporting Manual, including rules on indexation, depreciation and revaluation.
- 5.8.3. The Chief Financial Officer, in conjunction with other directors as appropriate, shall establish procedures covering the identification and recording of capital additions. The financial cost of capital additions, including expenditure on assets under construction, must be clearly identified to the appropriate budget holder and be validated by reference to appropriate supporting documentation. The Chief Financial Officer shall also develop procedures covering the physical verification of assets on a periodic basis.
- 5.8.4. The Chief Financial Officer, in conjunction with other directors as appropriate, shall develop policies and procedures for the management and documentation of asset disposals, whether by sale, part exchange, scrap, theft or other loss. Such procedures shall include the rules on evidence and supporting documentation, the application of sales proceeds and the amendment of financial records including the asset register.

### 5.9. Payment of Accounts

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- 5.9.1. The Chief Financial Officer shall be responsible for the proper payment of all accounts and claims. The Chief Financial Officer shall establish and communicate procedures to ensure that all officers provide prompt notification of all monies payable by the Trust arising from transactions which are initiated including contracts, leases, tenancy agreements and other duly authorised processes.
- 5.9.2. The Chief Financial Officer shall establish detailed procedures covering the approval of accounts for payment. These shall include rules on verification of invoices including confirmation of prior receipt of goods or service delivery and confirmation of prices charged and discounts offered. Where required, these procedures shall include rules for proper approval from budget holders where goods or services are obtained outside the normal ordering procedures.
- 5.9.3. The Chief Financial Officer shall develop procedures for the prompt payment of accounts once verified for settlement. Such procedures will include the taking of settlement discounts where offered, and rules covering independent check and security of payment transactions.
- 5.9.4. The Chief Financial Officer will implement procedures to retain approval of all payments made in advance of receipt of the related goods or services.

### 5.10. Purchasing

- 5.10.1. The Chief Financial Officer shall advise the Board of Directors regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Union rules on public procurement. These shall be set out within Schemes of Delegation.
- 5.10.2. The Chief Financial Officer shall prepare procedural instructions on the obtaining of goods, services and works, incorporating the thresholds set by the Trust.
- 5.10.3. The Chief Financial Officer shall determine that no goods, services or works, other than works and services executed in accordance with a contract and purchases from petty cash, shall be ordered except by the use of the Trust's agreed requisitioning and ordering procedures, including online procedures
- 5.10.4. Suppliers/contractors shall be notified that orders should not be accepted unless on an official form with a unique reference number or by agreed electronic means where this has been established. The unique reference number should be quoted on all invoices and correspondence with the Trust.
- 5.10.5. The Chief Financial Officer shall develop procedures regarding verbal orders. These shall be issued only by an officer designated within Schemes of Delegation and only in cases of emergency or urgent necessity. These shall be confirmed by an official order issued no later than the next working day and clearly marked "Confirmation Order".
- 5.10.6. Official orders shall be consecutively numbered, in a form approved by the Chief Financial Officer and include such information as to description, quantity, prices or costs as may be required. The order shall incorporate the standard NHS terms and conditions.
- 5.10.7. Order requisitions shall be authorised only by officers with the appropriate delegated authority as set out in the Schemes of Delegation. Lists of authorised officers shall be

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maintained with a copy of such lists to be supplied to the Chief Financial Officer.

5.10.8. The Chief Financial Officer shall ensure that no order shall be issued for any item or items for which there is no budget provision, unless authorised by the Chief Financial Officer on behalf of the Chief Executive.

5.10.9. Goods and services for which Trust contracts are in place should be purchased within those contracts. Any purchasing request outside of such contracts must be referred in the first instance to the Director of Procurement for approval.

### **5.11. Tendering and Contracting – Goods and Services**

5.11.1. The instructions in this section concern purchasing decisions for goods and services required where the Trust needs to enter into formal tendering and contractual arrangements.

5.11.2. This section does not cover instructions in connection with capital expenditure on works programmes, which are subject to separate instructions under issues of relevance to the Director of Capital, Estates and Facilities.

5.11.3. As with Purchasing, the Chief Financial Officer shall advise the Board of Directors regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Union and General Agreement on Tariffs and Trade (GATT) rules on public procurement. These shall be set out within the Schemes of Delegation.

5.11.4. The Chief Financial Officer shall be responsible for establishing appropriate procedures to ensure that competitive tenders are invited for the supply of goods and services under contractual arrangements wherever possible. These shall include the procedures to be followed in the event of competitive tendering of in-house services. In such circumstances it must be ensured that no member of the in-house tender group participates in the evaluation of the tender. The Chief Financial Officer will ensure that tenders are evaluated by panels appropriate to the scale and nature of the tender, supplemented by external and independent advice when appropriate.

5.11.5. Tenders and quotations shall be invited only from financially sound and technically competent firms. In this regard, the Chief Financial Officer shall be responsible for establishing procedures to carry out financial appraisals and shall instruct the appropriate requisitioning directorate to provide evidence of technical competence.

5.11.6. The Chief Financial Officer shall advise the Board of Directors of circumstances where it would be appropriate for goods or services to be obtained under contract from sources that have not been subject to competitive selection. The grounds where such single quote actions may be authorised are as follows, although approval is not to be regarded as automatic, each case shall be treated on its own merit:

- Where the requirement is ordered under existing contracts which themselves were sourced under competitive selection.
- For the supply of proprietary goods or services for which it is not possible or desirable to obtain competitive quotations. Exemption from competition will only be allowed on the

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grounds of compatibility where the award to the provider can be shown to be absolutely essential, i.e. there is only one supplier.

- Where in the opinion of the Chief Financial Officer or the Chief Executive, according to the financial limits set out in the Schemes of Delegation, it is considered against the interest of the Trust to enter into open competitive selection procedures. This may include procurement exercises where time is a critical factor for the Trust. It is acknowledged that in emergency situations, the authority for such single tender action will be obtained retrospectively.
- Where the estimated expenditure or income would not warrant formal tendering procedures or competition would not be practicable taking into account all the circumstances. The limits for such single quote exemptions are set out in the Schemes of Delegation.

5.11.7. Separate authorisation arrangements, as set out in the Schemes of Delegation, shall apply to maintenance or other support contracts for existing goods or assets where the Trust is contractually tied to specific companies. Details of such contracts shall be recorded in a register by the authorising officer.

5.11.8. The extent to which relevant officers can exercise these powers is set out in the Schemes of Delegation. All officers of the Trust must be aware that single quote actions are to be the exception to the preferred procedures of competitive selection. In each case a full explanation is required. Records shall be maintained to enable the use of single quote and other non-competitive actions to be monitored and reported to the Audit Committee at least annually.

### 5.12. Stores

5.12.1. Subject to the responsibility of the Chief Financial Officer for approving the systems of control, the management and control of stores maintained at a departmental level shall be the responsibility of the respective Executive or Clinical Director. The day-to-day responsibility may be further delegated to departmental employees and stores managers/keepers, subject to such delegation being authorised and recorded with a copy sent to the Chief Financial Officer. The control of Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer.

5.12.2. The Director of Capital, Estates and Facilities shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, returns to stores, and losses, these procedures and systems to be approved by the Chief Financial Officer.

5.12.3. Stocktaking arrangements shall be agreed with the Chief Financial Officer and there shall be a physical check covering all items, wherever held (e.g. ward or departmental cabinets) at least once a year. The Chief Financial Officer shall establish procedures for the management and control of stores held in ward and departmental cabinets, including procedures for an annual stocktake.

5.12.4. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.

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- 5.12.5. The responsible Director/Pharmaceutical Officer shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. These officers shall report to the Chief Financial Officer 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.
- 5.12.6. For goods supplied via the NHS Supply Chain, the Chief Executive shall identify those authorised to requisition and accept goods from the distribution centre. Procedures should be in place for the Chief Financial Officer to gain assurance that the goods have been received before accepting the recharge.
- 5.12.7. Subject to the responsibility of the Chief Financial Officer for approving the systems of control, the management and control of goods received at and distributed from the loading bays shall be the responsibility of the Director of Procurement.

### 5.13. Information Technology

- 5.13.1. The Chief Financial Officer shall be responsible for the accuracy and security of the computerised financial data of the Trust. The Chief Financial Officer shall devise and implement any necessary procedures to ensure appropriate protection of the Trust's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998.
- 5.13.2. In terms of the Trust's financial systems, the Chief Financial Officer shall ensure that:
- appropriate 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.
  - adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
  - adequate management (audit) trail exists through the computerised system and that computer audit reviews are carried out as considered necessary.
- 5.13.3. The Chief Financial Officer shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained prior to implementation.
- 5.13.4. The Chief Financial Officer shall ensure that contracts for computer services for financial applications with another health organisation or 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.
- 5.13.5. Where another health organisation or other agency provides a computer service for financial applications, the Chief Financial Officer shall periodically seek assurances that adequate

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controls are in operation.

5.13.6. Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall be satisfied that:

- systems acquisition, development and maintenance are in line with corporate policies including the Trust's Information Technology Strategy;
- data produced for use with the financial systems is adequate, accurate, complete and timely, and that there is a management (audit) trail;
- Chief Financial Officer's staff have access to such data;
- computer audit reviews are carried out as considered necessary.

### 5.14. Audit and Counter Fraud

#### 5.14.1. Audit Committee

5.14.1.1. The Board of Directors shall establish an Audit Committee of Non-executive Directors which will provide an independent and objective view of internal control by overseeing Internal and External Audit services, counter fraud services, reviewing financial systems, ensuring compliance with Standing Orders and Standing Financial Instructions, and making recommendations to the Board of Directors. The Audit Committee will have appropriate terms of reference as advised by regulators, statute and good practice.

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

5.14.1.3. Where the Audit Committee is of the opinion that there is evidence of ultra vires transactions, improper acts or if there are other important matters which the Committee wish to raise, the Chairman of the Audit Committee should do so at a full meeting of the Board of Directors. Such matters may also need to be reported to the Council of Governors and, exceptionally, to NHS Improvement.

#### 5.14.2. External Audit

5.14.2.1. An external auditor will be appointed and operate in accordance with the Audit Code for Foundation Trusts and has the right:

- Of access at all reasonable times to every document relating to the NHS foundation trust which appears to them necessary for the purposes of their functions.
- To require a person holding, or accountable for, any such document to give them such information and explanation as they think necessary for the purposes of their functions. If they think it necessary, they may also require the person to attend

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before them in person to give the information or explanation or to produce the document.

- To require any director or officer of the NHS foundation trust to give them such information or explanation as they think necessary for the purposes of their functions. If they think it necessary, they may also require the director or officer to attend before them in person to give the information or explanation.
- To examine documents held by a contractor in respect of contracts with the Trust for the purposes of examination and certification of Trust accounts.
- In respect of services contracted out by the NHS foundation trust to third parties, all contracts between the NHS foundation trust and third parties shall include a clause whereby the third party shall grant access to the auditor for the purpose of audit and certification of the NHS foundation trust accounts. The said clause shall be in the following or similar terms.

5.14.2.2. The Audit Committee shall assess annually the quality of the external audit work and the level of fees and make a recommendation to the Council of Governors about the auditors' re-appointment.

### 5.14.3. Internal Audit

5.14.3.1. The Chief Financial Officer will ensure that there is an adequate and effective internal audit of the Trust's systems and controls in accordance with the requirements of NHS Improvement, including the provision of an annual opinion on the effectiveness of internal controls as set out in the Public Sector Internal Audit Standards (PSIAS).

5.14.3.2. The terms of reference for the Internal Audit function will be approved by the Audit Committee and its operation will be in accordance with the PSIAS.

5.14.3.3. A representative of the Internal Audit service provider 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.

### 5.14.4. Counter Fraud

5.14.4.1. The Chief Executive and Chief Financial Officer shall ensure that effective counter fraud arrangements are in place.

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

5.14.4.3. The Local Counter Fraud Specialist shall report to the Chief Financial Officer and shall work as appropriate with staff in NHS Protect.

5.14.4.4. The Chief Financial Officer is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of

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internal financial control by the establishment of an internal audit function;

- ensuring that the internal audit is adequate and meets the Public Sector Internal Audit Standards;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities (subject to sections 3.5.5 and 3.5.7 of these Instructions);
- ensuring that an annual audit report is prepared for the consideration of the Audit Committee and the Board of Directors.

5.14.4.5. The report must cover:

- progress against plan for the previous year,
- all major internal financial control weaknesses discovered,
- progress on the implementation of internal audit recommendations,
- strategic audit plan covering the coming three years,
- a detailed plan for the coming year.

5.14.4.6. The Chief Financial Officer, designated auditors and counter fraud staff are entitled, without necessarily giving prior notice, to require and receive:

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

5.14.4.7. 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 Chief Financial Officer must be notified immediately.

### **5.15. Joint Finance Arrangements with Local Authorities**

5.15.1. Payments to and arrangements with local authorities made under the powers of section 75f the NHS Act 2006 shall comply with procedures laid down by the Chief Financial Officer which shall be in accordance with the Act.

### **5.16. New Business Enterprise Activities and Other Significant Transactions**

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- 5.16.1. In the case of any new business enterprise activities, including significant capital expenditure, acquisitions, joint ventures, equity stakes, major property transactions, mergers and alliances, reference should be made to the guidance issued by NHS Improvement, including but not limited to the Risk Evaluation of Investment Decisions.
- 5.16.2. The Chief Financial Officer shall ensure that the approval of the Board of Directors is obtained where required.
- 5.16.3. The Board Secretary shall ensure that NHS Improvement is notified and that approval is obtained as required in the guidance NHS Improvement shall issue from time to time.

### **6. Responsibilities of the Director of Capital, Estates and Facilities**

#### **6.1. Control of Capital**

- 6.1.1. The Chief Executive delegates authority to the Director of Capital, Estates and Facilities to control all works capital programmes, including ad hoc purchases and capital schemes over extended periods of time. These powers and the associated financial restrictions are set out in the Schemes of Delegation.
- 6.1.2. All capital schemes will be subject to the procedures as set out in the Capital Investment Manual governing control of capital programmes in the NHS. Where appropriate, alternative measures of control deemed may be adopted by the Trust on the advice of the Director of Capital, Estates and Facilities, following discussion with the Chief Executive. Where material, these will be brought to the attention of the Board of Directors.

#### **6.2. Tendering and Contracting**

- 6.2.1. The Director of Capital, Estates and Facilities is required to manage capital programmes under the general procurement rules (sections 4.4, 4.5, 5.8 & 5.11) contained in these instructions. Specifically, the selection of contractors shall be in accordance with the rules on competitive selection set out in these instructions and in accordance with the financial powers set out in the Schemes of Delegation.
- 6.2.2. Within these specific powers of authority, the Director of Capital, Estates and Facilities must comply with general requirements under these Instructions in all regards. All policies, procedures and systems established by the Director of Capital, Estates and Facilities to manage capital expenditure programmes, including procurement decisions and financial transactions, must be to the satisfaction of the Chief Financial Officer who is accountable to the Chief Executive and the Board of Directors for all financial systems, records and procedures.
- 6.2.3. The Director of Capital, Estates and Facilities shall establish and maintain a list of approved suppliers, from which contractors will be selected for invitation to tender. The selection from the list of a reasonable proportion of the contractors to be invited to tender should be by rotation. Additions to this list shall be under the authorisation of the Director of Capital,

## STANDING FINANCIAL INSTRUCTIONS

Estates and Facilities and shall only be included after receipt of evidence as to the contractors' financial and technical competence. The Chief Financial Officer shall be consulted as regards financial competence and a suitable officer within the Finance Directorate will provide advice on financial status and recommended contract limits. The appropriate requisitioning directorate will provide evidence of technical competence.

6.2.4. Where the approved supplier list does not contain any or an insufficient number of suitable contractors, the financial and technical competence of any additional contractors must be confirmed before inclusion on the approved list and an invitation to tender.

6.2.5. The Director of Capital, Estates and Facilities must demonstrate effective and efficient use of resources in awarding contracts, ideally through the use of competitive selection.

6.2.6. Where by exception the Director of Capital, Estates and Facilities considers competitive selection to be inappropriate, undesirable or not possible, the Director of Capital, Estates and Facilities may seek approval for single quote exercises in accordance with financial limits set out under the Schemes of Delegation. These powers are provided by the Chief Executive and it is expected that they shall be exercised in exceptional cases only. Each case shall be treated on its own merits but examples where single quote rules may be appropriate include:

- Where the requirement is ordered under existing contracts which themselves were sourced under competitive selection.
- Where the estimated expenditure or income would not warrant formal tendering procedures, or competition would not be practicable taking into account all the circumstances. The limits for such single quote exemptions are set out in Schemes of Delegation.
- For the supply of proprietary goods or services for which it is not possible or desirable to obtain competitive quotations. This shall include maintenance or other support contracts for existing goods or assets where the Trust is contractually tied to specific companies.
- Where in the opinion of the Chief Financial Officer, or the Chief Executive, if in excess of financial limits set out in the Schemes of Delegation, it is considered against the interest of the Trust to enter into open competitive selection procedures. This may include procurement exercises where in the opinion of the Director of Capital, Estates and Facilities time is a critical factor in the interest of the Trust. It is acknowledged that in emergency situations, the authority for such single tender action will be obtained retrospectively.

6.2.7. In all cases the Chief Financial Officer shall keep appropriate records of single quote actions including a full justification of the reasons why competitive selection procedures were not adopted. The Chief Executive shall require the Chief Financial Officer to monitor the use of single quote actions in the awarding of contracts and to report to the Audit Committee on the extent of the use of single quote and other non-competitive actions.

## 7. Responsibilities of the Executive Director of Workforce Development

### 7.1. Payment of Staff

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- 7.1.1. The Executive Director of Workforce Development shall make arrangements for the provision of payroll services to the Trust, to ensure the accurate determination of pay entitlement and to enable prompt and accurate payment to employees.
- 7.1.2. The Executive Director of Workforce Development is responsible for ensuring that the Trust meets all its obligations to HMRC in respect of income tax, national insurance and other deductions when employing individuals directly or those who may be considered as employees.
- 7.1.3. All pay and conditions are determined by the NHS national terms and conditions. Managers are not permitted to deviate from these conditions, including but not limited to pay rates, enhancements or allowances otherwise than in accordance with national agreements unless the approval of the Chief Executive or Executive Director of Workforce Development has been given.
- 7.1.4. The Executive Director of Workforce Development shall be responsible for establishing procedures covering advice to managers on the prompt and accurate submission of payroll data to support the determination of pay including, where appropriate, timetables and specifications for submission of properly authorised notification of new employees, amendments to standing pay data and terminations.
- 7.1.5. Managers are responsible for the accuracy, completeness and timeliness of manpower or e-roster returns to the Workforce directorate. As soon as a manager becomes aware of the effective date of an employee leaving or a change in circumstances affecting pay, they must notify payroll of details immediately.
- 7.1.6. Recruitment must be undertaken in accordance with the Trust's recruitment policy and no positions may be filled unless there is adequate budgetary provision. Provisions for the grading of posts are set out within the relevant HR policies and must be complied with.
- 7.1.7. Where contractors, agency or other form of interim staff are engaged, the booking must be made using the staff bank recording system. No payment shall be made directly to an individual for services without first ensuring that their self-employment status has been verified and evidence of the check retained.
- 7.1.8. For individuals providing direct services through their own limited companies, known as personal service companies, the engaging manager must liaise with the Workforce Directorate to ensure that the relevant tax compliance checks have been undertaken prior to engagement.
- 7.1.9. The Chief Financial Officer will issue detailed procedures covering payments to staff including rules on handling and security of bank credit payments.

### **7.2. Staff Expenses**

- 7.2.1. The Executive Director of Workforce Development shall be responsible for establishing procedures for the management of expense claims submitted by Trust employees. The Executive Director of Workforce Development shall arrange in most cases for duly approved expense claims to be processed through the Trust payroll system, having made appropriate journal entries to the relevant budget holder cost centres. Expense claims shall be authorised in accordance with the Scheme of Delegation.

## STANDING FINANCIAL INSTRUCTIONS

- 7.2.2. Expenditure on business travel and subsistence will be managed in accordance with the Trust's Business Travel and Subsistence Policy.
- 7.2.3. The Executive Director of Workforce Development shall refer to the Trust's general policies on staff expenses and may reject expense claims, in whole or in part, where there are material breaches of Trust policies. In this regard, the Executive Director of Workforce Development shall liaise with the Chief Executive where appropriate.

### 8. Specific areas of concern

#### 8.1. Hospitality

- 8.1.1. The Trust's Board of Directors recognise the integrity of all Trust employees in the manner in which they carry out their duties on behalf of the Trust. The Trust policy on Hospitality, which forms part of the Business Conduct Policy, should be referred to.
- 8.1.2. These notes cover instances where employees of the Trust wish to offer *hospitality to third parties* and cases where Trust employees are offered *hospitality by third parties*.
- 8.1.3. All Trust employees are reminded that they are responsible for public funds. Where hospitality is offered to third parties, this shall be approved in accordance with the Schemes of Delegation having given due regard to materiality and intention. In all cases offers of hospitality to third parties must be *incidental* to bona fide meetings or seminars and must be capable of justification from critical reviews. The Chief Executive shall be responsible for ensuring all Executive Directors and Trust Management retain full records of hospitality provided, with clear explanations of the hospitality offered, the names of all Trust employees and third parties involved and the financial costs incurred by the Trust. Where the costs exceed limits set out in the Business Conduct Policy, the record shall also provide a justification of hospitality offered and an assessment of the benefits accruing to the Trust.
- 8.1.4. English Law prohibits staff from soliciting or receiving any gift, hospitality or consideration of any kind from contractors or their agents, from any organisation, firm or individual as an inducement or reward for doing or refraining from doing something in their official capacity, or showing favour or disfavour to any person in their official capacity. It shall be understood that a breach of these requirements renders employees liable not only to dismissal but to prosecution under English Law.
- 8.1.5. All employees must be aware of the potential risks in accepting hospitality even when in good faith. Generally, all offers of hospitality should be reported to senior management.
- 8.1.6. Prior approval must be obtained from a relevant line manager in accordance with Schemes of Delegation where third parties will incur travel and related costs for Trust personnel to visit their premises or attend any third party organised event.
- 8.1.7. In general, Executive Directors are responsible for approving applications from employees under their organisational control and in turn individual Executive Directors must obtain prior approval from the Chief Executive. In both instances, these records are maintained by the Trust Secretary and Head of Corporate Governance.

## STANDING FINANCIAL INSTRUCTIONS

- 8.1.8. The Chief Executive is accountable to the Board of Directors for any applications on his/her own behalf.
- 8.1.9. The Chief Executive shall be responsible for maintaining comprehensive records of all offers of hospitality, both accepted and rejected. The record shall be in a form designed by the Trust Secretary and Head of Corporate Governance. Completed records shall be available for inspection by the Chief Financial Officer, or designated auditors, at all reasonable times.

### **8.2. Credit Finance arrangements including leasing commitments**

- 8.2.1. There are no grounds where any employee of the Trust can approve any contract or transaction which binds the Trust to credit finance commitments without the clear prior authority of the Chief Financial Officer.
- 8.2.2. The Board of Directors has provided the Chief Financial Officer with sole authority to enter into such commitments, although these powers can be delegated to appropriate officers under his/her organisational control.
- 8.2.3. This Instruction applies to leasing agreements and hire purchase undertakings which must be sent to the Chief Financial Officer for prior approval. No officer of the Trust outside the organisational control of the Chief Financial Officer has any powers to approve such commitments. Failure to comply with this instruction shall be a prima facie breach of an officer's contract of employment.

### **8.3. Bank Accounts**

- 8.3.1. The Chief Financial Officer has sole authority to open, operate and close accounts with banks, building societies and the Government Banking Service where Trust funds are received or expended. It shall be a disciplinary offence for any officer of the Trust outside the organisational control of the Chief Financial Officer to operate any such account.
- 8.3.2. Where officers of the Trust wish to manage non Trust funds such as ward funds or funds from donated sources, they are required to liaise with the King's College Hospital Charity who will operate the accounts on their behalf. It is not appropriate for any officer of the Trust to hold any such account in their own names as it creates a lack of openness in the handling of such funds and may allow that officer's integrity to be called into question, however unjustified that may be.
- 8.3.3. The only exception to the above will be where the Chief Financial Officer has authorised officers to maintain accounts which have been deemed acceptable, such as accounts for social or sports clubs. The Chief Financial Officer will maintain a register of such accounts.

### **8.4. Financial commitments to third parties**

- 8.4.1. These Instructions set out the rules on general purchasing and contract tendering. The above also notes the requirements with regard to credit finance commitments. The Board of Directors require that all such commitments and transactions are managed under the

## STANDING FINANCIAL INSTRUCTIONS

authority of the Chief Financial Officer for all expenditure other than for capital works programmes where the authority rests with the Director of Capital, Estates and Facilities. Within these rules are clear requirements to ensure the Trust obtains value for money and to ensure that legal commitments are properly authorised.

- 8.4.2. In principle, the Trust will not allow officers to operate outside these delegated powers and commit the Trust to financial obligations with third parties. Applications to do so must be passed to relevant officers as set out in the Schemes of Delegation prior to any commitment being offered to any third party.

### **8.5. Direct Ordering**

- 8.5.1. In general, no officer of the Trust can order goods or services directly from suppliers. These Instructions provide clear guidance on purchasing and contract tendering which must be followed. Where officers of the Trust wish to deal directly with suppliers for the procurement of goods and services, the prior approval of the Chief Financial Officer must be obtained on a case by case basis.

- 8.5.2. In exceptional circumstances, where senior officers of the Trust wish to operate direct ordering procedures, the approval of the Chief Executive must be gained. This shall include procurement of goods and services where there are legal requirements for specialist approval outside the Finance Directorate, for example the procurement of certain pharmaceutical products. All applications must be made to the Chief Financial Officer who shall pass approved applications to the Chief Executive for ratification.

### **8.6. Non mainstream contracts with individuals**

- 8.6.1. Where activity is undertaken in the Trust that does not fall within mainstream responsibilities, it may be necessary to contract with individuals for these services to be supplied. In order to ensure that the correct form of contractual relationship is established, the type of contract (i.e. payable gross or subject to statutory deduction through PAYE) must be considered. This requires that the type of activity, reporting responsibilities, place of work and ability to substitute another individual to perform the duties, should all be reviewed prior to engaging or contracting for services to be delivered.

- 8.6.2. Hence, the contractual arrangements and the estimated expenditure must be authorised in advance at an appropriate level, in accordance with the Scheme of Delegation.

- 8.6.3. The Chief Financial Officer shall be responsible for establishing detailed procedures, specifying the form of contractual arrangements which will apply, covering the terms and conditions, rates of pay, and method of payment, and the monitoring and reporting arrangements.

## **STANDING FINANCIAL INSTRUCTIONS**

### **APPENDIX A – SCHEME OF DELEGATION**

#### **RESERVATION OF POWERS TO THE BOARD OF DIRECTORS AND DELEGATION OF POWERS**

##### **INTRODUCTION**

This document sets out the powers reserved to the Board of Directors and the Scheme of Delegation, together with tables of financial limits and approval thresholds. However, the Board of Directors remains accountable for all of its functions, including those which have been delegated, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

All powers of the Trust which have not been retained as reserved by the Board of Directors or delegated to a Board Committee shall be exercised on behalf of the Board of Directors by the Chief Executive. The Scheme of Delegation identifies any functions which the Chief Executive shall perform personally and those delegated to other directors or officers. All powers delegated by the Chief Executive can be re-assumed should the need arise.

The Scheme of Delegation shows only the 'top level' of delegation within the Trust. The Scheme of Delegation is to be used in conjunction with the system of budgetary control and other established procedures within the Trust.

Nothing in this Scheme shall allow the delegation of the powers of the Board of Directors where not permitted by Statute.

## STANDING FINANCIAL INSTRUCTIONS

### POWERS RESERVED FOR THE BOARD OF DIRECTORS

#### 1. General Enabling Provision

- 1.1 The Board of Directors may determine any matter it wishes in full session within its standing orders and statutory powers.

#### 2. Regulation and Control

- 2.1 Approval, suspension, variation or amendment of Standing Orders, Standing Financial Instructions, Schedule of Matters reserved to the Board of Directors, Scheme of Delegation of powers from the Board of Directors to officers, and other arrangements relating to standards of business conduct.
- 2.2 Specification of financial and performance reporting arrangements.
- 2.3 Approval of the Trust's Investment Policy and authorisation of institutions with which temporary cash surpluses may be held and investments made.
- 2.4 Requiring and receiving the declaration of Directors' Interests which may conflict with those of the Trust and determining the extent to which that Director may remain involved with the matter under consideration.

#### 3. Appointments

Subject to the Foundation Trust Constitution:

- 3.1 The appointment and agreement of the terms of reference of Board Committees.
- 3.2 The appointment of Vice Chairman.
- 3.3 Through its Remuneration Committee, the appointment, appraisal, disciplining and dismissal of Executive Directors.

#### 4. Policy Determination

- 4.1 The approval of personnel policies providing for the appointment, removal and remuneration of staff, including arrangements relating to standards of business conduct (specifically, disclosure of interests, hospitality, gifts and expenses). The approval of all other policies is delegated to the Trust Management Executive.

#### 5. Direct Operational Decisions

- 5.1 The approval of the acquisition, disposal or change of use of land and/or buildings (subject to NHS Improvement approval in the event that NHS Improvement invokes the relevant provisions in the NHS Provider Licence, and any other statutory restrictions).
- 5.2 The approval of transactions with a value in excess of that currently specified in the table of financial limits as requiring Board of Directors approval, and which are not covered by any specific delegated authority. Such transactions may be subject to notification and approval

## STANDING FINANCIAL INSTRUCTIONS

from NHS Improvement.

- 5.3 The approval of loans with repayment periods in excess of one year.
- 5.4 The agreement of action on litigation on behalf of the Trust and against the Trust, except that the authorisation of clinical negligence payments is delegated to the Chief Financial Officer.

### **6. Financial and Performance Planning and Reporting Arrangements**

- 6.1 The approval of strategy, business plans and budgets.
- 6.2 The approval of the Trust's Annual Plan prior to submission to NHS Improvement.
- 6.3 Continuous appraisal of the affairs of the Trust by means of the receipt of reports as it sees fit from directors, committees and officers of the Trust.
- 6.4 Approval of the Trust's Annual Report, including the annual accounts, prior to submission to NHS Improvement and the Council of Governors.

## STANDING FINANCIAL INSTRUCTIONS

Table 1: Scheme of Delegation of Powers from the Board of Directors to Officers of the Trust

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
<b>1</b>	<b>CAPITAL PROJECTS AND ASSETS</b>		
1.1	Approval of capital and revenue business cases and PFI schemes, including approval of variations, (subject to recommendation by Investment Board):	Executive Directors (Sponsorship of bids)  Chief Financial Officer Chief Executive (and external as appropriate)	This includes bids to the Charitable Foundation. These powers may not be further delegated; in the absence of the appropriate officer authorisation must be obtained from the level above. The external referral limit will depend on the regulations currently in force.
1.2	Approval of Capital Project Proposals	Director of Capital, Estates and Facilities (CEF)	
1.3	Management of capital expenditure and assets under construction	Director of CEF	
1.4	Maintenance of the asset register	Chief Financial Officer	Delegated to Associate CFO (Financial Services)
1.5	Approval of asset disposals: Land and buildings Other assets–	Board of Directors Chief Financial Officer	Finance must always be informed to enable the asset register to be updated
<b>2</b>	<b>CONTRACTS</b>		
2.1	Maintenance of list of approved firms: Works contracts Goods and services contracts	Director of CEF Chief Financial Officer	Delegated to King's IFM Director of Procurement
2.2	Authorisation of less than the requisite number of tenders / quotes:  For contracts up to £164,000: Capital projects / Works  Goods and Services	Director of CEF <b>and</b> Chief Financial Officer Chief Financial Officer <b>and</b> King's IFM Director of Procurement	See Table 3 for details of required numbers

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REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
	For contracts over the EU Procurement Threshold:	Chief Financial Officer <b>and</b> Chief Executive	
2.3	Authorisation of single tender / single quote action:		
	For contracts up to the EU Procurement Threshold: Capital projects / Works	Director of CEF <b>and</b> Chief Financial Officer King's IFM Director of Procurement <b>and</b> Chief Financial Officer	
	Goods and Services		
	For contracts over the EU Procurement Threshold:	Chief Financial Officer <b>and</b> Chief Executive	
2.4	Single tender / single quote action for maintenance or other support contracts for existing goods or assets where the Trust is contractually tied to specific companies.	Chief Financial Officer	Delegated to King's IFM Director of Procurement, who will maintain a register of contracts approved
2.5	Monitoring of the use of single tender / single quote action	Audit Committee on behalf of Board of Directors	Appropriate records to be maintained by the King's IFM Director of Procurement as the basis for reporting
2.6	Receipt of tenders	Chief Executive	
2.7	Opening of tenders	Any two from "List of Trust officers authorised to open tenders"	
2.8	Permission to consider late tenders	Chief Executive	
2.9	Tender ratification and award, including authorisation of any actions resulting from post-tender negotiations:		
	For contracts up to the EU Procurement Threshold: Capital projects / Works	Director of CEF and Chief Financial Officer King's IFM Director of Procurement and appropriate Trust officer in line with the limits set out in Table 2	
	Goods and Services		
	For contracts over the EU Procurement Threshold up to £999,999: Capital projects / Works	Director of CEF and Chief Financial Officer King's IFM Director of Procurement and Chief Financial Officer	
	Goods and Services		
	For contracts over £1,000,000:	Chief Executive	

## STANDING FINANCIAL INSTRUCTIONS

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
2.10	Signing of contracts (including letters of intent)	Authorised list "List of officers authorised to sign contracts on behalf of the Trust" (maintained by Chief Financial Officer)	All Works contracts of £500,000 and above should be sealed; other contracts should be sealed if in the interests of the Trust.
2.11	Approval of variations or extensions to contract:		Where the value of the variation or extension is less than one year's value of the whole contract. Advice should be sought from King's IFM Head of Procurement before entering into any variation or extension agreement as this is a complex area.
	For contracts less than £10,000: Capital projects / Works	Director of CEF	
	Goods and Services	Director of Operations and King's IFM Head of Procurement	
	For contracts up to the EU Procurement Threshold: Capital projects / Works	Director of CEF and Chief Financial Officer	
	Goods and Services	Executive Director and King's IFM Director of Procurement	
	For contracts over the EU Procurement Threshold up to £999,999: Capital projects / Works	Director of CEF and Chief Financial Officer	
	Goods and Services	King's IFM Director of Procurement and Chief Financial Officer	
For contracts over £1,000,000:	Chief Executive		
2.12	Sealing of documents	Chairman (or Vice Chairman in the absence of the Chairman) and one Director	Subsidiary pages of Works contracts to be signed in accordance with Power of Appointment procedure

<b>3 SERVICE AGREEMENTS FOR THE PROVISION OF HEALTHCARE</b>			
3.1	Approval of healthcare contracts	Chief Executive	Chief Financial Officer in Chief Executive's absence
3.2	Approval of variations to healthcare contracts: Less than £250,000	Chief Financial Officer	Where the value of the variation is less than one year's value of the whole contract.
	£250,000 and above	Chief Executive	
3.3	Authorisation of credit notes relating to healthcare contracts: Less than £250,000	Chief Financial Officer, delegated to the Deputy CFO	
	£250,000 and above	Chief Executive	

STANDING FINANCIAL INSTRUCTIONS

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
<b>4</b>	<b>PURCHASING AND PAYMENTS (INCLUDING PAYROLL)</b>		
4.1	Authorisation of internal requisitions:		Directorates will determine appropriate values for further delegation, which will be notified to and agreed by the Associate Chief Financial Officer (Financial Management) (for the Chief Financial Officer) and recorded on the "Sprinter Authorised Signatory List"
	Less than £50,000	Divisional Directors/Medical Directors/Directors of Nursing/Deputy CFO/Associate CFO	
	£50,000 and above, but less than £100,000	Executive Directors	
	£100,000 and above, but less than £250,000	Chief Financial Officer	
	£250,000 and above, but less than £1m	Chief Executive	
	£1m and above	Chief Executive on direction of the Board of Directors	
4.2	Authorisation of official orders	Authorised list maintained by the Associate CFO (Financial Services) (for the Chief Financial Officer)	Authorised list: "List of Trust officers permitted to authorise official orders"
4.3	Authorisation of <b>INVOICES</b> due for payment where it has not been possible to follow the normal requisitioning process:		See 4.1 above Authorised List: "Sprinter Authorised Signatory List"
	Less than £50,000	Divisional Directors/Medical Directors/Directors of Nursing/Deputy CFO/Associate CFO	
	£50,000 and above, but less than £100,000	Executive Directors	
	£100,000 and above, but less than £250,000	Chief Financial Officer	
	£250,000 and above, but less than £1,000,000	Chief Executive	
	£1,000,000 and above	Chief Executive on direction of the Board of Directors	
4.4	Authorisation of petty cash payments	Executive and Divisional Directors / Divisional General Managers, who will determine the extent of further delegation, which will be notified to and agreed by the Associate CFO (Financial Management) (for the Chief Financial Officer).	The authorising officer must be the claimant's line manager or above  Authorised List: "Sprinter Authorised Signatory List"
4.5	Authorisation of employee expenses claims	Executive and Divisional Directors / Divisional General Managers, who will determine the extent of further delegation, which will be notified to and agreed by the Associate CFO (Financial Management) (for the Chief Financial Officer). Authorised List: "Integra Authorised Signatory List"	The authorising officer must be the claimant's line manager or above. Any expenses claimed by the Chairman shall be authorised by the Chief Executive, or by the Chief Financial Officer if payments relating to the Chief Executive are included within the claim.

**STANDING FINANCIAL INSTRUCTIONS**

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
4.6	Authorisation of manpower returns	Executive and Divisional Directors / Divisional General Managers, who will determine the extent of further delegation, which will be notified to and agreed by the Associate CFO (Financial Services) (for the Chief Financial Officer). Authorised List: "Payroll Authorised Signatory List"	The authorising officer must not be included on the return and must be senior to all staff listed on the return
4.7	Authorisation of timesheets	Executive and Divisional Directors / Divisional General Managers, who will determine the extent of further delegation, which will be notified to and agreed by the Associate CFO (Financial Services) (for the Chief Financial Officer). Authorised List: "Payroll Authorised Signatory List"	
4.8	Authorisation of agency timesheets and payments	Executive and Divisional Directors / Divisional General Managers, who will determine the extent of further delegation, which will be notified to and agreed by the Associate CFO (Financial Management) (for the Chief Financial Officer). Authorised List: "Integra Authorised Signatory List"	<b>The authorising officer must be an authorised signatory of the Trust and must have knowledge of the agreed rate and therefore the value of the timesheet being signed.</b>

5	INCOME AND DEBT WRITE-OFF		
5.1	Authorisation of invoice requests	Executive Directors, Divisional Directors and Deputy Director of Operations, who will determine the extent of further delegation. These will be notified to and agreed by the Associate CFO (Financial Services) (for the Chief Financial Officer).	Authorised List: "Sprinter Authorised Signatory List"
5.2	Authorisation of credit notes (non-healthcare income)	Authorised list maintained by the Associate CFO (Financial Services)	Authorised list: "List of Trust officers permitted to approve credit notes"
5.3	Authorisation of discounts	Authorised list maintained by the Associate CFO (Financial Services)	Authorised list: "List of Trust officers permitted to authorise discounts on invoices"
5.4	Authorisation to refer debts to debt collection agency	Chief Financial Officer	Delegated to Associated CFO (Financial Services)
5.5	Authorisation of debt write-off:		

## STANDING FINANCIAL INSTRUCTIONS

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
	Individual debts Less than £25,000	Deputy CFO or Associate CFO (Financial Services)	
	£25,000 and above but less than £50,000	Chief Financial Officer	
	£50,000 and above	Chief Executive	
	Package of debts Less than £100,000	Chief Financial Officer	
	£100,000 and above but less than £250,000	Chief Executive	
	£250,000 and above	Board of Directors	
5.6	Monitoring of Debt Write-off	Audit Committee on behalf of the Board of Directors	A report must be submitted quarterly to the Audit Committee by the Associate CFO (Financial Services)

6	LOSSES AND SPECIAL PAYMENTS		
6.1	Authorisation of losses and special payments, including ex-gratia payments:		
	Less than £5,000	Financial Controller	
	Above £5,000 but less than £25,000	Deputy CFO/Associate CFO (Financial Services)	
	Above £25,000 but less than £50,000	Chief Financial Officer	
	£50,000 and above	Board of Directors	
6.2	Authorisation of clinical negligence payments	Chief Financial Officer	
6.3	Monitoring of losses and special payments	Audit Committee	<b>A report must be submitted quarterly by the Associate CFO (Financial services)</b>
6.4	Authorisation of early retirement, redundancy and other termination payments to staff:		
	Less than £20,000	Divisional Directors	All payments should be checked with HR with respect to regulations of these payments by HM Treasury and the NHS regulator
	£20,000 and above, but less than £50,000	Chief Financial Officer	
	£50,000 and above,	Chief Executive	

## STANDING FINANCIAL INSTRUCTIONS

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
<b>7</b>	<b>BUDGETARY CONTROL</b>		
7.1	Delegation of budgets	Chief Executive and Chief Financial Officer	
7.2	Approval of virements (budget transfers): <ul style="list-style-type: none"> <li>- Within a budget and within a budget type (pay, non-pay or income)</li> <li>- Between pay and non-pay authorised control totals</li> </ul>	Budget holder and Associate CFO (Financial Management) Chief Operating Officer, Chief Financial Officer and Executive Director of Workforce	
7.3	Approval of transfers from reserves	Chief Financial Officer	Delegated to Deputy CFO/Associate CFO (Financial Management)
<b>8</b>	<b>STORES</b>		
8.1	Management and control of stores: <ul style="list-style-type: none"> <li>- Warehouse, Receipt &amp; Distribution</li> <li>- Pharmacy</li> <li>- Other Stores</li> </ul>	<ul style="list-style-type: none"> <li>- King's IFM Director of Operations</li> <li>- Chief Pharmacist</li> <li>- Director of Operations or Executive Director</li> </ul>	
<b>9</b>	<b>BANK ACCOUNTS AND PAYMENT METHODS</b>		
9.1	Opening of bank accounts	Chief Financial Officer	Delegated to Associate CFO (Financial Services)
9.2	Signing of cheques for cash, signing of other cheques, and authorisation of CHAPs payments & BACs payment schedules	Authorised signatory list: "Authorisation of Payments from Trust Bank Accounts"	Lists to be maintained by the Associate CFO (Financial Services) and approved by the Chief Financial Officer
<b>10</b>	<b>FEES AND CHARGES</b>		
10.1	Approval of fees and charges	Chief Financial Officer (Delegated to Deputy and Associate CFOs)	With Budget Holder where appropriate

**STANDING FINANCIAL INSTRUCTIONS**

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
<b>11</b>	<b>STANDARDS OF BUSINESS CONDUCT</b>		
11.1	Maintenance of the register of interests:		Maintained by Trust Secretary & Head of Corporate Governance
	Board of Directors and Trust Management	Chief Executive	
	Other Staff	Executive Directors / Divisional Directors of Operations	
11.2	Maintenance of gifts and hospitality registers:		Maintained by Trust Secretary & Head of Corporate Governance
	Executive Board of Directors and Trust Management	Chief Executive	
	Other Staff	Executive Directors / Divisional Directors of Operations	
11.3	Monitoring of gifts and hospitality registers	Audit Committee on behalf of the Board	Trust Secretary to report annually to the Audit Committee

<b>12</b>	<b>INSURANCE</b>		
12.1	Insurance arrangements	Chief Financial Officer	Delegated to Associate Chief Financial Officer (Financial Management)

<b>13</b>	<b>FRAUD AND IRREGULARITY</b>		
13.1	Counter fraud and corruption work in accordance with Secretary of State's Directions	Chief Financial Officer (Delegated to Associate CFO (Financial Services))	In liaison with Local Counter Fraud Specialist and Counter Fraud Operational Service as appropriate
13.2	Investigation of suspected cases of irregularity not related to fraud or corruption	Director of Capital, Estates and Facilities	Delegated to Head of Security

<b>14</b>	<b>INVESTMENTS</b>		
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**STANDING FINANCIAL INSTRUCTIONS**

REF	RESPONSIBILITY	DELEGATION ARRANGEMENTS	FURTHER INFORMATION
14.1	Approval of Treasury Management Policy	Chief Executive	
14.2	Investment decisions	Chief Financial Officer	Delegated to Associate Chief Financial Officer (Financial Services)

15	BORROWING		
15.1	Approval of loans:		
	Loans with repayment periods of over one year	Chief Executive	
	Loans with repayment periods of less than one year	Chief Financial Officer	Delegated to Associate Chief Financial Officer (Financial Services)

**STANDING FINANCIAL INSTRUCTIONS**

**Table 2: Sprinter Authorisation Matrix – Delegation Limits**

Level	Staff Group	Indicative Bands	Revised Limits	
			Min	Max
<b>Level 6</b>	Ward Manager / Other as required	7	£0	£1,000
<b>Level 5</b>	Service Manager / Matron	8a / 8b	£1,001	£5,000
<b>Level 4</b>	General Manager / Clinical Director / Head of Nursing	8c / 8d	£5,001	£10,000
<b>Level 3</b>	Deputy Director of Operations	9	£10,001	£25,000
<b>Level 2</b>	Director of Operations / Medical Director / Director of Nursing / Deputy CFO / Associate CFO		£25,001	£50,000
<b>Level 1</b>	Executive Directors		£50,001	£100,000
<b>Level 0</b>	Chief Financial Officer		£100,001	£250,000
<b>Level 0</b>	Chief Executive		£250,001	£1,000,000

**STANDING FINANCIAL INSTRUCTIONS**

**Table 3: Required Number of Quotes and Tenders**

All financial limits quoted are the total for the life of the contract

<b>Limits</b>	<b>Staff Group</b>
<b>Under £10,000</b>	Manager's discretion, in line with Table 2 Authorisation limits
<b>Above £10,000 and up to £106,000</b>	Three competitive quotes (to be sourced objectively)
<b>Above £106,000 and up to £164,000</b>	Three formal tenders
<b>Over £164,000</b>	OJEU regulations apply

## STANDING FINANCIAL INSTRUCTIONS

### APPENDIX B

**Table 4 : Tendering & Contracting Procedures: Delegated Financial Limits**

Value (Ex. VAT)	Quotation or Tender	Issued by	Received and Opened by	Contract Authorisation	Order Signing Authority	Waiver Authorised by
<b>Under £10,000</b>	Obtain via contract source wherever possible. If not, single verbal or written quotation (or more if felt appropriate)	Requesting Manager or Procurement Department Estates Manager or Procurement Department	Requesting Manager or Procurement Department Estates Manager or Procurement Department	Budget holder Purchasing Manager Estates Manager Director of CEF (for Works)	Assistant Sourcing Manager	Not Applicable
<b>£10,000 - £106,000</b>	Minimum of 3 written quotations * (or written tenders if felt appropriate)	Requesting Manager or Procurement Department Estates Manager or Procurement Department	Requesting Manager or Procurement Department Facilities Business Manager or Procurement Department	Budget holder <u>and</u> Sourcing Manager Director of CEF (for Works)	Sourcing Manager Director of CEF (for Works)	Divisional Director <u>and</u> Director of Procurement Director of CEF <u>and</u> Director of Procurement (for Works)
<b>£106,001 - EU Procurement Threshold for Supplies and Services</b>	Minimum of 3 written tenders	Procurement Department or Estates Manager/Contract Administrator for Facilities	One person from list of authorised officers plus 1 other. Neither to be from Requesting Department Electronic tendering: one person from authorised list not from Requesting department.	Sourcing Manager <u>and</u> Director of Procurement Director of CEF <u>and</u> Chief Financial Officer (for Works)	Director of Procurement Director of CEF (for Works)	Director of Procurement <u>and</u> Chief Financial Officer Director of CEF <u>and</u> Chief Financial Officer (for Works)
<b>Over EU Procurement Threshold for Supplies and Services - £999,999</b>	European Union tender rules apply.	Procurement Department or Estates Manager/Contract Administrator for Facilities	One person from list of authorised officers plus 1 other. Neither to be from Requesting Department Electronic tendering: one person from authorised list not from Requesting department.	Director of Procurement <u>and</u> Chief Financial Officer or Director of CEF <u>and</u> Chief Financial Officer (for Works)	Director of Procurement Director of CEF (for Works)	Chief Financial Officer <u>and</u> Board of Directors to give formal approval (CEO to sign off waiver)
<b>Over £1,000,000</b>	European Union tender rules apply.	Procurement Department or Estates Manager/Contract Administrator for Facilities	One Board member plus 1 other. Neither to be from Requesting Department. Electronic tendering: one person from authorised list not from Requesting department.	Board of Directors	Director of Procurement <u>and</u> Chief Financial Officer Director of CEF (for Works)	Chief Financial Officer <u>and</u> Board of Directors to give formal approval (CEO to sign off waiver)

## STANDING FINANCIAL INSTRUCTIONS

<b>Over EU Procurement Threshold for Works Contracts</b>	European Union tender rules apply	Prepared by CEF Directorate in conjunction with Procurement Department	One Board member plus 1 other. Neither to be from Requesting Department.  Electronic tendering: one person from authorised list not from Requesting department.	Board of Directors	Chief Financial Officer and Director of CEF (for Works)	Chief Financial Officer <u>and</u> Board of Directors to give formal approval (CEO to sign off waiver)
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1. For details on current OJEU Limits for 'Other contracting authorities' please refer to <http://www.ojeu.eu/thresholds.aspx>
2. When determining a value of any potential purchase, lease or contract, care must be taken to include the full costs incurred over the lifetime of the purchase, or for consumable items, that the full year is used as the indicative value
3. All tenders to be addressed to the Chief Executive and returned to the Legal Service Dept.
4. Any persons involved in the opening or approving of tenders or quotations shall declare any interest that he/she has in any firm or company involved in tendering or quoting for the work or services concerned and withdraw from the process.
5. \*Quotations obtained by ordering department must be registered with the Procurement Department before orders are raised.
6. Quotations received by Facilities Business Manager (FBM) to be opened by the FBM in the presence of one other non-technical officer in the Facilities Directorate. All quotations logged sequentially in the Quotation Book and copy of competed Invitation to Quote Form to be sent to the Procurement Department for registration.
7. All Waivers to be lodged with the Procurement Dept. ([kch-tr.procurement@nhs.net](mailto:kch-tr.procurement@nhs.net)). Refer to SFI Waiver Request Policy.
8. For appointments of professional consultants above the EU Procurement Threshold, European Union tender rules apply.
9. Contract authorisation must precede order signing.

Review Date 30 November 2017

## STANDING FINANCIAL INSTRUCTIONS

### APPENDIX C

#### Summary of Minimum retention periods for records

(For full details see Annex D2 of the NHS Records Management Code of Practice. The following table is subject to the provisions of the NHS Records Management Code of Practice, as may be amended from time to time.)

No.	Class of Document	Retention Period
	<b>FINANCIAL</b>	
1.	Salaries and Wages Records	10 Years after the end of the financial year to which they relate.
2.	Pay sheets and records of unpaid salaries and wages.	6 years after the end of the financial year to which they relate.
3.	Copies of forms SD55 (ADP) and SD55J	10 Years after the end of the financial year to which they relate.
4.	Principal ledger records including cashbook, ledgers and journals.	6 Years after the end of the financial year to which they relate.
5.	Bills, Receipts and Cleared Cheques.	6 Years after the end of the financial year to which they relate.
6.	Debtors Records.	2 years after the end of the financial year in which they are paid or are written off, but at least 6 years in respect of any unpaid account which has not yet been written off.
7.	Creditor Payments Records	3 Years after the end of the financial year to which they relate.
8.	Requisitions	1.5 years after the end of the financial year to which they relate.
9.	Minor accounting records; pass-books, bank statements, deposit slips, cheques; petty cash expenditure accounts, travel and subsistence records, minor vouchers, duplicate receipt books etc.	2 years after the end of the financial year to which they relate.
10.	Cost accounts prepared in accordance with the directions of the Secretary Of State or at the request of the department.	3 years after the end of the financial year to which they relate.
11.	Tax Forms	6 years after the end of the financial year to which they relate.
12.	V.A.T Records	6 years after the end of the financial year to which they relate.
13.	Budgets	2 years from the completion of the audit.
14.	Major establishment records including personal files, letters or appointments, contract references and related correspondence and records of leave.	6 years after the officer leaves the services of the hospital or on the date on which the officer would reach the age of 70, whichever is the later. Provided that if an adequate summary of the personal and health record is kept for this period, the main records may be destroyed after the officer leaves the hospital's service.
15.	Minor establishment records e.g. leave records, timesheets	2 years from the completion of the audit.
16.	Stores Records - Major (Stores Ledger Etc.)	6 years after the end of the financial year to which they relate.

## STANDING FINANCIAL INSTRUCTIONS

17.	Stores Records – Minor (requisitions, issue notes, transfer vouchers, goods received books, delivery notes etc)	1.5 years after the end of the financial year to which they relate.
18.	Audit Reports.	2 years after the formal clearance by the appointed auditor.
19.	Accounts – Annual ( Final - One set only )	Permanent
20.	Accounts – Working Papers	3 years after the end of the financial year to which they relate.
21.	Documents other than those of permanent relevance in relation to trust funds and the terms of any trusts administered by health authorities.	6 years after the financial year in which the trust monies are finally spent or the gift in kind was accepted.

	<b>NON-FINANCIAL</b>	
22.	Property Acquisitions / Disposal Records	Permanent
23.	Buildings and engineering works, inclusive of projects abandoned or deferred - key records (e.g. final accounts, surveys, site plans, bills of quantities)	Permanent
24.	Contracts – non sealed (other ) on termination	6 years after the end of the financial year to which they relate.
25.	Contracts – sealed and associated records	15 years after the end of the financial year to which they relate.
26.	Tenders - Unsuccessful	6 years after the end of the financial year to which they relate.
27.	Inventories (not in current use) of items having a life of less than 5 years	1.5 years after the end of the financial year to which they relate
28.	Records of custody and transfer of keys.	1.5 years after the end of the financial year to which they relate.
29.	Patient activity data	3 years after the end of the financial year to which they relate.