

**The Scheme of Governance for  
West Hertfordshire Hospitals NHS Trust**

*A guide to the way the Trust works*

**Discussed and approved by the Trust Board on 19 October 2006  
Review Date September 2007**

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## INTRODUCTION

NHS organisations are being required to develop strong organisational governance arrangements, modelled on the best examples from the private and public sector. The purpose of this document is to describe the arrangements that operate within West Hertfordshire Hospitals NHS Trust to ensure that the Trust can meet the expectations of a large, public service body.

The Independent Commission on Good Governance in Public Services<sup>1</sup> describes good governance as falling into six broad areas:

1. Focussing on the organisation's purpose and on outcomes for citizens and service users
2. Developing the capacity and capability of the governing body to be effective
3. Taking informed, transparent decisions and managing risk
4. Promoting values for the whole organisation and demonstrating good governance through behaviour
5. Performing effectively in clearly defined functions and roles
6. Engaging stakeholders and making accountability real

Specific NHS governance requirements have been put in place to help in this process. For example, Monitor has increased its focus on governance activities, by both bringing out guidance<sup>2</sup> and increasing the significance of governance arrangements in its assessments of potential NHS Foundation Trusts. Standards for Better Health<sup>3</sup> include a governance domain (supplementing governance requirements in other domains, such as Patient Safety) and the Healthcare Commission are in the final stages of launching an improvement review on governance for all NHS organisations. The Department of Health itself has issued a plethora of governance-related guidance, including guidance on the role of audit committees<sup>4</sup>, responsibilities relating to safety<sup>5</sup> and, most significantly, the Integrated Governance Handbook<sup>6</sup>.

The Integrated Governance Handbook has been described by the Finance Director of the NHS as "the "platform" on which local NHS organisations should build improved accountability, strategy and leadership systems". It lays out a programme of reforming local governance arrangements with the aim of better decision making, leaner committee structures, achieving a stepped change in accountability arrangements and ensuring that governance systems deliver value for money. This document aims to ensure that the governance arrangements for the Trust match this template of good practice.

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<sup>1</sup> "The good governance standard for public services" – draft for consultation published September 2004 by the Independent Commission on Good Governance

<sup>2</sup> "NHS Foundation Trust Code of Governance" – draft for consultation published December 2005 by the Independent Regulator of NHS Foundation Trusts

<sup>3</sup> "Standards for Better Health" published July 2004 (updated April 2006) by the Department of Health

<sup>4</sup> "The NHS Audit Committee Handbook 2005" published October 2005 by the Department of Health

<sup>5</sup> For example "Going further faster: A pocket guide for chief executives and boards" published May 2006 by the Department of Health

<sup>6</sup> "Integrated governance handbook" published February 2006 by the Department of Health

Accordingly, this document sets out the systems and structures that currently exist within the Trust to deliver good governance. However, it is recognised that changes are needed to the current arrangements to ensure that they are fully in line with the best practice of other organisations. Work is in hand to deliver the necessary changes, ensuring that they reflect emerging national models for good governance. At the end of the process it is expected that a further version of this document will show how the Trust has modernised and updated the governance and principal management systems of the Trust. In the meantime the detail set out below will:

- Enable the Trust to demonstrate that it has good business processes and structures in place
- Provide a structure within which every member of the Trust can work
- Demonstrate the decision making processes within the Trust
- Provide clarity to our stakeholders about how we operate and undertake our business
- Ensure that decision-makers are identifiable
- Show openness and transparency in the decisions we take

The remainder of the document is set out in six sections as follows:

- Section one sets out background information to the Trust
- Section two describes the Trust's aims, values and objectives
- Section three describes the role of the Board and its sub committees and of the Chairman, Chief Executive, Executive Directors, Trust Secretary and Non Executive Directors
- Section four sets out the Standing Orders, Standing Financial Instructions and Scheme of Delegation
- Section five describes the role and function of the Trust Executive
- Appendix A sets out the terms of reference for the Trust Board Sub Committees

## **SECTION 1 – BACKGROUND INFORMATION**

This section provides background information on the establishment of the Trust, where the Trust provides services and an overview of the size of the Trust and its key relationships.

### **Establishment Order**

West Hertfordshire Hospitals NHS Trust was established under Statutory Instrument 2000/732 made on 13 March 2000, which came into force on 23 March 2000. This Order provides the legal basis on which to provide services and run the hospitals at Hemel Hempstead, Watford, and St Albans. It also establishes the creation of a Trust board, made up of a Non Executive Chairman and five other Non Executive Directors and Executive Directors in order that the business of the Trust can be properly discharged.

### **Description of the Trust**

West Hertfordshire Hospitals NHS Trust provides a wide range of hospital services to the catchment population covering Dacorum, St Albans and Harpenden, Watford, Three Rivers, Hertsmere, and parts of Hillingdon and Harrow.

West Hertfordshire Hospitals NHS provides services from four sites – Hemel Hempstead, Watford, St Albans City and Mount Vernon. The Trust provides a comprehensive range of services from across the four sites with acute in patient and A&E services being concentrated onto the Hemel Hempstead and Watford sites. Out patient and diagnostic services are provided from Hemel Hempstead, Watford and St Albans City Hospitals whilst Mount Vernon provides some diagnostic, pharmacy and therapy services to the Cancer Centre, which is managed by East and North Hertfordshire NHS Trust and the residual Burns and Plastic Surgery services that remain on the site following the transfer of the services to the Royal Free Hospital in October 2006. For the financial year 2006/07 the Trust's budget was just under £250m. It has been commissioned to provide approximately 93,000 first out patient appointments, 193,000 follow up appointments, 32,000 elective episodes of care and 36,000 non-elective attendances. Because of the Trust's overall financial deficit savings in the order of xx are also being made which will mean significant service reconfiguration. Changes to the way services are provided will be implemented following the outcome of consultation.

West Hertfordshire Hospitals NHS Trust is an active participant in the West Hertfordshire Quadrant, working alongside the West Hertfordshire Primary Care Trust. The West Hertfordshire PCT commissions over 80% of the Trust's activity. The PCT provide community health services, as well as co-ordinating and regulating local primary care services. The Trust works closely with Hertfordshire Partnership Trust (a specialist provider of mental health and learning disability services) and the East of England Ambulance and Paramedic Services NHS Trust and Adult Care Services, provided by Hertfordshire County Council.

## **SECTION 2 – THE PURPOSE OF THE TRUST**

This section describes the aims, values and objectives of the Trust. These set the framework within which the governance arrangements operate. Staff should be familiar with these aims and objectives and be able to explain them to stakeholders and service users.

### **The Trust's Aims:**

- To deliver high quality acute health care that meets patient expectations, provides outstanding value for money and meets the performance standards required of an NHS body
- To provide high clinical standards and have high expectations
- Ensure services are focused on the patient and managing all aspects of the patient experience whilst under our care
- Do the things only we can do -and do them well
- Develop clear linkages with primary care
- Be responsive and adaptive to change and innovation

### **The Trust's Values**

The Trust's values underpin the culture that the Trust is seeking to establish. The Trusts seeks to be an organisation that:

- Has a clarity of purpose and direction
- Is open to learning and change
- Supports improvement of services
- Has an involved workforce which is valued and developed
- Is outward looking
- Has effective support systems that enhance the efficiency of clinical services
- Develops an emphasis on efficiency and productivity

The Trust will always be subject to external influences, which will affect the way in which we shape and deliver our services in the future. The Trust will respond to these challenges with enthusiasm and ensure that such responses focus on the importance of delivering high quality services for our patients. We will take every opportunity to influence the local and national agendas by ensuring that we participate actively with our stakeholders and local population. We will ensure that the working arrangements within the Trust are transparent and accessible to both our staff and the wider public.

## The Strategic Objectives of the Trust

The Trust's strategic objectives are taken from the Trust's Assurance Framework. These are listed below:

<i>Area</i>	<i>Strategic Objective</i>
<i>1. Service Strategy</i>	<i>To develop and implement a clear service strategy for the Trust</i>
<i>2. Patient Safety</i>	<i>To have in place processes to assure patient safety and to prevent or reduce the risk of harm to patients (Ref: Standards For Better Health (SFBH) Domain 1)</i>
<i>3. Clinical Effectiveness</i>	<i>Ensure clinical effectiveness through application of best practice, continuous improvement, supervision and audit (Ref: SFBH Domain 2)</i>
<i>4. Governance and Leadership</i>	<i>Ensure there are clear management and clinical leadership responsibilities and accountability to ensure probity, quality assurance, quality improvement and patient safety (Ref: SFBH Domain 3)</i>
<i>5. Workforce</i>	<i>To have high quality, well managed and trained staff, and to be an employer of choice</i>
<i>6. Patient Experience</i>	<i>To provide services that relate to patients' needs based on a programme of patient engagement and ensure that the different aspects of care are identified and addressed (Ref: SFBH Domain 4)</i>
<i>7. Access</i>	<i>To provide prompt treatment of patients, consistent with national standards (Ref: SFBH Domain 5)</i>
<i>8. Environment</i>	<i>To provide environments that promote patient and staff safety and wellbeing, privacy and dignity and are clean (Ref: SFBH Domain 6)</i>
<i>9. Finance</i>	<i>To ensure the efficient use of resources and meet statutory financial duties</i>
<i>10. Business and patient administration systems</i>	<i>To provide effective administrative and technological support for service delivery</i>
<i>11. External relationships</i>	<i>To work in partnership with key stakeholders to achieve the Trust's objectives and to improve the reputation of the Trust</i>

These objectives inform the business of the Board, the Executive and the Divisions. They form the substance around which the governance framework provides the structure and process.

## **SECTION 3 – THE TRUST BOARD AND ITS SUB COMMITTEES**

This section of the document describes the roles and responsibilities of the Trust Board, its sub committees, the roles and responsibilities of the Trust Chairman, Chief Executive, Non Executive Directors, Executive Directors and Trust Secretary.

Governance of the Trust is a process designed to ensure that the Trust is doing its 'reasonable best' to manage itself in order to meet the objectives of the organisation, and to protect patients, staff, the public and other stakeholders against foreseeable risks. It is defined by the Audit Commission as: "The framework of accountability to users, stakeholders and the wider community, within which organisations can take decisions and lead and control their functions, to achieve their objectives."<sup>7</sup>

The Trust Board is the body that discharges the responsibilities of the Trust. The Board has agreed systems of delegated responsibilities and governance systems to support it in this role. These delegated responsibilities are to individuals, formally identified groups (sub-committees and working parties) or external parties. The aims of these delegations are:

- To meet Statutory or better practice requirements
- To give focus and attention to key issues facing the Trust
- To provide an enhanced degree of scrutiny

Further details of formally agreed delegations can be found as part of the Standing Orders and Standing Financial Instructions in section 4.

### **The role of the Trust Board**

The principal responsibilities of the Board can be summarised as follows:

1. To provide leadership to the Trust
2. To set the strategic direction, define the annual and longer-term objectives and approve the policies and plans to achieve them
3. To monitor performance against the objectives and to recommend remedial action as necessary. This includes setting tolerances for reporting deviations from plans or agreed levels of performance
4. To ensure stewardship over financial and other resources
5. To determine resource priorities
6. To ensure the Trust meets external requirements in respect of high standards of quality in healthcare provision, safety, governance and corporate behaviour
7. To appoint, appraise and remunerate senior executives
8. To ensure effective dialogue between the Trust, patients, staff, partners, the local community, elected representatives, media, Ministers and stakeholders
9. To ensure effective communication of the decisions that are agreed

These responsibilities reflect the five particular duties in Statute of NHS Boards, which are:

1. The duty to achieve financial balance
2. The duty of quality, through clinical governance

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<sup>7</sup> Corporate Governance Inspection: Key Lines of Enquiry published May 2006 by the Audit Commission



3. The duty of patient and public involvement
4. The duty to the staff
5. The duty of partnership, with the local health and social care economy

### **The role of Sub-Committees of the Board**

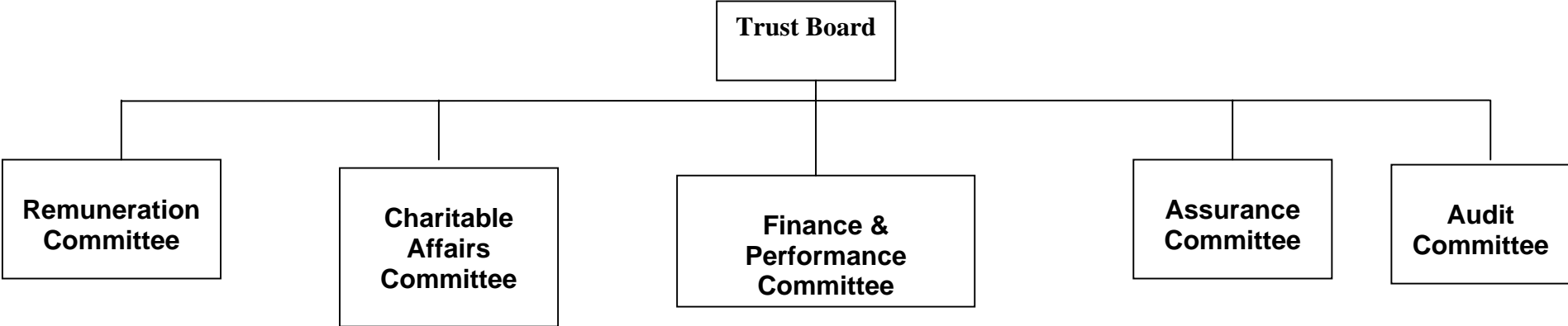
The Sub-Committees of the Board, all of which are chaired by Non-Executive Directors, provide scrutiny of the key areas of Trust business and meet statutory requirements.

The Trust Board has established the following Sub-Committees:

- Audit
- Remuneration
- Appointments
- Finance and Performance
- Assurance
- Charitable Affairs

The Sub-Committee structure is set out below. The terms of reference are detailed in appendix A.

**TRUST BOARD AND SUB-COMMITTEE ORGANISATIONAL STRUCTURE**



## **The Role of the Chairman**

As Chairman of the Trust Board, the Chairman has overarching responsibility for ensuring the organisation meets its objectives for governance and service delivery, and provides a clear direction for its culture and values. This specifically entails:

1. To organise the composition, business and efficiency of the Board
2. To work with the relevant bodies and officers to ensure that the Board has amongst its ranks the appropriate skills and experience to discharge its responsibilities
3. To liaise with the NHS Appointments Commission regarding the achievement of 2. above
4. To work with the Chief Executive (CEO) and Trust Secretary to ensure that the Board discharges its business efficiently and effectively
5. To lead the Board in the determination of strategy, agreement and achievement of its objectives
6. To work with appropriate officers to ensure the Board has accurate and clear visibility of performance and receives relevant contextual information
7. To ensure Board Sub-committees are properly established and effectively operated and evaluated
8. To ensure effective relationships are maintained with all key stakeholders, internal and external
9. To enhance the Trust's public standing and image overall
10. To develop an effective working relationship with the CEO with clear understanding of roles and responsibilities. This will include carrying out the setting of objectives and performance appraisal of the CEO, in partnership with the remuneration committee
11. To set objectives for and performance appraise the Non-Executive Directors of the Trust
12. To relate to the Chair of the Strategic Health Authority in furtherance of the best interest of the Trust
13. To represent the Trust at appropriate forums, such as with colleague Non-Executive Directors with the NHS Confederation

The Chairman is personally accountable to the Secretary of State for Health, and embodies corporate accountability to the local community and the hospital staff for delivery of the Trust's objectives.

## **The Role of the Chief Executive**

The Chief Executive is accountable to the Board for meeting the Trust's objectives, and as Accountable Officer to the Chief Executive of the NHS for the performance of the organisation. He has the responsibility for ensuring that the Board is empowered to govern the organisation and that the objectives it sets are accomplished through effective and properly controlled executive action.

As Accountable Officer, the Chief Executive is required to sign, on behalf of the Trust Board, an annual Statement of Internal Control as set out in the Accountable Officer Memorandum, which incorporates governance, financial management and risk management. It is the duty of the Chief Executive, and through appropriate delegation to the Executive Directors, to ensure that the Trust meets all its statutory obligations and targets set by the Department of Health.

The main roles and responsibilities of the Chief Executive are:

1. **Leadership:** helping the Board create the aims and values for the Trust to improve services, and communicating this vision to others with the ability to empower them to deliver the organisation's objectives
2. **Delivery:** ensuring that the Board has sufficient information to agree a Local Delivery Plan or Service Level Agreements that meet the NHS Plan and other priorities that are based on realistic estimates of physical workforce, and financial capacity and patient and public involvement
3. **Performance Management:** ensuring that the Board's plans and objectives are implemented and that progress towards implementation is regularly reported to the Board using accurate systems of measurement and data management including agreeing the objectives of members of the Executive Management Group and reviewing their performance
4. **Governance:** ensuring that the systems on which the Board relies to govern the organisation are effective, enabling him to sign up to the Assurance Framework on behalf of the Board to state the systems of governance, including financial governance and risk management, are properly controlled
5. **Accountability:** to act as the accountable officer for the Trust
6. **Partnership:** developing an effective working relationship with relevant local health, social care and voluntary organisations
7. **Management:** as chief executive officer to act as line manager for the executive team and to ensure that systems of management are in place to control and deliver the Trust's resources and services
8. **Relationships:** to ensure that there are effective working relationships with the Chairman and the Board

## **The Role of Executive Directors**

The Executive Directors are full-time employees of the Trust. It is a requirement that the Board has a Chief Executive, Director of Finance, Director of Nursing, Medical Director and one other who are eligible to vote. Other executive directors can be appointed as required but are ineligible to vote.

The Executive Team has three key responsibilities:

- To deliver agreed levels of organisational performance, defined by commissioners, the Strategic Health Authority (SHA) and Department of Health
- Implementing the Board's strategy against an agreed plan, taking account of the development of:
  - people, their skills and competencies
  - services, their organisation, delivery, efficiency
  - organisational capacity
  - policies and practice
  - the influences on the Trust from outside the organisation
- Ensuring coherence in the Trust's approach to these inter-related issues and for the communication of information both throughout the Trust and with the local health and social care economy

Additionally an NHS Director's responsibility includes:

1. Promoting the best interests of the organisation at all times
2. Ensuring the highest standards of probity and conduct
3. Promoting effective and efficient decision making
4. Taking decisions in the best interests of the Trust
5. Participating in the development of strategy, leadership and assurance mechanisms for the Trust
6. Ensuring the Board has systems and processes in place to monitor the correct stewardship of resources
7. Abiding by agreed codes of behaviour
8. Attending Trust Board meetings and committee meetings to which they are appointed
9. Ensuring that the organisation meets statutory compliances and regulations
10. Understanding the business of the organisation, and having sufficient knowledge of the market within which the organisation operates in order to carry out their functions as director

## **The Role of the Trust Secretary**

The Trust Secretary is responsible for ensuring that the Trust complies with all relevant legislation, has effective governance arrangements in place and that meetings of the Board and sub committees run efficiently. They provide an interface between the Board and the Executive and ensure that there is appropriate support to the Non Executive Directors.

### **The Role of Non-Executive Directors (NEDs)**

The Non-Executive Directors are drawn from the local community and are appointed by a special Appointments Commissioner who selects them following advertisements in the local press. Non Executive Directors are expected to bring to the Board senior level experience of finance, governance, strategic planning, commercial management, the voluntary and community sectors, and recruitment. Their role requires them to challenge constructively, influence and persuade and provide independent overview and scrutiny of the work of the Trust's Executive functions.

### **Code of Conduct for Directors and Trust Secretary**

West Hertfordshire Hospitals NHS Trust is established under Statute as a corporate body and thereby has separate legal status. All Board members, on appointment, are required to subscribe to a Code of Conduct that describes the highest standards of corporate and personal behaviour and recognises that patient safety and wellbeing are at the centre of all decisions. The hospital is a publicly funded body and is therefore accountable to Parliament for the services it provides and for the effective use of taxpayers' money.

The following public service values underpin the work of the Trust:

- **Accountability:** Everything done in the name of the Trust must stand the test of local and parliamentary scrutiny, as well as reasonable public judgements on propriety and professional standards of conduct;
- **Probity:** absolute honesty and sound judgement in dealing with the assets of the Trust;
- **Openness:** transparency and honesty in decision-making processes in order to promote the confidence of patients, staff and the general public.

**Those who work in the Trust have a duty to make properly informed decisions, to act impartially in dealings with contractors, to achieve value for money and to demonstrate the highest ethical standards of personal and professional conduct.**

### **The Public/Decision Making Interface**

The Trust board has a statutory requirement to meet and take decisions in public. From April 2006 all Trust Board meetings have been held monthly, in public. These meetings, which enable the public to see how the Board conducts its business, are key elements of the governance framework involving planning, performance management, decision-making and Controls Assurance activities.

The format for public Board Meetings gives emphasis to Quality, Risk, Public Involvement, Strategy, Finance, Performance and Governance.

Papers are circulated one week prior the meeting. No papers can be tabled without the prior consent of the Chairman. All papers are published on the Trust's web site and are therefore available as public documents for all who wish to see them. Whilst questions are sometimes taken from members of the public at Board meetings, it is important to stress that these are not public meetings. Questions arising from any of the papers presented at the Board or on any other issue can always be raised directly with the author of the report or further information requested under the terms of the Freedom of Information Act.

There are occasions when it is necessary to discuss items of a confidential nature. Should this be necessary the Board will meet in closed, private session at which members of the public and press will be excluded. Discussions in the private or part 2 session, relate to matters which are either corporately sensitive or concern individuals' contractual or other relationships with the Trust and shall remain absolutely confidential between members of the Trust Board.

There are occasions throughout the year when it is important for the Board to come together to discuss matters of strategic importance and to contribute to the formation of strategy and policy direction. These meetings will not be formally Board Meetings as no decisions will be taken that need to be subject to scrutiny and formal endorsement through the public Board meetings process described above. These meetings provide a focus for:

- Updating Board members on Trust issues;
- Providing presentations on local/national issues
- Discussing strategic development

Sub committees of the Board meet at regular intervals as agreed with each committee chairman. These meetings are not held in public although papers and minutes of all meetings are matters of public record and can normally be provided under the terms of the Freedom of Information Act except where they are marked confidential, contain patient or staff identifiable information or are commercially sensitive.

## **SECTION 4 STANDING ORDERS, RESERVATION AND DELEGATION OF POWERS AND STANDING FINANCIAL INSTRUCTIONS**

Standing Orders, together with Standing Financial Instructions, provide a regulatory framework for the business conduct of the Trust. They fulfil the dual role of protecting the Trust's interests and protecting staff from any possible accusation that they have acted less than properly.

The Standing Orders, Scheme of Delegation and Standing Financial Instructions provide a comprehensive business framework, and shall apply irrespective of the source of funding. All executive and non-executive directors, and all members of staff, should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions.

Failure to comply with standing orders and standing financial instructions is a disciplinary matter which could result in dismissal.



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## SECTION A

### INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Trust Secretary).

Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:

**“Accountable Officer”** means the NHS Officer responsible and accountable for funds entrusted to the Trust. The Officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.

**“Associate Member”** means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Board for them to perform and these duties have been recorded in an appropriate Board minute or other suitable record.

**“Board”** means the Chairman, Non Executive Directors, voting and non voting Executive Directors

**“Board of Directors”** means the Chairman, Non Executive Directors and Executive Directors eligible to vote

**“Budget”** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.

**“Budget holder”** means an employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation

**“Chairman of the Board” (or Trust)** is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chairman of the Trust” shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.

**“Charity Commission”** means the Charity Commission for England and Wales which was established by law as the regulator and registrar of charities in England and Wales.

**“Chief Executive”** means the Chief Officer of the Trust.

**“Clinical Governance Committee”** means a sub-committee of the Board whose functions are concerned with the arrangements for monitoring and improving the quality of healthcare for which the Trust has responsibility.

**“Code of Accountability”** means the basis on which NHS organisations should see to fulfil the duties and responsibilities conferred upon them by the Secretary of State for Health.

**“Commissioning”** means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.

**“Committee”** means a committee or sub-committee created and appointed by the Board

**“Committee members”** mean persons formally appointed by the Board to sit on or to chair specific committees.

**“Contracting and procuring”** means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.

**“Corporate Trustee”** means the role in which the West Hertfordshire Hospital NHS Trust body has responsibility for funds held on trust unless a separate board of trustees is appointed as Trustee .

**“Director of Finance”** means the Chief Financial Officer of the Trust.

**“Establishment Order”** means the Statutory Instrument issued by the Secretary Of State setting up the Trust as a legal entity.

**“Funds held on trust”** shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.

**“Local Authority”** means local governed body which has delegated powers from the Government.

**“Member”** means Non Executive or Executive member of the Board as the context permits. Member in relation to the Board does not include its Chairman.

**“Membership, Procedure and Administration Arrangements Regulations”** means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.

**“Nominated officer”** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.

**“Non Executive Director”** means a member of the Board who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.

**“Officer”** means an employee of the Trust or any other person holding a paid appointment or office with the Trust.

**“Officer member”** means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member).

**“Secretary of the State”** means the Government Minister with delegated power of Parliament.

**“SFIs”** means Standing Financial Instructions this is the business framework to ensure the business conduct of the trust

**“SOs”** mean Standing Orders this is the business framework to ensure the business conduct of the trust

**“Statutory Body”** means a body established by virtue of legislation and being accountable to a Department of State for its actions.

**“Statutory Instrument”** means a document issued by Parliament as part of a legislative programme.

**“Trust”** means the West Hertfordshire Hospitals NHS Trust.

**“Trust Secretary”** means a person appointed to act independently of the Board to provide advice on Corporate Governance issues to the Board and the Chairman and monitor the Trust’s compliance with the Law, Standing Orders, and Department of Health guidance.

**“Vice-Chairman”** means the non-officer member appointed by the Board to take on the Chairman’s duties if the Chairman is absent for any reason.

**“Voluntary Organisation/Body”** means organisations who are unpaid and are received their funding through gift of donations.



## SECTION B – STANDING ORDERS

### 1. INTRODUCTION

#### 1.1 Statutory Framework

The West Hertfordshire NHS Trust (the Trust) is a statutory body which came into existence on [date] under West Hertfordshire NHS Trust (Establishment) Order 199x/200x No [xx], (the Establishment Order).

- (1) The principal place of business of the Trust is Hemel Hempstead General Hospital, Hillfield Road, Hemel Hempstead, Hertfordshire HP.....
- (2) West Hertfordshire NHS Trust is governed by Acts of Parliament, mainly the National Health Service Act 1977 (NHS Act 1977), the National Health Service and Community Care Act 1990 (NHS & CC Act 1990) as amended by the Health Authorities Act 1995 and the Health Act 1999
- (3) The functions of the Trust are conferred by this legislation.
- (4) As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State.
- (5) The Trust also has statutory powers under Section 28A of the NHS Act 1977, as amended by the Health Act 1999, to fund projects jointly planned with local Authorities, Voluntary organisations and other bodies.
- (6) The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- (7) The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

#### 1.2 NHS Framework

- (1) In addition to the statutory requirements the Secretary of State, through the Department of Health, issues further directions and guidance. These are normally issued under cover of a Department Circular or Departmental Letter.
- (2) The Code of Accountability requires that, inter alia, Boards draw up a Schedule of Decisions Reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The Code of Accountability also requires the establishment of Audit and Remuneration Committees with formally agreed terms of reference.
- (3) The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.

#### 1.3 Delegation of Powers

The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions (SO 5) the Trust is given powers to "make arrangements for the exercise, on behalf of the Trust of any of their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 4 or by an officer of the Trust, in each case subject to such restrictions and conditions as the Trust thinks fit or as the Secretary of State may direct". Delegated Powers are covered in a separate document (Reservation of Powers to

the Board and Delegation of Powers). (See Section 1.8 and Appendix 2 of the Corporate Governance Framework Manual.) This document has effect as if incorporated into the Standing Orders. Delegated Powers are covered in a separate document entitled – ‘Schedule of Matters Reserved to the Board and Scheme of Delegation’ and have effect as if incorporated into the Standing Orders and Standing Financial Instructions.

## **2. THE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS**

### **2.1 Composition of the Membership of the Trust Board**

In accordance with the Membership, Procedure and Administration Arrangements Regulations the composition of the Board shall be:

- (1) The Chairman of the Trust (Appointed by the NHS Appointments Commission);
- (2) Up to 5 Non Executive Directors (appointed by the NHS Appointments Commission);
- (3) Up to 5 Executive Directors (but not exceeding the number of Non Executive Directors) including:
  - the Chief Executive;
  - the Director of Finance
  - the Director of Nursing
  - the Medical Director

The Trust shall have not more than 11 and not less than 8 members (unless otherwise determined by the Secretary of State and set out in the Trust’s Establishment Order or such other communication from the Secretary of State.

### **2.2 Terms of Office of the Chairman and Members**

- (1) The Terms of Office, termination and suspension from office of the Chairman and Non Executive Directors are as set out in Sections 2 – 4 of the Membership, Procedure and Administration Regulations.

### **2.3 Appointment and Powers of Vice-Chairman**

- (1) Subject to Standing Order 2.4 (2), the Chairman and Board of Directors may appoint one of their number, who is not an Executive Director, to be Vice-Chairman, for such period, not exceeding the remainder of their term as a Non Executive Director of the Board, as they may specify on appointing them.
- (2) Any Non Executive Director so appointed may at any time resign from the office of Vice-Chairman by giving notice in writing to the Chairman. The Chairman and Board of Directors may thereupon appoint another Non Executive Director as Vice-Chairman in accordance with the provisions of Standing Order 2.4 (1).
- (3) Where the Chairman of the Board has died or has ceased to hold office, or where he has been unable to perform his duties as Chairman owing to illness or any other cause, the Vice-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes their duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Vice-Chairman.

## **2.4 Joint Members**

- (1) Where more than one person is appointed jointly to a post mentioned in regulation 2(4) (a) of the Membership, Procedure and Administration Arrangements Regulations those persons shall count for the purpose of Standing Order 2.1 as one person.
- (2) Where the office of a member of the Board of Directors is shared jointly by more than one person:
  - (a) Either or both of those persons may attend or take part in meetings of the Board;
  - (b) If both are present at a meeting they should cast one vote if they agree;
  - (c) In the case of disagreements no vote should be cast;
  - (d) The presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order 3.11 Quorum.

## **2.5 Role of Members of the Board of Directors**

The Board will function as a corporate decision-making body, Executive and Non-Executive Directors will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

### **(1) Executive Directors**

Executive Directors shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

### **(2) Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. They are the Accountable Officer for the Trust and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives.

### **(3) Director of Finance**

The Director of Finance shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. They shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

### **(4) Non-Executive Directors**

The Non-Executive Directors shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Trust. They may however, exercise collective authority when acting as members of or when chairing a committee of the Trust which has delegated powers.

### **(5) Chairman**

The Chairman shall be responsible for the operation of the Board and chair all Board meetings when present. The Chairman has certain delegated executive powers. The Chairman must comply with the terms of appointment and with these Standing Orders.

The Chairman shall liaise with the NHS Appointments Commission over the appointment of Non-Executive Directors and once appointed shall take responsibility either directly or indirectly for their induction, their portfolios of interests and assignments, and their performance.

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

## **2.6 Corporate role of the Board**

- (1) All business shall be conducted in the name of the Trust.
- (2) All funds received in trust shall be held in the name of the Trust as Corporate Trustee
- (3) The powers of the Trust established under statute shall be exercised by the Board of Directors meeting in public session except as otherwise provided for in Standing Order No. 3.
- (4) The Board of Directors shall define and regularly review the functions it exercises on behalf of the Secretary of State.

## **2.7 Schedule of Matters Reserved to the Board and Scheme of Delegation**

- (1) The Board has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.

## **2.8 Lead Roles for the Board**

The Chairman will ensure that the designation of lead roles or appointments of Board members as required by the Department of Health or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Control or Child Protection Services etc.).

# **3. MEETINGS OF THE TRUST**

## **3.1 Calling meetings**

- (1) Ordinary meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.
- (2) The Chairman may call a meeting of the Board at any time.
- (3) One third or more members of the Board may requisition a meeting in writing. If the Chairman refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

## **3.2 Notice of Meetings and the Business to be transacted**

- (1) Before each meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member either by hand, by electronic means or post, so as to be available to members at least three clear days before the meeting. The notice shall be authorised by the Chairman and may be issued by an officer authorised by the Chairman. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) In the case of a meeting called by members in default of the Chairman calling the meeting, the notice shall be signed by those members.

- (3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.
- (4) A member desiring a matter to be included on an agenda shall make their request in writing to the Chairman at least [14] clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than [14] days before a meeting may be included on the agenda at the discretion of the Chairman.
- (5) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's principal offices at least three clear days before the meeting, (required by the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a)).

### **3.3 Agenda and Supporting Papers**

The Agenda will be sent to members [6] days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency.

### **3.4 Petitions**

Where a petition has been received by the Trust the Chairman shall include the petition as an item for the agenda of the next meeting.

### **3.5 Notice of Motion**

- (1) Subject to the provision of Standing Orders 3.7 and 3.8, a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.
- (2) The notice shall be delivered at least [14] clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **3.6 Emergency Motions**

Subject to the agreement of the Chairman, and subject also to the provision of Standing Order 3.7, a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include the item shall be final.

### **3.7 Motions: Procedure at and During a Meeting**

#### **Who may propose**

A motion may be proposed by the Chairman of the meeting or any member of the Board of Directors present. It must also be seconded by another member of the Board of Directors.

#### **Contents of motions**

The Chairman may exclude from the debate at their discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

- The reception of a report;

- Consideration of any item of business before the Trust Board;
- The accuracy of minutes;
- That the Board proceed to next business;
- That the Board adjourn;
- That the question be now put.

### **Amendments to motions**

A motion for amendment shall not be discussed unless it has been proposed and seconded. Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board. If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

### **Rights of reply to motions**

- a) Amendments the mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.
- b) Substantive/original motion the member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

### **Withdrawing a motion**

A motion, or an amendment to a motion, may be withdrawn at any point of the proceedings of the Trust Board.

### **Motions once under debate**

When a motion is under debate, no motion may be moved other than:

- An amendment to the motion;
- The adjournment of the discussion, or the meeting;
- That the meeting proceed to the next business;
- That the question should be now put;
- The appointment of an 'ad hoc' committee to deal with a specific item of business;
- That a member/director be not further heard;
- A motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see Standing Order 3.17).

In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board of Directors who has not taken part in the debate.

If a motion to proceed to the next business or that the question be now put, is carried, the Chairman should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

## **3.8 Motion to Rescind a Resolution**

- (1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member of the Board of Directors who gives it and also the signature of three other members of the Board of Directors, and before considering any such motion of which notice shall have been given, the Trust Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.
- (2) When any such motion has been dealt with by the Trust Board it shall not be permitted for any member of the Board of Directors other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

### **3.9 Chairman of meeting**

- (1) At any meeting of the Trust Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Vice-Chairman (if the Board has appointed one), if present, shall preside.
- (2) If the Chairman and Vice-Chairman are absent, such Non Executive Director as the members present shall choose shall preside.

### **3.10 Chairman's ruling**

The decision of the Chairman of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

### **3.11 Quorum**

- (1) No business shall be transacted at a meeting unless at least one-third of the whole number of the Chairman and members (including at least one member who is a Non Executive Director and one member who is an Executive Director on the Board of Directors) is present.
- (2) An Officer In Attendance for an Executive Director on the Board of Directors but without formal acting up status will not count towards the quorum.
- (3) If the Chairman or a member of the Board of Directors has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

### **3.12 Voting**

- (1) Save as provided in Standing Orders 3.13 and 3.14, every question put to a vote at a meeting shall be determined by a majority of the votes of members of the Board of Directors present and voting on the question. In the case of an equal vote, the person presiding (i.e. the Chairman of the meeting) shall have a second, and casting vote.
- (2) At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.

- (3) If at least one third of the members of the Board of Directors present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- (4) If a member of the Board of Directors so requests, their vote shall be recorded by name.
- (5) In no circumstances may an absent member of the Board of Directors vote by proxy. Absence is defined as being absent at the time of the vote.
- (6) A manager who has been formally appointed to act up for an Executive Director on the Board of Directors during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Executive Member of the Board of Directors.
- (7) A manager attending the Trust Board meeting to represent an Executive Director member of the Board of Directors during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Executive Director member of the Board of Directors.
- (8) For the voting rules relating to joint members see Standing Order 2.5.

### **3.13 Suspension of Standing Orders**

- (1) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the Board of Directors are present (including at least one Non Executive Director and one Executive Director member of the board of Directors ) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.
- (2) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the Board.
- (3) No formal business may be transacted while Standing Orders are suspended.
- (4) The Audit Committee shall review every decision to suspend Standing Orders.

### **3.14 Variation and Amendment of Standing Orders**

These SOs shall not be varied except in the following circumstances:

- Upon a notice of motion under SO 3.5;
- Upon a recommendation of the Chairman or Chief Executive included on the agenda for a meeting of the Board;
- That two thirds of the Board of Directors are present at the meeting where the variation or amendment is being discussed, and that at least half of the non Executive Directors vote in favour of the amendment;
- providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

### **3.15 Record of Attendance**

The names of the Chairman and non Executive Directors, Executive Directors on the Board of Directors, Executive Directors without voting rights and Officers in attendance present at the meeting shall be recorded.



### **3.16 Minutes**

The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at it.

No discussion shall take place upon the minutes except upon their accuracy or where the Chairman considers discussion appropriate.

### **3.17 Admission of public and the press**

#### **(1) Admission and exclusion on grounds of confidentiality of business to be transacted**

The public and representatives of the press may attend all meetings of the Trust, but shall be required to withdraw at the point at which the Chairman declares:

'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 (2), Public Bodies (Admission to Meetings) Act 1960. Guidance should be sought from the West Hertfordshire NHS Trust's Freedom of Information Lead to ensure correct procedure is followed on matters to be included in the exclusion.

#### **(2) General disturbances**

The Chairman, Vice Chairman or the person presiding over the meeting shall give such directions as they think fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted. The public will be required to withdraw upon the Board resolving as follows:

'That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.

#### **(3) Business proposed to be transacted when the press and public have been excluded from a meeting**

Matters to be dealt with by the Board following the exclusion of representatives of the press, and other members of the public, as provided in (i) and (ii) above, shall be confidential to the members of the Board. Non Executive Directors, Executive Directors and Officers or any employee of the Trust in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' outside of the Trust, without the express permission of the Chairman.

#### **(4) Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings**

Nothing in these SOs shall be construed as permitting the Introduction by the public, or press representatives, of recording, transmitting, video or similar apparatus into meetings of the Board or Committee thereof. Such permission shall be granted only upon resolution of the Board.

### **3.18 Observers at Trust meetings**

The Board will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to Observers to attend and address any of the Board's meetings and may change, alter or vary these terms and conditions as it deems fit.

## **4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES**

### **4.1 Appointment of Committees**

Subject to such directions as may be given by the Secretary of State, the Board may appoint Committees of the Board. The Board shall approve the membership and terms of reference of Committees and shall if it requires to, receive and consider reports of such Committees.

#### **4.2 Joint Committees**

(1) Joint Committees may be appointed by the Trust by joining together with one or more Strategic Health Authorities or Trusts consisting of, wholly or partly of the Chairman and members of the Trust or other health service bodies, or wholly of persons who are not members of the Board or other health bodies in question.

- (a) Any Committee or Joint Committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the Trust or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or not they are members of the Trust or health bodies in question) or wholly of persons who are not members of the Trust or health bodies in question or the committee of the Trust or health bodies in question.

#### **4.3 Applicability of Standing Orders and Standing Financial Instructions to Committees**

The SOs and SFIs of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any Committees established by the Board. In which case the term “Chairman” is to be read as a reference to the Chairman of the Committee as the context permits, and the term “member” is to be read as a reference to a member of the Committee also as the context permits. (There is no requirement to hold meetings of Committees established by the Board in public.)

#### **4.4 Terms of Reference**

Each Committee shall have such Terms of Reference and powers and be subject to such conditions (as to reporting back to the Board), as the Board shall decide and shall be in accordance with any legislation and regulation or direction issued by the Secretary of State. Such Terms Of Reference shall have effect as if incorporated into the SOs.

#### **4.5 Delegation of Powers by Committees to Sub-Committees**

Where Committees are authorised to establish Sub-Committees they may not delegate executive powers to the Sub-Committee unless expressly authorised by the Board.

#### **4.6 Approval of Appointments to Committees**

The Board shall approve the appointments to each of the Committees which it has formally constituted. Where the Board determines, and regulations permit, that persons, who are neither Non Executive Directors, Executive Directors or otherwise an employee of the Trust, shall be appointed to a Committee the terms of such appointment shall be within the powers of the Board as defined by the Secretary of State. The Board shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

#### **4.7 Appointments for Statutory functions**

Where the Board is required to appoint persons to a Committee and/or to undertake Statutory Functions as required by the Secretary of State, and where such appointments are to operate independently of the Board such appointment shall be made in accordance with the Regulations and Directions made by the Secretary of State.

#### **4.8 Committees To Be Established by the Trust Board**

The Board is required to establish the following Committees:

#### **4.8.1 Audit Committee**

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit Committee will be established and constituted to provide the Board with an independent and objective review of its financial systems, financial information organisational governance and compliance with laws, guidance, and regulations governing the NHS. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis. The Higgs report recommends a minimum of three non-executive directors be appointed, unless the Board decides otherwise, of which one must have significant, recent and relevant financial experience.

#### **4.8.2 Remuneration and Terms of Service Committee**

In line with the requirements of the NHS Codes of Conduct and Accountability, and more recently the Higgs report, a Terms of Service and Remuneration Committee will be established and constituted. The Higgs report recommends the Committee be comprised exclusively of Non-Executive Directors, a minimum of three, who are independent of management. The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Executive Directors and senior employees. Minutes of the Board's meetings should record such decisions.

#### **4.8.3 Trust and Charitable Funds Committee**

In line with its role as a Corporate Trustee for any funds held in trust, either as charitable or non-charitable funds, the Board will establish a Trust and Charitable Funds Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission. The provisions of this Standing Order must be read in conjunction with Standing Financial Instructions 29

#### **4.8.4 Other Committees**

The Board may also establish such other Committees as required to discharge the Trust's responsibilities

### **5. ARRANGEMENTS FOR THE EXERCISE OF TRUST FUNCTIONS BY DELEGATION**

#### **5.1 Delegation of Functions to Committees, Officers or Other Bodies**

5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a Committee, Sub-Committee appointed by virtue of Standing Order 4, or by an Officer of the Trust, or by another body as defined in SO 5.1.2, in each case subject to such restrictions and conditions as the Board thinks fit.

5.1.2 Section 16B of the NHS Act 1977 allows for regulations to provide for the functions of Trust's to be carried out by third parties. In accordance with The Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 the functions of the Trust may also be carried out in the following ways:

- (1) By another Trust;
- (2) Jointly with any one or more of the following: the East of England Strategic Health Authority or PCTs;
- (3) By arrangement with the appropriate Trust or PCT, by a Joint Committee or Joint Sub-Committee of the Board and one or more other health service bodies;

- (4) in relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more Strategic Health Authorities, NHS Trusts or PCT.

5.1.3 Where a function is delegated by these Regulations to another Trust, the receiving Trust has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to Committees, Sub-Committees or Officers, the Trust delegating the function retains full responsibility.

## **5.2 Emergency Powers and Urgent Decisions**

The powers which the Board has reserved to itself within these SOs (see Standing Order 2.9) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two Non Executive Directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Board in public session for formal ratification.

## **5.3 Delegation to Committees**

5.3.1 The Board shall agree from time to time to the delegation of executive powers to be exercised by other Committees, or Sub-Committees, or Joint-Committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The Terms Of Reference of these Committees, Sub-Committees, or Joint Committees, and their specific Executive Powers shall be approved by the Board.

5.3.2 When the Board is not meeting in public session it shall operate as a Committee and may only exercise such powers as may have been delegated to it by the Board in public session.

## **5.4 Delegation to Officers**

5.4.1 Those functions of the Trust which have not been retained as reserved by the Board or delegated to Committee, Sub-committee or Joint-Committee shall be exercised on behalf of the Trust by the Chief Executive. The Chief Executive shall determine which functions they will perform personally and shall nominate Officers to undertake the remaining functions for which they will continue to remain accountable.

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying their proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.

5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Director of Finance shall be accountable to the Chief Executive for operational matters.

## **5.5 Schedule of Matters Reserved to the Trust and Scheme of Delegation of Powers**

5.5.1 The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of powers shall have effect as if incorporated into these SOs.

## **5.6 Duty to Report Non-Compliance with Standing Orders and Standing Financial**

## **Instructions**

If for any reason the SO and SFIs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board for action or ratification. All members of the Board and employees of the Trust have a duty to disclose any non-compliance with the SOs and SFIs to the Chief Executive as soon as possible.

## **6. OVERLAP WITH OTHER TRUST POLICY, STATEMENTS/PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS**

### **6.1 Policy statements: general principles**

The Board will from time to time agree and approve Policy Statements/ procedures which will apply to all or specific groups of staff employed by the Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Board minute and will be deemed where appropriate to be an integral part of the Trust's SOs and SFIs.

### **6.2 Specific Policy statements**

Notwithstanding the application of SO 6.1, these SOs and SFIs must be read in conjunction with the following Policy Statements:

- The Standards of Business Conduct and Conflicts of Interest Policy for West Hertfordshire NHS Trust staff;
- The staff Disciplinary and Appeals Procedures adopted by the Trust both of which shall have effect as if incorporated in these SOs

### **6.3 Standing Financial Instructions**

Standing Financial Instructions adopted by the Board in accordance with the Financial Regulations shall have effect as if incorporated in these S Os.

### **6.4 Specific guidance**

Notwithstanding the application of SO 6.1, these SOs and SFIs must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

- Caldicott Guardian 1997;
- Human Rights Act 1998;
- Freedom of Information Act 2000.

## **7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS**

### **7.1 Declaration of Interests**

#### **7.1.1 Requirements for Declaring Interests and applicability to Board Members**

The NHS Code of Accountability requires Board Members to declare interests which are relevant and material to the business of the Board.

#### **7.1.2 Interests which are relevant and material**

Interests which should be regarded as "relevant and material" are:

- (1) Directorships, including Non-Executive Directorships held in private companies or PLCs (with the exception of those of dormant companies);

- (2) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;
- (3) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;
- (4) A position of authority in a charity or voluntary organisation in the field of health and social care;
- (5) Any connection with a voluntary or other organisation contracting for NHS services;
  
- (6) Research funding/grants that may be received by an individual or their department;
- (7) Interests in pooled funds that are under separate management.

Any member of the Board who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3 and elsewhere) has any pecuniary interest, direct or indirect, the Board member shall declare his/her interest by giving notice in writing of such fact to the Trust as soon as practicable.

### 7.1.3 **Advice on Interests**

If Board members have any doubt about the relevance of an interest, this should be discussed with the Chairman of the Trust or with the Trust's Secretary. Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

### 7.1.4 **Recording of Interests in Trust Board minutes**

At the time Board members' interests are declared, they should be recorded in the Board minutes. Any changes in interests should be declared at the next Board meeting following the change occurring and recorded in the minutes of that meeting.

### 7.1.5 **Publication of declared interests in Annual Report**

Board members' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

### 7.1.6 **Conflicts of interest which arise during the course of a meeting**

During the course of a Board meeting, if a conflict of interest is established, the Board member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 7.3)

## 7.2 **Register of Interests**

7.2.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Committee members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in SO 7.1.2) which have been declared by both Non Executive and Executive Directors.

7.2.2. These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.

7.2.3 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicise arrangements for viewing it.

### 7.3 **Exclusion of Chairman and Members in proceedings on account of pecuniary interest**

#### 7.3.1 **Definition of terms used in interpreting 'Pecuniary' interest**

For the sake of clarity, the following definition of terms is to be used in interpreting this Standing Order:

- (1) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);
- (2) "contract" shall include any proposed contract or other course of dealing.
- (3) "Pecuniary interest" Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract if:-
  - (a) he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or
  - (b) he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.
- (4) "Exception to Pecuniary interests" A person shall not be regarded as having a pecuniary interest in any contract if:-
  - (a) Neither he/she nor any person connected with him/her has any beneficial interest in the securities of a company of which he/she or such person appears as a member, or
  - (b) Any interest that he/she or any person connected with him/her may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him/her in relation to considering or voting on that contract, or
  - (c) those securities of any company in which he/she (or any person connected with him/her) has a beneficial interest do not exceed £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.

Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with Standing Order 7.1.2 (ii).

#### 7.3.2 **Exclusion in proceedings of the Trust Board**

- (1) Subject to the following provisions of this SO, if the Chairman or a member of the Board of Directors, non voting Executive Director or Trust employee has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Board at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after it's commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (2) The Secretary of State may, subject to such conditions as he/she may think fit to impose, remove any disability imposed by this SO in any case in which it appears to him/her in the interests of the National Health Service that the disability should be removed. (See SO 7.3.3 on the 'Waiver').

- (3) The Board may exclude the Chairman member of the Board of Directors, non voting Executive Director or employee of the Trust from a meeting of the Board while any contract, proposed contract or other matter in which he/she has a pecuniary interest is under consideration.
- (4) Any remuneration, compensation or allowance payable to the Chairman or a Member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this SO.
- (5) This SO applies to a Committee ,Sub-Committee, Joint Committee or Joint Sub-Committee as it applies to the Board and applies to a member of any such Committee or Sub-Committee (whether or not he/she is also a member of the Board) as it applies to a member of the Board.

### 7.3.3 Waiver of Standing Orders made by the Secretary of State for Health

- (1) **Power of the Secretary of State to make waivers** Under regulation 11(2) of the NHS (Membership and Procedure Regulations SI 1999/2024 (“the Regulations”), there is a power for the Secretary of State to issue waivers if it appears to the Secretary of State in the interests of the health service that the disability in regulation 11 (which prevents a chairman or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.
- (2) **Definition of ‘Chairman’ for the purpose of interpreting this waiver** For the purposes of SO 7.3.3. (3), the “relevant chairman” is –
  - (a) At a meeting of the Board, the Chairman of that Trust;
  - (b) At a meeting of a Committee –
    - (i) In a case where the member in question is the Chairman of that Committee, the Chairman of the Trust;
    - (ii) In the case of any other member, the Chairman of that Committee.
- (3) **Application of waiver** A waiver will apply in relation to the disability to participate in the proceedings of the Board on account of a pecuniary interest. It will apply to:
  - (a) An employee of the Trust, who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of –
    - (i) Services under the National Health Service Act 1977; or
    - (ii) Services in connection with a pilot scheme under the National Health Service Act 1997; for the benefit of persons for whom the Trust is responsible.
  - (b) Where the ‘pecuniary interest’ of the member in the matter which is the subject of consideration at a meeting at which he is present:-
    - (i) arises by reason only of the member’s role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
    - (ii) Has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:–



- (c) Are members of the same profession as the member in question,
- (d) Are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.

(4) **Conditions which apply to the waiver and the removal of having a pecuniary interest** The removal is subject to the following conditions:

- (a) The member must disclose his/her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) The relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (2) (b), except where that member is the Chief Executive;

(5) **In the case of a meeting of the Board:**

- (a) The member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
- (b) May not vote on any question with respect to it.

(6) **In the case of a meeting of the Committee:**

- (a) The member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
- (b) may vote on any question with respect to it; but
- (c) The resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

## **7.4 Standards of Business Conduct**

### **7.4.1 Trust Policy and National Guidance**

All Trust staff and members of must comply with the Trust's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' (see SO 6.2).

### **7.4.2 Interest of Officers in Contracts**

- (1) Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or Trust' Secretary as soon as practicable.
- (2) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- (3) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

### **7.4.3 Canvassing of and Recommendations by Members in Relation to Appointments**

- (1) Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the SO shall be included in application forms or otherwise brought to the attention of candidates.
- (2) Members of the Trust shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this SO shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.

#### **7.4.4 Relatives of Members or Officers**

- (1) Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render them liable to instant dismissal.
- (2) The Chairman and every member and officer of the Trust shall disclose to the Trust Board any relationship between themselves and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Board any such disclosure made.
- (3) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.
- (4) Where the relationship to a member of the Trust is disclosed, the SO headed 'Disability of Chairman and members in proceedings on account of pecuniary interest' (SO 7) shall apply.

## **8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS**

### **8.1 Custody of Seal**

The Common Seal of the Trust shall be kept by the Chief Executive or a person nominated by them in a secure place.

### **8.2 Sealing of Documents**

Where it is necessary that a document shall be sealed, the seal shall be affixed by the Chief Executive and witnessed by an Executive Director or Officer duly authorised by the Chief Executive. The witness cannot be from the originating department.

### **8.3 Register of Sealing**

The Chief Executive shall keep a Register in which they, or an Executive Director Officer of the Trust authorised by them, shall enter a record of the sealing of every document.

### **8.4 Signature of documents**

Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director on the Board of Directors. In land transactions, where the signing of certain supporting documents may be required these will also be signed by the Chief Executive or Executive Director on the Board of Directors.

## **9. MISCELLANEOUS (see overlap with SFI No. 21.3)**

### **9.1 Joint Finance Arrangements**

The Board may confirm contracts to purchase from a Voluntary organisation or a Local Authority using its powers under Section 28A of the NHS Act 1977. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health related functions of Local

Authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 28A of the NHS Act 1977, as amended by section 29 of the Health Act 1999. See overlap with Standing Financial Instruction No. 21.3. (Joint Financial arrangements with Local Authority & Voluntary bodies

## SECTION C - STANDING FINANCIAL INSTRUCTIONS

### 10. INTRODUCTION

#### 10.1 General

- 10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its Members and Officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 10.1.2 These SFI's detail the financial responsibilities, policies and procedures adopted by the Board. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Board.
- 10.1.3 These SFI's identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 10.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance must be sought before acting. The users of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.
- 10.1.5 The failure to comply with SFI's and SO's can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 10.1.6 Overriding Standing Financial Instructions – If for any reason these SFI's are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFI's to the Director of Finance as soon as possible.

#### 10.2 Responsibilities and delegation

**The Trust Board.** The Board exercises financial supervision and control by:

- formulating the financial strategy;
- requiring the submission and approval of budgets within approved
- allocations/overall income;
- defining and approving essential features in respect of important procedures
- and financial systems (including the need to obtain value for money);
- defining specific responsibilities placed on members of the Board and
- employee's as indicated in the Scheme of Delegation document.

The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Reservation of Matters Reserved to the Board' document. All other powers have been delegated to such other Committees as the Trust has established.

### **The Chief Executive and Director of Finance**

The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control. Within the SFI's, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

It is a duty of the Chief Executive to ensure that Members of the Board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these Instructions.

### **The Director of Finance**

The Director of Finance is responsible for:

- implementing the Trust's financial policies and for coordinating 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;
- and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance include:
  - the provision of financial advice to other members of the Board and employees;
  - the design, implementation and supervision of systems of internal financial control;
  - 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.
- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
  - major internal financial control weaknesses discovered;
  - progress on the implementation of internal audit recommendations;
  - progress against plan over the previous year;

- strategic audit plan covering the coming three years;
- a detailed plan for the coming year.
- The Director of Finance or designated auditors 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 members of the Board or employee of the Trust;
- the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- explanations concerning any matter under investigation

### **Board Members and Employees**

All members of the Board 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;
- conforming with the requirements of SO's, SFI's, Financial Procedures and the Scheme of Delegation.

### **Contractors and their employees.**

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

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

## **11. COMMITTEE'S**

### **11.1 Audit Committee**

11.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005), which will provide an independent and objective view of internal control by:

- (1) overseeing Internal and External Audit services;
- (2) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;

- (3) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (4) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (5) reviewing schedules of losses and compensations and making recommendations to the Board;
- (6) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
- (7) reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

11.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health. (To the Director of Finance in the first instance.)

11.1.3 It is the responsibility of the Director of Finance to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

## **11.2 Remuneration and Terms of Service Committee**

In accordance with Standing Orders, the Board shall formally establish an Remuneration and Terms of Service Committee, with clearly defined terms of reference , which will provide :

- (1) advise the Board about appropriate remuneration and terms of service for the Chief Executive and Executive Directors and other senior employees as necessary on:
  - (a) all aspects of salary (including any performance-related elements/bonuses);
  - (b) provisions for other benefits, including pensions and cars;
  - (c) arrangements for termination of employment and other contractual terms;
- (2) make such recommendations to the Board on the remuneration and terms of service of Executive Directors and other senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (3) monitor and evaluate the performance of individual Executive Directors and other senior employees;
- (4) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

## **11.3 Role of Internal Audit**

11.3.1 Internal Audit will review, appraise and report upon:

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

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

11.3.3 The Chief Internal Auditor 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.

11.3.4 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

#### **11.4 External Audit**

11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Audit Commission if the issue cannot be resolved.

#### **11.5 Fraud and Corruption**

11.5.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State on fraud and corruption.

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

11.5.3 The Local Counter Fraud Specialist shall report to the Trust Director of Finance and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) and the Regional Counter Fraud and Security Management Services (CFSMS) in accordance with the Department of Health Fraud and Corruption Manual.

11.5.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

#### **11.6 Security Management**



- 11.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State on NHS security management.
- 11.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State in guidance on NHS security management.
- 11.6.3 The Trust shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 11.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

## **12. EXTERNAL FINANCING LIMITS (EFLs)**

NHS trusts are subject to public expenditure controls on their spending. The control is an external financing limit (EFL) issued to each NHS trust by the NHS Executive. The EFL represents the difference between the resources a trust can generate internally (principally retained surpluses and depreciation) and its approved capital spending. If its internal resources are insufficient to meet approved capital spend then it is able to borrow the difference. If the internal resources are more than the capital spend then the money is used to meet any due repayments of debt principal on the trust's ordinating capital debt and Secretary of State loans, with an excess being invested.

## **13. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

### **13.1 Preparation and Approval of Plans and Budgets**

- 13.1.1 The Chief Executive will compile and submit to the Board a Local Delivery Plan which takes into account financial targets and forecast limits of available resources.  
The LDP will contain:

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

- 13.1.2 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit Revenue & Capital Budgets for approval by the Board. Such budgets will:

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

- 13.1.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 13.1.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 13.1.5 All budget holders will participate in the budget setting process, agree and sign up to their allocated budgets at the commencement of each financial year.
- 13.1.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

## **13.2 Budgetary Delegation**

- 13.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports.
- 13.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 13.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 13.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

## **13.3 Budgetary Control and Reporting**

- 13.3.1 **The Director of Finance** will devise and maintain systems of budgetary control. These will include:
- (1) Monthly financial reports to the Board in a form approved by the Board containing:
    - (a) income and expenditure to date showing trends and forecast year-end position;
    - (b) movements in working capital;
    - (c) movements in cash and capital;
    - (d) capital project spend and projected outturn against plan;
    - (e) explanations of any material variances from plan;

- (f) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
- (2) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (3) investigation and reporting of variances from financial, workload and manpower budgets;
- (4) monitoring of management action to correct variances; and
- (5) arrangements for the authorisation of budget transfers.

### 13.3.2 **Each Budget Holder is responsible for ensuring that:**

- (1) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (2) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (3) no permanent employees are appointed without the approval of the Chief Executive or other approval mechanisms from in force from time to time other than those provided for within the available resources and manpower establishment as approved by the Board.

13.3.3 **The Trust Executive** is responsible for recommending to the Board cost improvements and income generation initiatives in accordance with the requirements of the LDP, for monitoring implementation and delivering a balanced budget.

## 13.4 **Capital Expenditure**

13.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 24).

## 13.5 **Monitoring Returns**

13.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

## 14. **ANNUAL ACCOUNTS AND REPORTS**

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

- (1) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
- (2) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
- (3) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.

14.2 The Trust's Annual Accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited Annual Accounts must be presented to a public meeting of the Board and made available to the public.

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

## **15. BANK AND OPG ACCOUNTS**

### **15.1 General**

15.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts and consider using Office of the Paymaster General (OPG) accounts for all banking services.

15.1.2 The Board shall approve the banking arrangements.

### **15.2 Bank and OPG Accounts**

15.2.1 The Director of Finance is responsible for:

- (a) bank accounts and Office of the Paymaster General (OPG) accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with Department of Health guidance on the level of cleared funds.

### **15.3 Banking Procedures**

15.3.1 The Director of Finance will prepare detailed instructions on the operation of bank and OPG accounts which must include:

- (a) the conditions under which each bank and OPG account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.

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

### **15.4 Tendering and Review**

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

15.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for OPG accounts.

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

### **16.1 Income Systems**

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

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

### **16.2 Fees and Charges**

16.2.1 The Trust shall follow the Department of Health's *advice in the "Costing" Manual in setting prices for NHS service agreements.*

16.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

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

### **16.3 Debt Recovery**

16.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

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

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

### **16.4 Security of Cash, Cheques and other Negotiable Instruments**

16.4.1 The Director of Finance is responsible for:

- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) arranging for the ordering and secure control of any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

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

16.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.

16.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

## **17. TENDERING AND CONTRACTING PROCEDURE**

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

17.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these SOs and SFI's (except where SO 3.13 Suspension of Standing Orders is applied).

### **17.2 EU Directives Governing Public Procurement**

17.2.1 Directives by the Council of the European Union promulgated by the Department of Health prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these SO's and SFI's

### **17.3 Reverse eAuctions**

17.3.1 Should the Trust choose to access eAuctions as a process for procurement, the Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to [www.ogc.gov.uk](http://www.ogc.gov.uk)

### **17.4 Capital Investment Manual and other Department of Health Guidance**

17.4.1 The Trust shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

### **17.5 Formal Competitive Tendering**

17.5.1 General the Trust shall ensure that competitive tenders are invited for:

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

17.5.2 For health care services, where the Trust elects to invite tenders for the supply of such services these SO's and SFI's shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with SFI's 18 and No. 19.

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£25,000**;
- (b) where the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with;

- (c) disposals are being undertaken as set out in SFIs 26;

17.5.4 Formal tendering procedures **may be waived** in the following circumstances:

- (a) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (b) where the requirement is covered by an existing contract;
- (c) where PASA agreements are in place and have been approved by the Board;
- (d) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (e) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (f) where specialist expertise is required and is available from only one source;
- (g) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (h) where there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (i) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
- (j) where allowed and provided for in the Capital Investment Manual.

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

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

17.5.7 Where the exceptions set out in SFI 17.1 and 17.5.4 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

17.5.8 The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Finance it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 17.6.8 List of Approved Firms).

17.5.9 Competitive Tendering cannot be waived for building and engineering, construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

17.5.10 Items estimated to be below the limits set in this SFI for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

## **17.6 Contracting/Tendering Procedure**

17.6.1 When issuing tenders:

- (a) all invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (b) all invitations to tender shall state that no tender will be accepted unless:
  - (i) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - (ii) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (c) every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (d) every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institute of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

17.6.2 The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening. The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

17.6.3 Tenders will be opened and registered

- (a) as soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by a member of the Board of Directors or non voting Executive Director and one other Officers designated by the Chief Executive and not from the originating department.
- (b) the 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (c) the involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance



Directorate from serving as one of the Officer designated by the Chief Executive to open tenders.

- (d) the Trust Secretary will count as a Director for the purposes of opening tenders.
- (e) every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (e) a register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
  - the name of all firms or individuals invited;
  - the names of firms or individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present. A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

- (g) incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tendered upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (SFI 17.6.5).

#### 17.6.4 Admissibility

- (a) if for any reason the member of the Board of Directors or non voting Executive Director and the Officer opening the tender are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (b) where only one tender is sought and/or received, the Chief Executive and Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

#### 17.6.5 Late tenders

- (a) tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- (b) only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
- (c) while decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

#### 17.6.6 Acceptance of formal tenders (See overlap with SFI 17.7)

- (a) any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.

- (b) the lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record. It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
  - (i) experience and qualifications of team members;
  - (ii) understanding of client's needs;
  - (iii) feasibility and credibility of proposed approach;
  - (v) viability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

- (c) no tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (d) the use of these procedures must demonstrate that the award of the contract was:
  - (i) not in excess of the going market rate / price current at the time the contract was awarded;
  - (ii) that best value for money was achieved.
- (e) all tenders should be treated as confidential and should be retained for inspection.

#### 17.6.7 **Tender Reports to the Trust Board**

Reports to the Trust Board will be made on an exceptional circumstance basis only.

#### 17.6.8 **List of approved firms (see SFI No. 17.5.5)**

- (1) **Responsibility for maintaining list.** A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.
- (2) **Building and Engineering Construction Works.**
  - (a) invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
  - (b) firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
  - (c) firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate

manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

- (3) **Financial Standing and Technical Competence of Contractors.** The Director of Finance may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

#### 17.6.9 Exceptions to using approved contractors

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

#### 17.7 Quotations: Competitive and non-competitive

17.7.1 A minimum of three written quotations are required where the contract value is expected to be between £5,000 and £25,000. Where the contract value is expected to exceed £25,000 and the competitive tendering procedures have been formally waived, a minimum of four written quotations are required where the contract value is not expected to exceed £100,000 and a minimum of six written quotations for contracts in excess of £100,000.

##### 17.7.2 Competitive Quotations should

- (a) be obtained based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (b) be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (c) be treated as confidential and should be retained for inspection.
- (d) be evaluated by the Chief Executive or their nominated representative and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

17.7.3 **Non-Competitive Quotations.** Non-competitive quotations in writing may be obtained in the following circumstances:

- (a) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (b) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;

- (c) miscellaneous services, supplies and disposals;
- (d) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

**17.7.4 Quotations to be within Financial Limits.**

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

**17.8 Authorisation of Tenders and Competitive Quotations**

17.8.1 Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as follows:

Officers authorised by Operational Director	£1 to £ 5,000
Operational Director/ Divisional Clinical Director	£ 5,001 to £ 50,000
Executive Director	£ 50,001 to £100,000
Chief Executive/Director of Finance	£ 100,001 to £500,000
Trust Board	Over £500,000

17.8.2 These levels of authorisation may be varied or changed and need to be read in conjunction with the Board’s Scheme of Delegation.

17.8.3 Formal authorisation must be put in writing. In the case of authorisation by the Board this shall be recorded in their minutes.

**17.9 Instances where formal competitive tendering or competitive quotation is not required**

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

- (a) the Trust shall use the NHS Logistics for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) if the Trust does not use the NHS Logistics - where tenders or quotations are not required, because expenditure is below £25,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

**17.10 Private Finance for capital procurement (see overlap with SFI No. 24)**

The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) the Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.

- (b) where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health for approval or treated as per current guidelines.
- (c) the proposal must be specifically agreed by the Board
- (d) the selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

#### **17.11 Compliance requirements for all contracts**

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

- (a) the Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) in all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an Officer who shall oversee and manage each contract on behalf of the Trust.

#### **17.12 Personnel and Agency or Temporary Staff Contracts**

The Chief Executive shall nominate Officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

#### **17.13 Healthcare Services Agreements (see overlap with SFI No. 18)**

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law. The Chief Executive shall nominate Officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.

#### **17.14 Disposals (See overlap with SFI No. 26)**

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £[n], this figure to be reviewed on a periodic basis;

- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract
- (e) land or buildings concerning which Department of Health guidance has been issued but subject to compliance with such guidance.

## **17.15 In-house Services**

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

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

- (a) specification group, comprising the Chief Executive or nominated Officer/s and specialist.
- (b) in-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) evaluation team, comprising normally a specialist officer, supplies officer and a Director of Finance representative. For services having a likely annual expenditure exceeding £100,000, a Non Executive Director should be a member of the evaluation team.

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

17.15.4 The evaluation team shall make recommendations to the Board.

17.15.5 The Chief Executive shall nominate an Officer to oversee and manage the contract on behalf of the Trust.

**17.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 29).** These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's trust funds and private resources.

## **18. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 17.13)**

### **18.1 Service Level Agreements (SLAs)**

18.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services. All SLAs will take account of national policies and initiatives relevant at the time of negotiation.

18.1.2 All SLAs should aim to implement the agreed priorities contained within the Local Delivery Plan (LDP) and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- (a) the standards of service quality expected;
- (b) the relevant national service framework (if any);

- (c) the provision of reliable information on cost and volume of services;
- (d) the NHS National Performance Assessment Framework;
- (e) that SLAs build where appropriate on existing Joint Investment Plans;
- (f) that SLAs are based on integrated care pathways.

### **18.3 Involving Partners and jointly managing risk**

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

### **18.4 Reports to Board on SLAs**

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

## **19. COMMISSIONING**

This section is not normally applicable to West Hertfordshire NHS Trusts since they are providers rather than commissioners of health services. However, in limited cases Trusts may be responsible for operational commissioning of services. In these circumstances Trusts should refer to the model SFIs on Commissioning for PCTs and adopt/amend the relevant paragraphs as appropriate.

## **20. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES**

### **20.1 Remuneration and Terms of Service (see overlap with SO No. 4)**

- 20.1.1 In accordance with SO 4.8.2 the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report.)
- 20.1.2 The Remuneration and Terms of Service Committee will:
  - advise the Board and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements;
  - Monitor and evaluate the performance of individual senior employees;
  - Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.
  - Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
- 20.1.3 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered

by the Committee and who are not covered by any national pay arrangements pertaining at the time.

20.1.4 The Trust will pay allowances to the Chairman and Non Executive Directors of the Board in accordance with instructions issued by the Secretary of State.

### **20.3 Staff Appointments**

20.3.1 The Chief Executive will be responsible for approval of variation to funded establishment of any department.

20.3.2 No Officer or Member of the Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

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

20.3.3 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees not covered by national arrangements.

### **20.4 Processing Payroll**

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

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances;
- (b) making payment on agreed dates;
- (d) agreeing method of payment.
- (e) issuing instructions (as listed in SFI 10.4.2)

**20.4.2 The Director of Finance will issue instructions regarding:**

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;



- (l) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

**20.4.3 Appropriately nominated managers have delegated responsibility for:**

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

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

**20.5 Contracts of Employment**

20.5.1 The Board shall delegate responsibility to an Officer for:

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

**21. NON-PAY EXPENDITURE**

**21.1 Delegation of Authority**

21.1.1 **The Board** will determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation

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

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

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

**21.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 17)**

### 21.2.1 Requisitioning

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

### 21.2.2 System of Payment and Payment Verification

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

### 21.2.3 The Director of Finance will:

- (1) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- (2) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (3) be responsible for the prompt payment of all properly authorised accounts and claims;
- (4) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (a) a list of Trust employees (including specimens of their signatures) authorised to certify invoices.
  - (b) certification that:
    - (i) goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - (ii) work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - (iii) in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - (iv) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - (v) the account is arithmetically correct;
    - (vi) the account is in order for payment.
- (5) a timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (6) instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (7) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 21.2.4.

### 21.2.4 Prepayments

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

- (a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) the appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) the Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

#### 21.2.5 Official orders

Official Orders must:

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

#### 21.2.6 Duties of Managers and Officers

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits;

**(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");**

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;

- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (l) petty cash records are maintained in a form as determined by the Director of Finance.

21.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

### **21.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)**

21.3.1 Payments to Local Authorities and Voluntary Organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1)

## **22. EXTERNAL BORROWING**

22.1.1 The Director of Finance will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health. The Director of Finance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

22.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance.

22.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.

22.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.

22.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board must be made aware of all short term borrowings at the next Board meeting.

22.1.6 All long-term borrowing must be consistent with the plans outlined in the current LDP and be approved by the Board.

## **22.2 INVESTMENTS**

- 22.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 22.2.2 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 22.2.3 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

## **23. FINANCIAL FRAMEWORK**

- 23.3.1 The Director of Finance should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to Strategic Health Authorities regarding resource and capital allocation and funding to Trust's. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the Trust.

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

### **24.1 Capital Investment**

#### **24.1.1 The Chief Executive:**

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

#### 24.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the Capital Investment Manual) is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - (ii) the involvement of appropriate Trust personnel and external agencies;
  - (iii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

#### 24.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estate code".

#### 24.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

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

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

- 24.1.7 The Chief Executive shall issue to the manager responsible for any scheme:
- (a) specific authority to commit expenditure;
  - (b) authority to proceed to tender ( see overlap with SFI No. 17.6);
  - (c) approval to accept a successful tender (see overlap with SFI No. 17.6).
- 24.1.8 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estate code" guidance and the Trust's SOs.
- 24.1.9 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in Annex C of HSC (1999) 246.

## **24.2 Private Finance (see overlap with SFI No. 17.10)**

- 24.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:
- (a) the Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
  - (b) where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
  - (c) the proposal must be specifically agreed by the Board.

## **24.3 Asset Registers**

- 24.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 24.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health.
- 24.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 24.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 24.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 24.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the Department of Health.

- 24.3.7 The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the Department of Health.
- 24.3.8 The Director of Finance of the Trust shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department of Health.

## **24.4 Security of Assets**

- 24.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 24.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset;
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 24.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 24.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 24.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 24.4.6 Where practical, assets should be marked as Trust property.

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

### **25.1 General position**

- 25.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
  - (b) subjected to annual stock take;
  - (c) valued at the lower of cost and net realisable value.

### **25.2 Control of Stores, Stocktaking, condemnations and disposal**

- 25.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

- 25.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 25.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 25.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 25.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 25.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

### **25.3 Goods supplied by NHS Logistics**

- 25.3.1 For goods supplied via the NHS Logistics central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance who shall satisfy himself that the goods have been received before accepting the recharge.

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

### **26.1 Disposals and Condemnations**

- 26.1.1 The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 26.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 26.1.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
  - (b) recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.
- 26.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

### **26.2 Losses and Special Payments**



- 26.2.1 The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 26.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.
- 26.2.3 The Director of Finance must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.
- 26.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must immediately notify:
- (a) the Board,
  - (b) the External Auditor.
- 26.2.5 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 26.2.6 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 26.2.7 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 25.2.8 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 26.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 26.2.10 All losses and special payments must be reported to the Audit Committee at every meeting.

## **27. INFORMATION TECHNOLOGY**

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

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

- 27.1.2 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 27.1.3 The Chief Executives nominated Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

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

- 27.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:
- (a) details of the outline design of the system;
  - (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

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

- 27.3.1 The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 27.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.

## **27.4 Risk Assessment**

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

## **27.5 Requirements for Computer Systems which have an impact on corporate financial systems**

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

## **28. PATIENTS' PROPERTY**

- 28.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 28.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets; **(notices are subject to sensitivity guidance)**
  - 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 Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 28.3 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 28.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 28.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 28.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 28.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

## **29. FUNDS HELD ON TRUST**

### **29.1 Corporate Trustee**

- (1) Standing Order No. 2.6 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.8.3 that defines the need for compliance with Charities Commission latest guidance and best practice.
- (2) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Director of Finance shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

### **29.2 Accountability to Charity Commission and Secretary of State for Health**

- (1) The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- (2) The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

### **29.3 Applicability of Standing Financial Instructions to funds held on Trust**

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 17.16).
- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

### **30. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 21.2.6 (d))**

The Director of Finance shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

### **31. PAYMENTS TO INDEPENDENT CONTRACTORS**

Not applicable to NHS Trust's

### **32. RETENTION OF RECORDS**

- 32.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 32.2 The records held in archives shall be capable of retrieval by authorised persons.
- 32.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

### **33. RISK MANAGEMENT AND INSURANCE**

#### **33.1 Programme of Risk Management**

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Board. The programme of risk management shall include:

- (a) a process for identifying and quantifying risks and potential liabilities;
- (b) engendering among all levels of staff a positive attitude towards the control of risk;
- (c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;

- (d) contingency plans to offset the impact of adverse events;
- (e) audit arrangements including; Internal Audit, clinical audit, health and safety review;
- (f) a clear indication of which risks shall be insured;
- (g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

### 33.2 **Insurance: Risk Pooling Schemes administered by NHSLA**

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

### 33.3 **Insurance arrangements with commercial insurers**

There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, three exceptions when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trust's may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- (2) where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

### 33.4 **Arrangements to be followed by the Board in agreeing Insurance cover**

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

Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

## **SCHEMES OF DELEGATION**

**WEST HERTFORDSHIRE HOSPITALS NHS TRUST**

### **SCHEMES OF DELEGATION OF AUTHORITY**

**CONTENTS:    Guidance Note**  
**Schemes of Delegation**

## **WEST HERTFORDSHIRE HOSPITAL NHS TRUST**

### **SCHEMES OF DELEGATION OF AUTHORITY**

#### Guidance Note

The attached schedules set out the major delegations of authority which have been approved for operation within The West Hertfordshire NHS Trust. They are designed to facilitate devolved decision making and personal accountability.

The Chief Executive is ultimately responsible for the management of the day to day operational services and the effective use of resources. This responsibility is, however, delegated to Operations Directors, supported by their management teams.

Where the Trust Board or one of its committees has reached a decision under its terms of reference, the subsequent documentation committing the Trust to that decision will be signed by the Chairman of the committee or the Chief Executive.

It should be emphasised that the financial delegations in themselves give no power to act. The power to act up to the limits prescribed, derives from approved annual plans and budgets and, where applicable, authorised capital and revenue business cases. These financial authorities form part of the Trust's overall financial control framework as set out in the Standing Financial Instructions and other procedural guidance notes.

Each corporate function is constrained by its agreed annual plan, which governs manpower, facilities and financial resources. Corporate functions may not exceed agreed budgets or deviate from approved plans without prior agreement with the Chief Executive.

All projects are bound by these schemes of delegation even where funded partly or wholly from charitable or third party funds. Approval for business cases, and subsequent approval to commit expenditure must be in strict accordance with the detailed scheme of delegation, in addition to the requirement for approval to release funds which are set out in the Special Trustees and Charitable Fund Rules.

These schemes of delegation cover only matters delegated by the Trust to its senior officers. Each Executive Director and Director of Operations is responsible for delegations within their function and should produce their own scheme of delegation, which should be distributed to all relevant staff. These schemes of delegation may not exceed the limits set out in this framework but they may restrict delegation further. All such schemes of delegation should include the requirement that all officers with delegated authority must make formally documented arrangements to cover their delegations in circumstances where they are absent for more than 48 hours.



## MATTERS RESERVED TO THE BOARD

### SCHEME OF RESERVATION & DELEGATION

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p><b>General Enabling Provision</b> The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
	<p><b>Regulations and Control</b></p> <ol style="list-style-type: none"> <li>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business.</li> <li>2. Suspend Standing Orders.</li> <li>3. Vary or amend the Standing Orders.</li> <li>4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with SO 5.2</li> <li>5. Approve a scheme of delegation of powers from the Board to committees.</li> <li>6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration.</li> <li>7. Require and receive the declaration of officers' interests that may conflict with those of the Trust.</li> <li>8. Approve arrangements for dealing with complaints.</li> <li>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.</li> <li>10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on.</li> <li>11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.</li> <li>12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.</li> </ol>

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p><b>Regulations and Control continued.</b></p> <p>13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.</p> <p>14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property.</p> <p>15. Authorise use of the seal.</p> <p>16. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6.</p> <p>17. Discipline members of the Board or employees who are in breach of statutory requirements or SOs.</p>
	<p><b>Appointments/Dismissal</b></p> <p>1. Appoint the Vice Chairman of the Board.</p> <p>2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.</p> <p>3. Appoint, appraise, discipline and dismiss Executive Directors (subject to SO 2.2).</p> <p>4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies.</p> <p>5. Appoint, appraise, discipline and dismiss the Secretary (if the appointment of a Secretary is required under Standing Orders).</p> <p>Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee .</p>
	<p><b>Strategy, Plans, Budgets and Capital</b></p> <p>1. Define the strategic aims and objectives of the Trust.</p> <p>2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State.</p> <p>3. Approve the Trust's policies and procedures for the management of risk.</p> <p>4. Approve Outline and Final Business Cases for Capital Investment.</p> <p>5. Approve Revenue and Capital Budgets.</p> <p>6. Approve annually Trust's proposed organisational development proposals.</p> <p>7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.</p> <p>8. Approve PFI proposals.</p>

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p><b>Strategy, Plans, Budgets and Capital continued</b></p> <p>9. Approve the opening of bank accounts.</p> <p>10. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over [£500,000] over a 3 year period or the period of the contract if longer.</p> <p>11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board.</p> <p>12. Approve individual compensation payments.</p> <p>13. Approve proposals for action on litigation against or on behalf of the Trust.</p> <p>Review use of NHSLA risk pooling schemes (LPST/CNST/RPST).</p>
	<p><b>Policy Determination</b></p> <p>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</p> <p>2. Policies so adopted shall be listed and appended to this document [by the Secretary]</p>
	<p><b>Audit</b></p> <p>1. Approve the appointment (and where necessary dismissal) of External Auditors appointed by The Trust. Approval of external auditors' arrangements for the separate audit of funds held on trust, and the submission of reports to the Audit Committee meetings who will take appropriate action.</p> <p>2. Receive of the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee.</p> <p>3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.</p>
	<p><b>Annual Reports and Accounts</b></p> <p>1. Receipt and approval of the Trust's Annual Report and Annual Accounts.</p> <p>2. Receipt and approval of the Annual Report and Accounts for funds held on trust.</p>

THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p><b>Monitoring</b></p> <ol style="list-style-type: none"> <li>1. Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated.</li> <li>2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and the Charity Commission shall be reported, at least in summary, to the Board.</li> <li>3. Receive reports from DOF on financial performance against budget and Local Delivery Plan.</li> </ol> <p>Receive reports from CE on actual and forecast income from SLA.</p>

REF	COMMITTEE	DECISIONS DELEGATED BY THE BOARD TO COMMITTEES
SFI 11.1	AUDIT COMMITTEE	<p>The Committee will:</p> <ul style="list-style-type: none"> <li>(1) overseeing Internal and External Audit services;</li> <li>(2) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;</li> <li>(3) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;</li> <li>(4) monitoring compliance with Standing Orders and Standing Financial Instructions;</li> <li>(5) reviewing schedules of losses and compensations and making recommendations to the Board;</li> <li>(6) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;</li> <li>(7) reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.</li> <li>(8) receive and approve the Annual Audited Accounts</li> </ul>
SFI 11.2	REMUNERATION AND TERMS OF SERVICE COMMITTEE	<p>The Committee will:</p> <ul style="list-style-type: none"> <li>(1) advise the Board about appropriate remuneration and terms of service for the Chief Executive and Executive Directors and other senior employees as necessary on: <ul style="list-style-type: none"> <li>(a) all aspects of salary (including any performance-related elements/bonuses);</li> <li>(b) provisions for other benefits, including pensions and cars;</li> <li>(c) arrangements for termination of employment and other contractual terms;</li> </ul> </li> <li>(2) make such recommendations to the Board on the remuneration and terms of service of Executive Directors and other senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;</li> <li>(3) monitor and evaluate the performance of individual Executive Directors and other senior employees;</li> <li>(4) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.</li> </ul>

COMMITTEE	DECISIONS DELEGATED BY THE BOARD TO COMMITTEES
<p style="text-align: center;">FINANCE &amp; PERFORMANCE COMMITTEE</p>	<p>The committee will:</p> <p>Advise the Board on the future strategic development of the Trust; to undertake regular review of the Trust's Strategic Plan and to advise the Board on the means by which the Plan will be achieved;</p> <p>Ensure a suitable business framework for the Trust in respect of both financial and clinical performance. To be responsible to the Board for the oversight and regulation of matters relating to the financial and clinical performance within the Trust, for the scrutiny of estimates of income and expenditure and to make appropriate recommendations to the Board; to recommend to the Board for adoption appropriate budgets for forthcoming financial years; to monitor clinical performance, including hospital acquired infections, and to make appropriate recommendations to the Board.</p> <p>Ensure that the Trust has a sound and realistic financial business planning process</p> <p>Establish finance and performance priorities within the Trust and to ensure their delivery.</p> <p>Monitor the achievement of performance against budgets and to determine action where necessary to ensure performance throughout the Trust is in line with these budgets.</p> <p>Report to the Trust Board on finance and performance related issues and the progress being made to ensure delivery of targets</p> <p>Monitor the Trust's clinical performance on key national indicators and targets and to initiate appropriate action where necessary.</p> <p>Review and monitor relevant standards within the Trust with respect to Standards For Better Health and to initiate action in line with organisational requirements</p> <p>Review finance and performance related risks and ensure that, where necessary these are incorporated into the risk register and that they are appropriately managed</p> <p>Foster effective links with other bodies such as the Strategic Health Authority, local Primary Care and other Trusts, Social Services etc where there are key, shared financial and performance issues.</p> <p>Consider and report to the Board on any matters referred to it by the Board in regard to financial and performance issues.</p>

	<p>Provide the Board with an annual plan covering each of the key areas of financial and performance management. Monthly reports will be provided to the Board on performance against these plans.</p> <p>Regularly monitor the effectiveness of these Terms of Reference. Where monitoring identifies deficiencies, recommendations and action plans will be presented to the Board.</p>
<p>ASSURANCE COMMITTEE</p>	<p>TO BE CONFIRMED</p>
<p>TRUST AND CHARITABLE FUNDS</p>	<p>The committee will:</p> <p>Ensure Funds Held on Trust/Charitable Funds are managed in accordance with the Trust's Standing Financial Instruction No 29, as approved by the Trust Board.</p> <p>Receive regular reports from the Finance Directorate covering:</p> <ul style="list-style-type: none"> <li>• Number and value of funds</li> <li>• Purpose of funds</li> <li>• Income and Expenditure Analysis</li> </ul> <p>Receive detailed quarterly Investment Performance Report from Investment Managers.</p> <p>Decide on investment policy.</p> <p>Appoint Investment Managers as appropriate</p> <p>Decide upon expenditure criteria.</p> <p>Ensure that the requirements of the Charities Acts and the Charities Commission are met.</p>

	<p>Provide reports for the Trust Board as appropriate.</p>
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	<p>Review the Annual Accounts prior to submission to the Trustees for formal approval.</p>
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## SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

DELEGATED TO	DUTIES DELEGATED
CHIEF EXECUTIVE (CE)	Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources
CE & DIRECTOR OF FINANCE (DOF)	Ensure the accounts of the Trust are prepared under principles and in a format directed by the SOF's. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.
CE	Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control .
CE	Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers: <ul style="list-style-type: none"> <li>• “have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> <li>• have the information, training and access to the expert advice they need to exercise their responsibilities effectively.”</li> </ul>
CHAIRMAN	Implement requirements of corporate governance.
CE	Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities. Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).

DELEGATED TO	DUTIES DELEGATED
DOF	Operational responsibility for effective and sound financial management and information.
CE	Primary duty to see that DOF discharges this function.
CE & DOF	Ensuring that expenditure by the Trust complies with Parliamentary requirements
CE & DOF	Chief Executive, supported by Director of Finance, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
CE	If CE considers the Board or Chairman is doing something that might infringe probity or regularity, he should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary the SHA and Department of Health.
CE	If the Board is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Strategic Health Authority and the DH. In such cases, and in those described in paragraph 24, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.

CE	Is directly accountable to the board for meeting their objectives and as Accountable Officer, to the Chief Executive of the NHS the performance of the organisation. For ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board. Other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer
ALL BOARD MEMBERS	Subscribe to Code of Conduct. Board members share corporate responsibility for all decisions of the Board.
BOARD	Are required to meet regularly and to retain full and effective control over the organisation
CHAIR AND NON EXECUTIVE/OFFICER MEMBERS	Chair and non-executive directors are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of those responsibilities.
CHAIR	The key responsibilities of the Chair: <ul style="list-style-type: none"> <li>- leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda;</li> <li>- ensuring the provision of accurate, timely and clear information to directors;</li> <li>- ensuring effective communication with staff, patients and the public;</li> <li>- arranging the regular evaluation of the performance of the board, its committees and individual directors;</li> <li>- facilitating the effective contribution of non- executive directors and ensuring constructive relations</li> </ul>
BOARD	It is the Board's duty to: <ul style="list-style-type: none"> <li>- be collectively responsible for adding value to the organisation, for promoting the success of the organisation by directing and supervising the organisation's affairs</li> <li>- provide active leadership of the organisation within a framework of prudent and effective controls which enable risk to be assessed and managed</li> <li>- set the organisation's strategic aims, ensure that the necessary financial and human resources are in place for the organisation to meet its objectives, and review management performance</li> <li>- set the organisation's values and standards and ensure that its obligations to patients, the local community and the Secretary of State are understood and met.</li> </ul> <p><b>Further details may be obtained from <i>Governing the NHS: A Guide for NHS Boards</i> at <a href="http://www.dh.gov.uk">www.dh.gov.uk</a></b></p>

<p>NON EXECUTIVE DIRECTORS</p>	<p>Non-Executive Directors are appointed by Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.</p> <p>The duties of the non-executive directors are to:</p> <ul style="list-style-type: none"> <li>- constructively challenge and contribute to the development of strategy;</li> <li>- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;</li> <li>- satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible;</li> <li>- determine appropriate levels of remuneration of executive directors and have prime role in appointing and where necessary , removing senior management and in succession planning and ;</li> <li>- ensure the board acts in the best interests of the public and is fully accountable to the public for the services provided by the organisation and the public funds it uses.</li> </ul> <p>Non Executive directors also have a key role in a small number of permanent board committees such as:</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Remuneration and Terms of Service Committee</li> <li>- Clinical Governance Committee</li> <li>- Risk Management Committee</li> </ul> <p><b><i>Further details may be obtained from Governing the NHS:A guide for NHS Boards at <a href="http://www.dh.gov.uk">www.dh.gov.uk</a></i></b></p>
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**SCHEME OF DELEGATION STANDING ORDERS**

<b>SO REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
2.3	BOARD	Appointment of Vice Chairman
2.5	CHAIRMAN	Chair all Board meetings and associated responsibilities.
3.1	CHAIRMAN	Call meetings.
3.10	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
3.12	CHAIRMAN	Having a second or casting vote
3.13	BOARD	Suspension of Standing Orders
3.13	AUDIT COMMITTEE	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
3.14	BOARD	<i>Variation or amendment of Standing Orders</i>
4.1	BOARD	Subject to such directions as may be given by the Secretary of State, the Board may appoint Committees of the Board. The Board shall approve the membership and terms of reference of Committees and shall if it requires to, receive and consider reports of such Committees. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)
5.2	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has reserved to itself within these SOs (see Standing Order 2.9) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two Non Executive Directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Board in public session for formal ratification the powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
5.4.2	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be <u>considered and approved by the Board, subject to any amendment agreed during the discussion.</u>
5.6	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.

**SCHEME OF DELEGATION STANDING ORDERS**

<b>SO REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
7.1	THE BOARD	The NHS Code of Accountability requires Board Members to declare interests which are relevant and material to the business of the Board.
7.2	CHIEF EXECUTIVE	Maintain Register(s) of Interests.
7.4	ALL STAFF	Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff".
7.4	ALL	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
8.1/8.3	CHIEF EXECUTIVE	Keep custody of trust seal in safe place and maintain a register of sealing.
8.4	CHIEF EXECUTIVE/EXECUTIVE DIRECTOR	Approve and sign all documents which will be necessary in legal proceedings.
10.1.3	DIRECTOR OF FINANCE	Approval of all financial procedures.
10.1.4	DIRECTOR OF FINANCE	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Performance and Finance as soon as possible.
10.2.2	CHIEF EXECUTIVE	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.2	CHIEF EXECUTIVE & DIRECTOR OF	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10.2.2	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
10.2.3	DIRECTOR OF FINANCE	Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Design & implement systems for internal financial control. f) Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties.

10.2.4	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures.
10.2.5	CHIEF EXECUTIVE	Ensure that any contractors or employee's of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.
11.1.	AUDIT COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.2	CH AIR	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
11.1.3	DIRECTOR OF FINANCE	Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)
11.3.1	DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
11.4	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
11.6	CHIEF EXECUTIVE & DIRECTOR OF	Monitor and ensure compliance with SOF's Directions on fraud and corruption including the appointment of the <u>Local Counter Fraud Specialist</u> .
11.7	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
13.1.1	CHIEF EXECUTIVE	Compile and submit to the Board an LDP which takes into account financial targets and forecast limits of available resources. The LDP will contain: <ul style="list-style-type: none"> <li>• a statement of the significant assumptions on which the plan is based;</li> <li>• details of major changes in workload, delivery of services or resources required to achieve the plan.</li> </ul>
13.1.2 & 13.1.3	DIRECTOR OF FINANCE	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
13.1.4	BUDGET HOLDERS	All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
13.1.6	DIRECTOR OF FINANCE	Ensure adequate training is delivered on an on going basis to budget holders.
13.2.1	CHIEF EXECUTIVE	Delegate budget to budget holders.
13.2.2	CHIEF EXECUTIVE & BUDGET	Must not exceed the budgetary total or virement limits set by the Board.

**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
13.3.1	DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
13.3.2	BUDGET HOLDERS	Each Budget Holder is responsible for ensuring that: (1) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board; (2) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; (3) no permanent employees are appointed without the approval of the Chief Executive or other approval mechanism from in force from time to time other than those provided for within the available resources and manpower establishment as approved by the Board. Ensure that
13.3.3	CHIEF EXECUTIVE	Is responsible for recommending to the Board cost improvements and income generation initiatives in accordance with the requirements of the LDP, for monitoring implementation and delivering a balanced budget.
13.5.1	CHIEF EXECUTIVE	Submit monitoring returns
14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
15.	DIRECTOR OF FINANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.  (Board approves arrangements.)
16.	DIRECTOR OF FINANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
16.2.3	ALL EMPLOYEES	Duty to inform DOF of money due from transactions which they initiate/deal with.
17.	CHIEF EXECUTIVE	Tendering and contract procedure.
17.5.3 17.5.4	CHIEF EXECUTIVE	Waive formal tendering procedures. Report waivers of tendering procedures to the Board.
17.5.8	DIRECTOR OF FINANCE	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CE.



**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
17.6.2	CHIEF EXECUTIVE or NOMINATED PERSON	Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.3	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
17.6.4	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
17.6.6	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.6.8	CHIEF EXECUTIVE	Will appoint a manager to maintain a list of approved firms.
17.6.9	CHIEF EXECUTIVE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
17.7.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
17.7.4	CHIEF EXECUTIVE or DIRECTOR OF FINANCE	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.10	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
17.10	BOARD	All PFI (Private Finance Initiative Funding) proposals must be agreed by the Board.
17.11	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
17.12	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
17.15	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
17.15.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.
18.1.1	CHIEF EXECUTIVE	Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services
18.4	CHIEF EXECUTIVE	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA
20.1.1	BOARD	Establish a Remuneration & Terms of Service Committee
20.1.2	REMUNERATION COMMITTEE	Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements; Monitor and evaluate the performance of individual senior employees; Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments. Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
20.1.3	BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
20.3.1	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
20.3.2	CHIEF EXECUTIVE	Staff, including agency staff, appointments and re-grading.
20.3.3	BOARD	The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees not covered by national arrangements

20.4.1 and 20.4.2	DIRECTOR OF FINANCE	<p>In relation to Payroll is responsible for:</p> <ul style="list-style-type: none"> <li>(a) specifying timetables for submission of properly authorised time records and other notifications;</li> <li>(b) the final determination of pay and allowances;</li> <li>(c) making payment on agreed dates;</li> <li>(d) agreeing method of payment.</li> <li>(a) verification and documentation of data;</li> <li>(b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;</li> <li>(c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;</li> <li>(d) security and confidentiality of payroll information;</li> <li>(e) checks to be applied to completed payroll before and after payment;</li> <li>(f) authority to release payroll data under the provisions of the Data Protection Act;</li> <li>(g) methods of payment available to various categories of employee and officers</li> <li>(h) procedures for payment by cheque, bank credit, or cash to employees and officers;</li> <li>(i) procedures for the recall of cheques and bank credits;</li> <li>(j) pay advances and their recovery;</li> <li>(k) maintenance of regular and independent reconciliation of pay control accounts;</li> <li>(l) separation of duties of preparing records and handling cash;</li> <li>(m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.</li> </ul>
20.4.3	NOMINATED MANAGERS*	<p>Appropriately nominated managers have delegated responsibility for:</p> <ul style="list-style-type: none"> <li>(a) submitting time records, and other notifications in accordance with agreed timetables;</li> <li>(b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;</li> <li>(c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately</li> </ul>
20.4.4	DIRECTOR OF FINANCE	<p>Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.</p>

20.5	NOMINATED MANAGER*	The Board shall delegate responsibility to an Officer for: (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; (b) dealing with variations to, or termination of, contracts of employment.
21.1	CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.  [It is good practice to append such lists to the Scheme of Delegation document.]
21.2	CHIEF EXECUTIVE	Will set out (a) the list of managers who are authorised to place requisitions for the supply of goods and services; (b) the maximum level of each requisition and the system for authorisation above that level.
21.1.3	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
21.2.1	REQUISITIONER*	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.
21.2.2	DIRECTOR OF FINANCE	Shall be responsible for the prompt payment of accounts and claims.

21.2.3	DIRECTOR OF FINANCE	<p>(1) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed;</p> <p>(2) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;</p> <p>(3) Be responsible for the prompt payment of all properly authorised accounts and claims;</p> <p>(4) Be responsible for designing and maintaining a system of verification, recording and payment of all amount payable;</p> <p>(5) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;</p> <p>(6) Instructions to employees regarding the handling and payment of accounts within the Finance Department;</p> <p>(7) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</p>
21.2.4	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.
21.2.4	DIRECTOR OF FINANCE	Approve proposed prepayment arrangements.
21.2.4	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).
21.2.5	CHIEF EXECUTIVE	Official Orders only be issued to and used by those duly authorised by CE.
21.2.6	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.
21.2.7	CHIEF EXECUTIVE DIRECTOR OF FINANCE	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
21.3	DIRECTOR OF FINANCE	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
22.1.1	DIRECTOR OF FINANCE	The DOF will advise the Board on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts.
22.1.2	BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and DOF.)

22.1.3	DIRECTOR OF FINANCE	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
22.1.5	CHIEF EXECUTIVE OR DIRECTOR OF FINANCE	Be on an authorising panel comprising one other member for short term borrowing approval.
22.1.6	BOARD	All long term borrowing .
22.2.2	DIRECTOR OF FINANCE	Will advise the Board on investments and report, periodically, on performance of same.
22.2.3	DIRECTOR OF FINANCE	Prepare detailed procedural instructions on the operation of investments held.
23	DIRECTOR OF FINANCE	Ensure that Board members are aware of the Financial Framework and ensure compliance
24.1.4	DIRECTOR OF FINANCE	Assess the requirement for the operation of the construction industry taxation deduction scheme.
24.1.5	DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure
24.1.7	CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a scheme of delegation for capital investment management.
24.1.9	DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
24.2.1	DIRECTOR OF FINANCE	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
24.2.1	BOARD	Proposal to use PFI must be specifically agreed by the Board.
24.3.1	CHIEF EXECUTIVE	
24.3.5	DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
24.3.8	DIRECTOR OF FINANCE	Calculate and pay capital charges in accordance with Department of Health requirements.
24.4.1	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
24.4.2	DIRECTOR OF FINANCE	Approval of fixed asset control procedures.

24.4.4	BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of Trust assets including notifying discrepancies to DOF, and reporting losses in accordance with Trust procedure.
25.2.1	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to DOF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)
25.2.1	DIRECTOR OF FINANCE	Responsible for systems of control over stores and receipt of goods.
25.2.1	DESIGNATED PHARMACEUTICAL OFFICER	Responsible for controls of pharmaceutical stocks
25.2.2	NOMINATED OFFICERS*	Security arrangements and custody of keys
25.2.3	DIRECTOR OF FINANCE	Set out procedures and systems to regulate the stores.
25.2.4	DIRECTOR OF FINANCE	Agree stocktaking arrangements.
25.2.5	DIRECTOR OF FINANCE	Approve alternative arrangements where a complete system of stores control is not justified.
25.2.6	DIRECTOR OF FINANCE NOMINATED OFFICERS*	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items. and report to DOF evidence of significant overstocking.
25.3.1	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
26.1.1	DIRECTOR OF FINANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
26.2.1	DIRECTOR OF FINANCE	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.
26.2.2	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DOF.
26.2.2	DIRECTOR OF FINANCE	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DOF must inform the relevant LCFS and CFSMS Regional Team in line with SOS directions.

**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
26.2.2	DIRECTOR OF FINANCE	Notify CFSMS and External Audit of all frauds.
26.2.3	DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
26.2.4	BOARD	Approve write off of losses (within limits delegated by DH).
26.2.6	DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.
26.2.7	DIRECTOR OF FINANCE	Maintain losses and special payments register.
27.1	DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised financial data.
27.1	DIRECTOR OF FINANCE	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation assurances of adequacy must be obtained from them prior to implementation.
27.1.3	DIRECTOR OF FINANCE	Shall publish and maintain a Freedom of Information Scheme.
27.2.1	RELEVANT OFFICERS	Send proposals for general computer systems to DOF.
27.3	DIRECTOR OF FINANCE	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly Define responsibility of all parties for security, privacy, accuracy, completeness, timeliness of data during processing, transmission and storage, and allow for audit review. Seek periodic assurances from the provider that adequate controls are in operation.



**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
27.4	DIRECTOR OF FINANCE	Ensure risks to the trust from use of IT are identified and considered and that disaster recovery plans are in place
27.5	DIRECTOR OF FINANCE	Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies: b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists: c) DOF and staff have access to such data: Such computer audit reviews are being carried out as are considered necessary.
28.2	CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients money and property procedures on admission
28.3	DIRECTOR OF FINANCE	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.
28.6	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.
29.1	DIRECTOR OF FINANCE	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
30	DIRECTOR OF FINANCE	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff

**SCHEME OF DELEGATION STANDING FINANCIAL INSTRUCTIONS**

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
32	CHIEF EXECUTIVE	Retention of document procedures in accordance with HSC 1999/053.
33.1	CHIEF EXECUTIVE	Risk management programme.
33.1	BOARD	Approve and monitor risk management programme.
33.2	BOARD	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed
33.4	DIRECTOR OF FINANCE	Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented
33.4	DIRECTOR OF FINANCE	Ensure documented procedures cover management of claims and payments below the deductible.

\* Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.

## FINANCIAL AUTHORISATION LIMITS

### 1. Non Pay Revenue Expenditure

<b>Limit</b>	<b>Authorisation</b>
£1 - £5,000	Officer authorised by Operational Director
£5001 - £50,000	Operational Director/Divisional Clinical Director
£50,001 – £100,000	Executive Director
£100,001 - £500,000	Chief Executive/Director of Finance
Over £500,000	Trust Board

The above limits relate to the authorisation of all requisitions, order and invoices. All procurement is subject to the requirements of the Trust's Standing Financial Instructions, including EU Regulations.

### 2. Capital Expenditure

<b>Limit</b>	<b>Authorisation</b>
£1 - £50,000	Project Manager
£50,001 - £100,000	Director of Planning
£100,001 - £500,000	Chief Executive/Director of Finance
Over £500,000	Trust Board

All Capital expenditure initial allocations will be approved by the Capital Planning Group and by the Trust Board. Following the subsequent tendering/quotation action, a Capital Expenditure Approval Request Form must be approved by the Director of Finance before any expenditure is committed. The above limits relate to the subsequent authorisation of all requisitions, orders and invoices. All procurement is subject to the requirements of the Trust's Standing Financial Instructions, including EU Regulations.

### 3. Charitable Funds

<b>Limit</b>	<b>Authorisation</b>
£1 - £1,000	Fund Manager
£1001 - £5,000	Divisional Clinical Director/Executive Director/Divisional Manager
£5,001 - £100,000	Chief Executive/Director of Finance
Over £100,000	Board of Trustees

The above limits relate to the authorisation of all requisitions, orders and invoices. All procurement is subject to the Trust's Standing Financial Instructions, including EU Regulations.

## **SECTION 5 – THE EXECUTIVE**

This section of the document describes the role of the Executive and the individual Executive Directors, and how the Trust organises its business.

The Executive Team is responsible for the day-to-day management of the Trust and for delivering actions agreed by the Board in accordance with the Trust's policies and national, statutory or other relevant guidance. They take responsibility for framing the strategic direction of the Trust in order that the Board can test, scrutinise and then approve it. The Executive takes responsibilities delegated to it by the Trust Board and is the senior executive decision-making body in the Trust. A key role of the Executive is to ensure good communication within and outside of the Trust, establishing and maintaining positive links with all stakeholders.

Executive Directors have responsibility for overall corporate management of the Trust. They ensure the day to day running of the Trust is within the framework set by the Board. At West Hertfordshire Hospitals NHS Trust the specific management tasks for each executive officer is as follows:

### **Chief Executive**

- Accountable Officer
- Leadership of the Trust
- Delivery of all aspects of national policy within the local context
- Relationships and policy issues
- Ensuring the performance of the Executive and delivery of key performance standards
- Ensuring that the Board puts in place good and appropriate systems of governance
- Creating effective partnerships and strategic working arrangements

### **Director of Operations**

- Managing the organisation on a day-to day operational basis through Divisional Management Teams, focusing on quality, performance and cost
- IMT/Clinical Informatics and Management Information

### **Medical Director**

- Professional Medical Advice to Board
- Professional Med. Leadership through Associate Medical Directors and Divisional Directors
- Research & Development
- Consultants Appraisal & Development
- Professional Standards
- Clinical Governance Lead
- Clinical Effectiveness & Audit
- Infection Control

## **Chief Nurse/Director of Patient Services, Quality and Risk**

- Professional Nursing & Midwifery advice to Board
- Standards for Better Health and liaison with the Healthcare Commission
- Risk, Complaints and litigation
- Professional Lead, Child Protection
- Nursing, Research & Development
- Patient advocacy services and engagement, inc Spiritual Care, PALS, PPI, Patient Affairs, Voluntary services

## **Director of Finance**

- Effective local systems for the stewardship of the Trust's finances
- The development of the Trust's financial plans
- Providing financial information to the Board, in particular advising the board when tolerances it sets are breached
- Providing technical advice to the Board, Audit, and Remuneration Committees
- Financial management and planning, inc support to Divisions
- Financial governance
- Income retrieval (PbR)
- Payroll
- Procurement
- Charitable Funds
- Working with the Trust's internal and external auditors

## **Director of Planning/Programme Director**

- Service Strategy and Planning
- Programme Director for Service Strategy and Watford Redevelopment
- Lead on IYH
- Capital Planning and implementation
- Trust Business Planning

## **Director of Business Development**

- Commissioning
- Managing the service interface with General Practice
- Marketing through the service interface with GPs/PCTs
- Service Redesign
- Performance Management

## **Director of Human Resources**

- Workforce and OD corporate lead

- Workforce policy, inc Agenda for Change, Equality & Diversity, Improving Working Lives/Staff Services
- Workforce Planning/Information
- Recruitment & Selection, inc NHS Professionals and Medical Staffing
- Health & Safety & Occupational Health
- Employee Involvement/Consultation
- Employment Law

In order for the Executive team to fulfil its role it is supported by a number of management groups, which either report directly to the collective Executive or support the development of Trust strategy and delivery by reporting to one of the Trust sub committees. The section below describes the relationship between the Executive and the Trust Board and its sub committees in more detail.

### **How The Trust Organises Its Business and The Relationship of the Executive, The Trust Board and Sub Committees**

The overriding principles of governance are accountability and transparency of decision-making. The organisational governance arrangements are designed to facilitate these and to ensure that the trust undertakes its duties effectively, within the capacity and capabilities of the organisation whilst promoting and demonstrating professional behaviours. Appendix X sets out a flow diagram of how business is conducted.

As has been described above, the Trust Board is the ultimate decision making body within the Trust. However, before Board decisions are taken, structures and processes exist within the organisation to ensure that the need for any such decision by the Board is well established and firm proposals have been developed and discussed widely in order to gain commitment across the Trust before the Board discusses and takes any decision. The Trust Board delegates the responsibility to the Executive Team to ensure that such processes are in place and are effective. The Executive Team in turn delegates to the Divisions the responsibilities for ensuring the effective management of operational services on a day-to-day basis.

There will be occasions when the management, because of time or other immediately pressing issues, will take a decision that might not have come through due, auditable, process. In which case, the decision would normally be taken “in principle” with specific work being undertaken by the Executive following such a decision in order that it can be ratified by the Board formally at a later date.

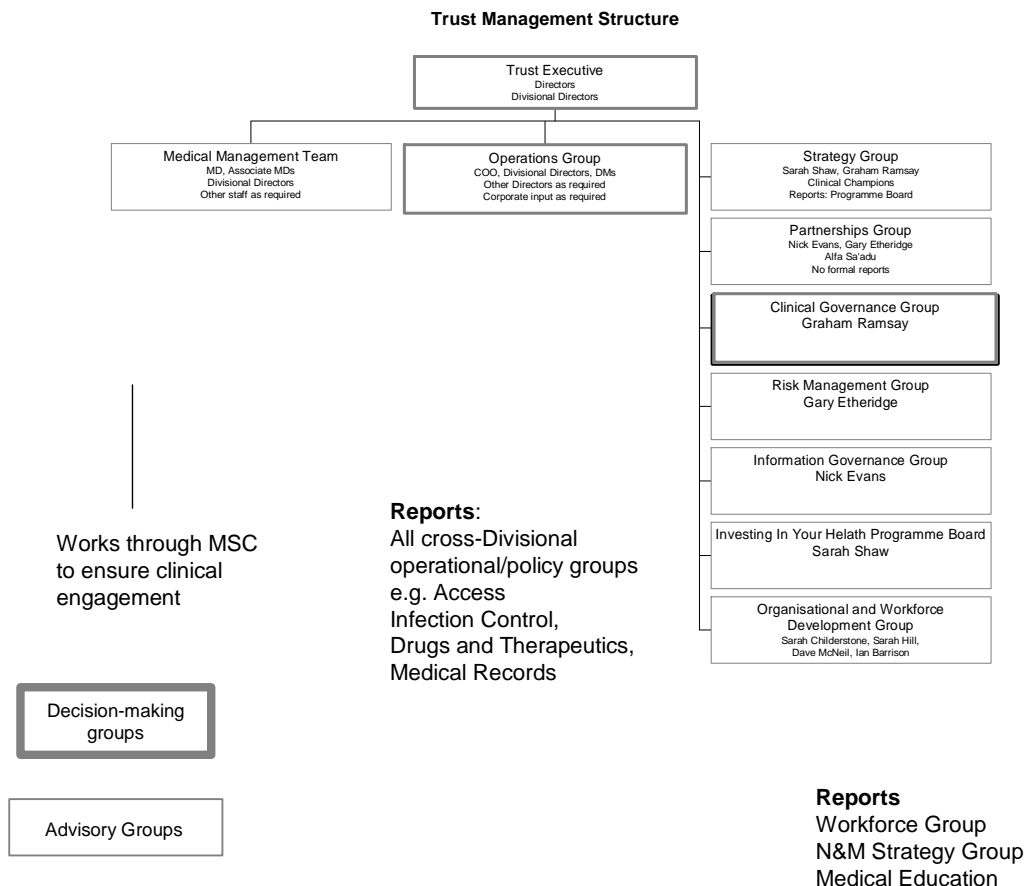
The role of the sub committees is to provide scrutiny of the work of the Trust. Management groups of the Trust will either report directly to or have a regular working relationship with the sub committees and will seek agreement from them if there is anything to be put formally to the Board for decision/approval.

The Executive provides the day-to-day continuity to the Trust. Meeting on a regular monthly basis, the Executive considers and takes action on the issues that effect the delivery of services to patients, the ongoing stewardship of resources and how staff are supported on a daily basis. The Executive will review issues before they are presented to sub committees for scrutiny and recommendation to the Board.

They will commission pieces of work where it is known that the Board will need to take decisions. The Executive provides an opportunity to explore the practical and logistical issues affecting a particular process or policy and ensure that these are resolved before referral elsewhere within the governance structure.

In support of the Executive, sub committee and Board structures there are a number of management working groups/committees Set out below are the formal Executive Committees of the Trust.

## Trust Management Structure



The majority of business of the Trust is therefore discussed, formed, developed, refined and implemented through these established governance arrangements.

Day to day operational responsibility is delegated by the Executive to the operational divisions of Surgery & Anaesthetics, Medicine, Clinical Support, Womens and Neo-natal Services and Facilities & Estates. With the exception of Facilities & Estates (who report to the Director of Facilities & Estates) the Divisions report to the Director of Operations.

The Executive has delegated to the Divisions:

- The operational management of their services, including the delivery of key elements of operational performance, within an agreed framework
- Budgetary management and financial control



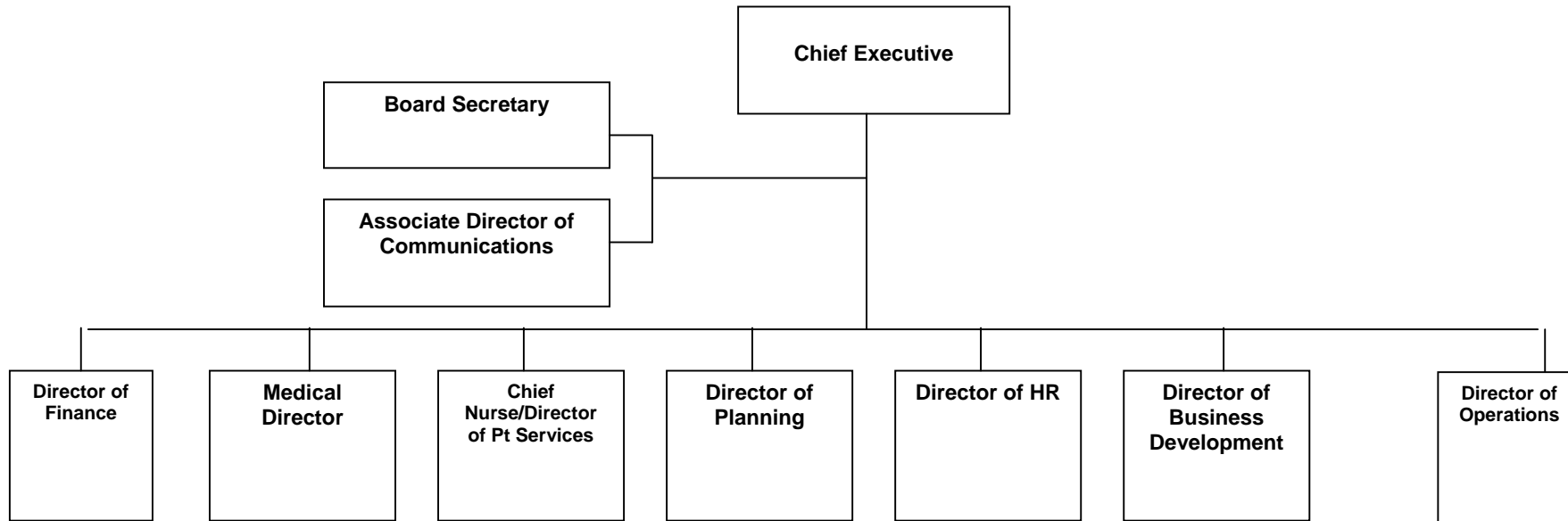
- The responsibility for forward planning for the service, within the context of the Trust's strategic objectives and business framework
- Effective co-ordination with other services and departments within the Trust
- The communication of Trust and Divisional issues within the Division

The clinical divisions have a tripartite management arrangement structure comprising Divisional Director, Divisional Manager and Head of Nursing. Additionally, the clinical operational divisions have their own structures in place that ensure proper governance takes place.

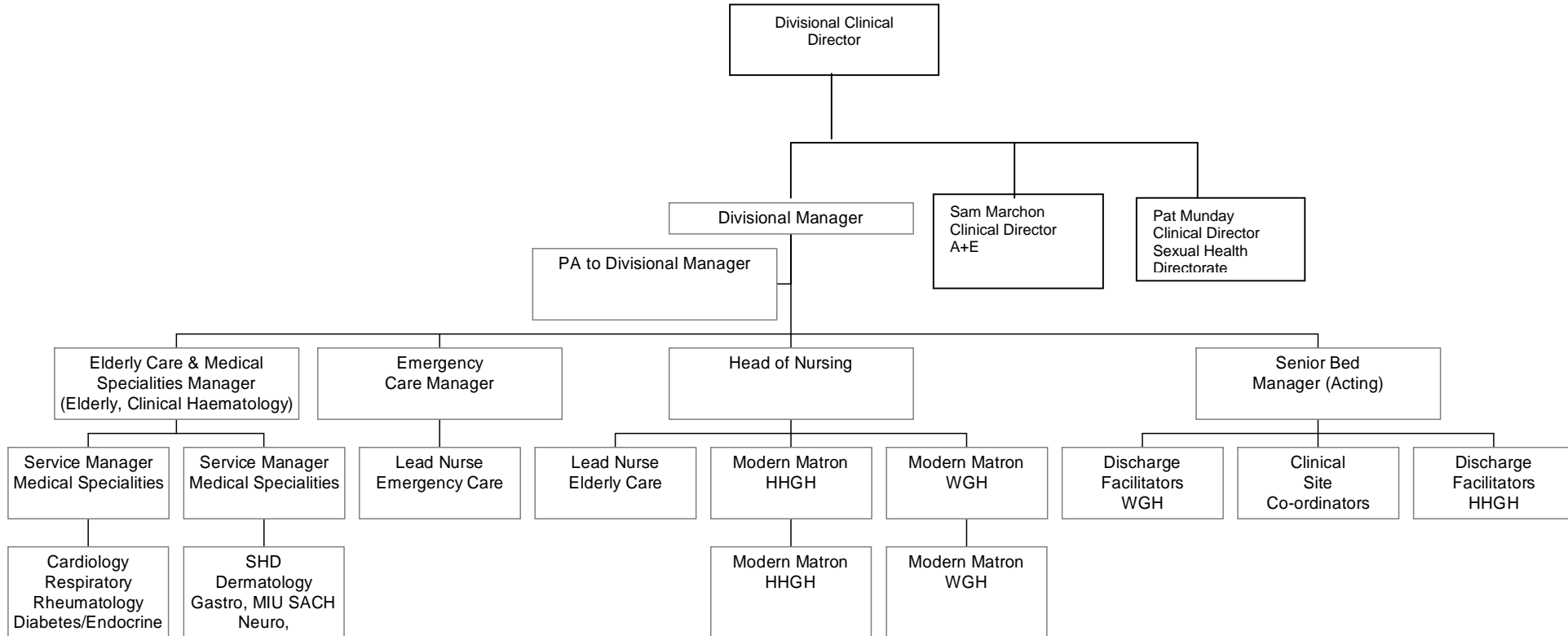
Individual Divisional organograms are set out below together with the Executive team.



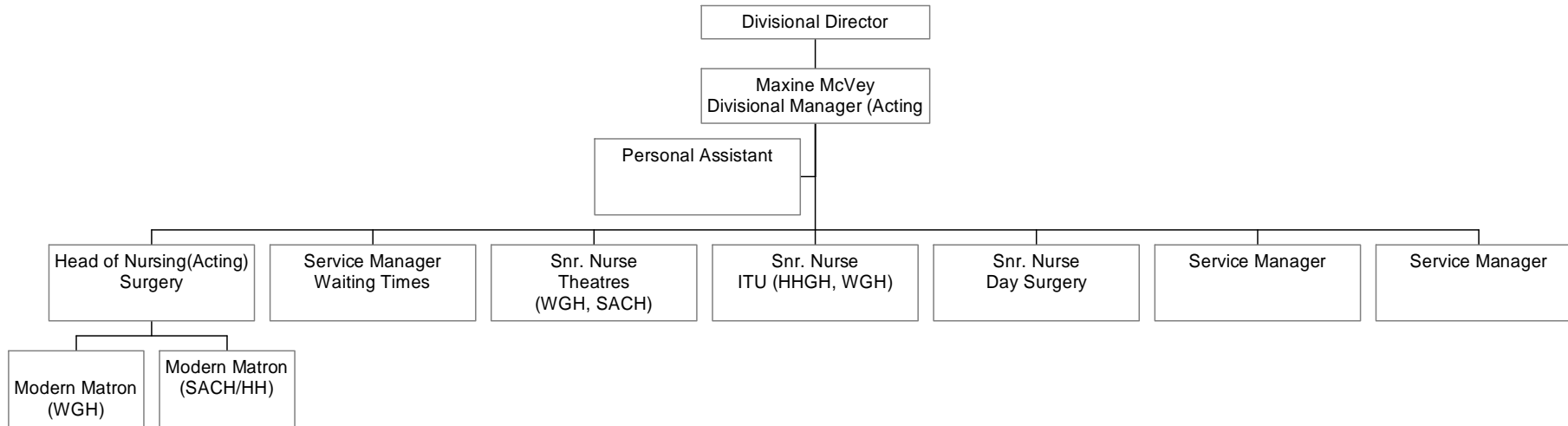
**Executive Team**



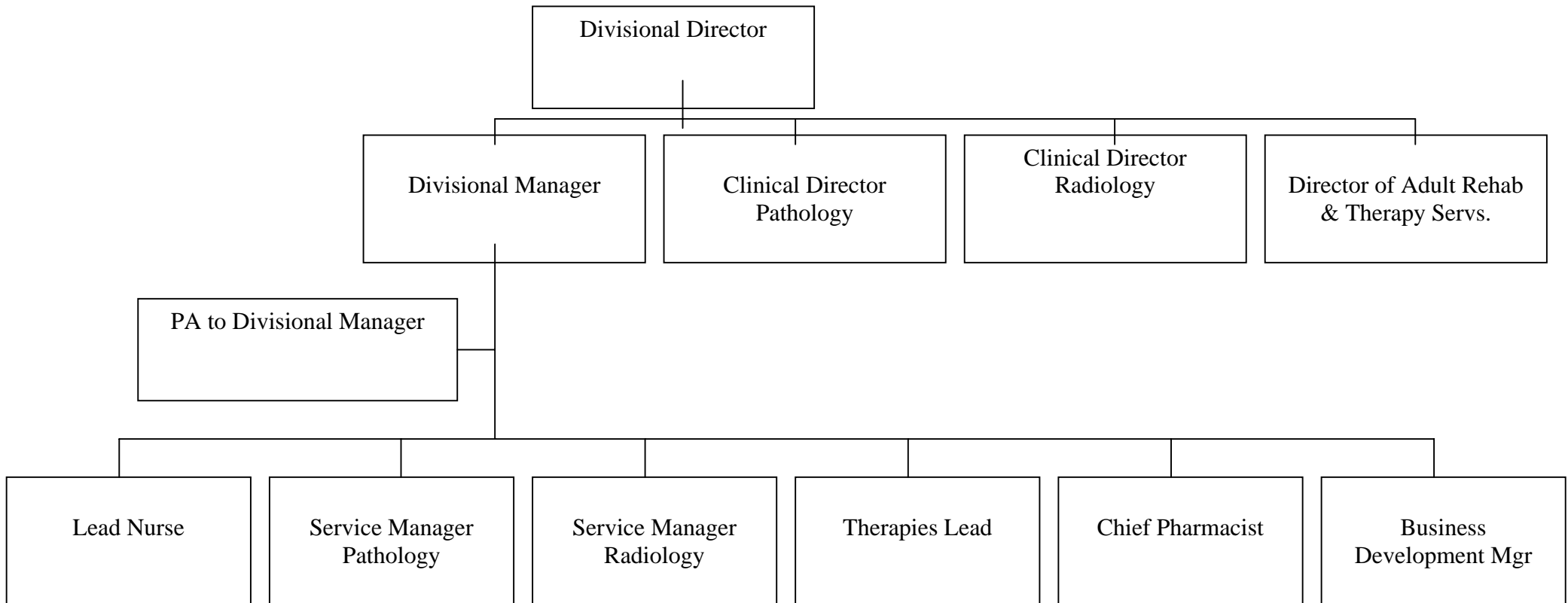
# Acute Medical Care



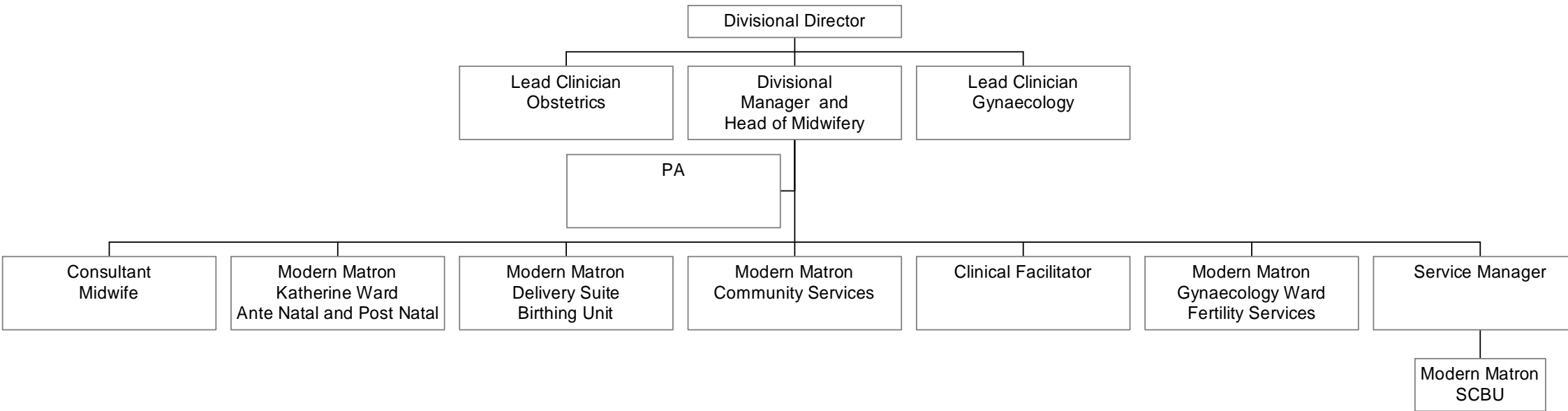
## Surgery and Anaesthesia



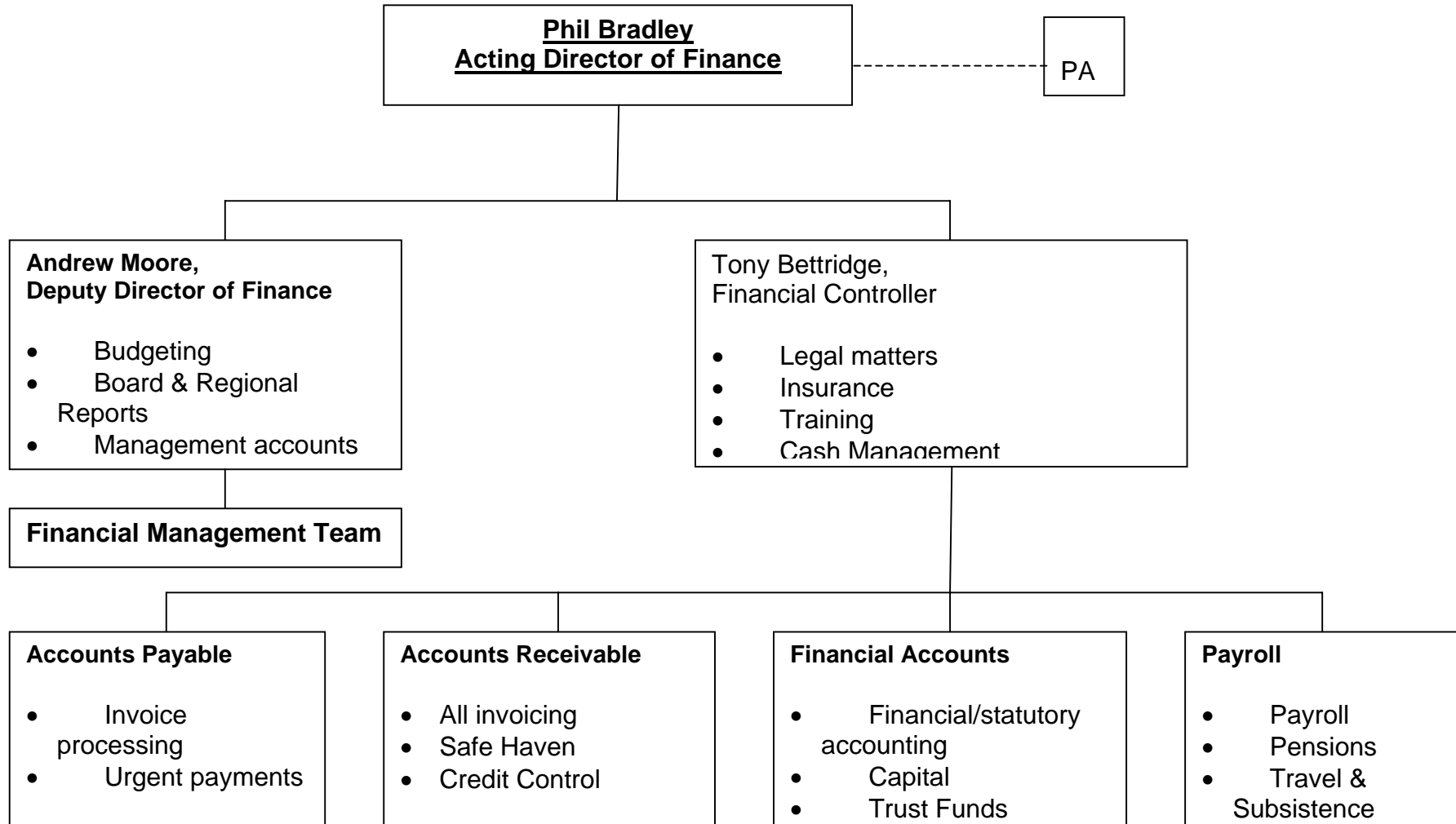
Clinical Support Services



# Women and Neonatal Services

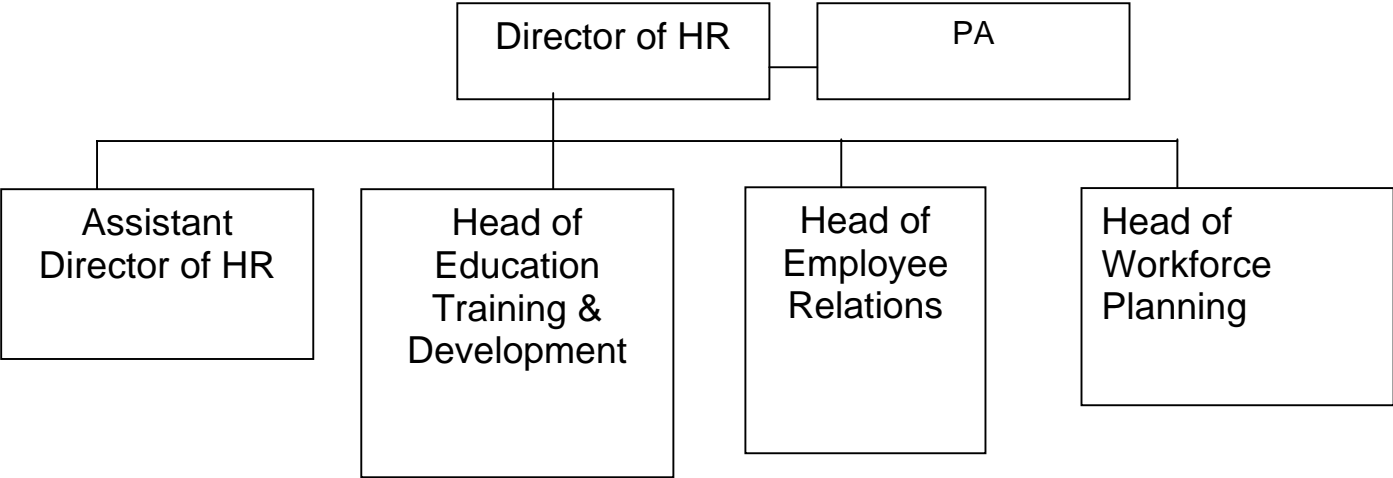


# FINANCE DEPARTMENT

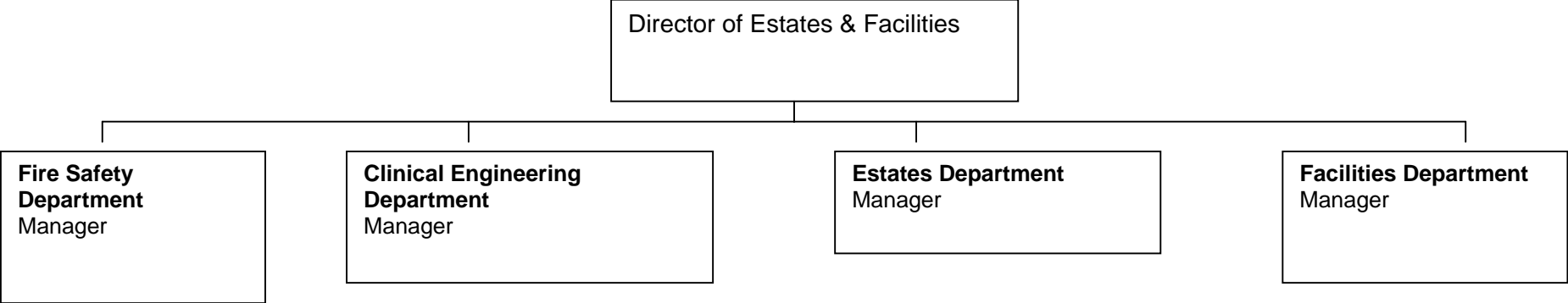




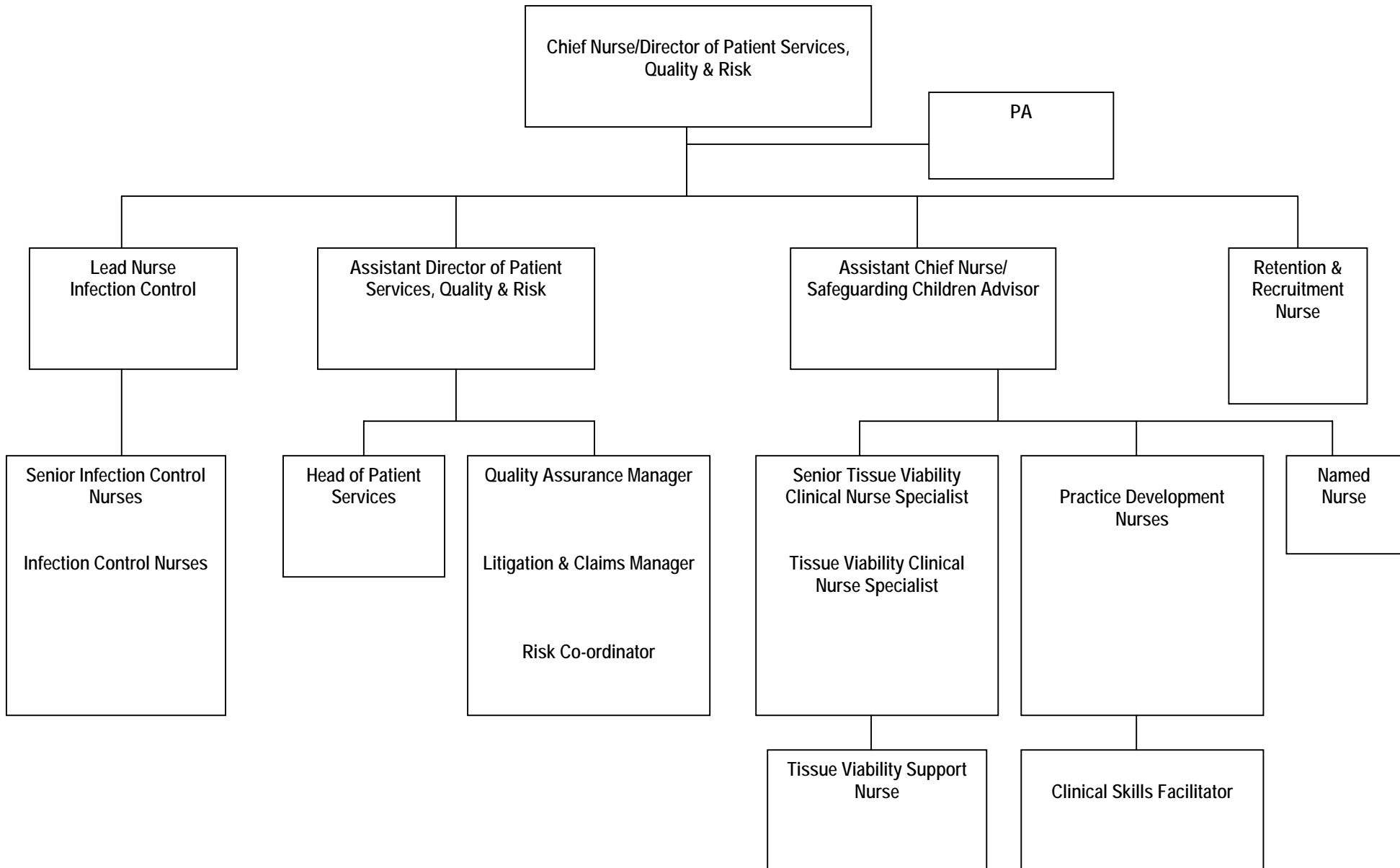
**HR DIRECTORATE STRUCTURE**



**Estates and Facilities**



**CORPORATE NURSING, PATIENT SERVICES, QUALITY & RISK DIVISION**





The Divisional Management Teams discharge their responsibilities by:

- Setting the objectives for the Division, in the context of the Trust's objectives, to ensure there is clarity at all levels as to what is expected of individuals, departments and functions;
- Taking an overview of performance, to ensure that it meets the required standards and takes remedial action where this is not the case, until performance is retrieved
- Ensuring that, where required, Trust-wide objectives are pursued and delivered within the Division
- Providing the focus for strategy and development across the Division as a whole, looking more widely across the organisation and ensuring compatibility with the Trust-wide agendas.

Divisional Directors are accountable for the performance and effective management of the Division, in conjunction with their management team.

## Performance Management

The performance management arrangements within the Trust will work at all levels.

The Board will discharge its responsibilities for performance management through its meetings and through the structure of sub-committees in place. The Executive will hold quarterly performance management meetings with the Divisions and corporate services to hold them to account against their business plan objectives.

The Divisions will review performance of sub-Divisional structures on a quarterly basis and will hold corporate departments to account for the delivery of agreed service levels.

## Delegation and Decision Making

As has already been stated the Trust Board delegates responsibility for the day-to-day management of the Trust to the Executive, whilst the Executive in turn delegates the operational management of the services to Divisions.

Table 1 below gives an overview of where, within the organisation, decisions are taken.

**Table 1**

<b>Function</b>	<b>Decision Point</b>
Day to day operational management	Divisional Management Teams
Changes to services not requiring consultation	Executive Meeting having briefed Finance and Performance Committee
Strategic changes requiring public consultation	Trust Board having been discussed at Finance and Performance Committee
Capital investment of less than £5,000	Divisional Management Teams
Capital Investment in excess of £5,000..	Capital Planning Group, with a briefing to

but less than £50,000	Finance and Performance Committee
Capital investment in excess of £50,000	Trust Board following recommendation from Finance and Planning Committee
Changes to legally binding contracts	Trust Board following recommendation from the relevant sub committee
Changes to non legally binding contracts not requiring formal authorisation of the Trust Board, e.g. Service Level Agreements	Executive Meeting
Sign off of non legally binding agreements, e.g. Service Level Agreements	Executive Meeting through delegated authority of appropriate sub committee and/or with Trust Board approval

Decisions going to the Board, Executive or Division should always contain the following information, where relevant:

- What is the impact of the decision required on patients?
- What is the impact on patients of not taking the decision?
- What is the financial impact on the Trust?
- Does the decision have any impact on other parts of the Trust or other related services/organisations?
- Are there any staff development needs arising from the proposal?
- What risks are associated with the decision or of not acting?

**TERMS OF REFERENCE****TRUST FINANCE AND PERFORMANCE COMMITTEE**

<b>Status:</b>	Committee of the Trust Board
<b>Chair:</b>	Trust Board Chairman
<b>Membership:</b>	3 Non Executive Directors Chief Executive Director of Finance Chief Operating Officer Director of Planning Medical Director
<b>Clerk:</b>	Trust Secretary
<b>Frequency of Meetings:</b>	Monthly
<b>Quorum:</b>	five consisting of at least one Non Executive Director and one Executive Director

**1. Remit**

- 1.1 The purpose of the Trust Finance and Performance Committee (F&P) will be to ensure that the Trust has sound financial and clinical performance systems that assess the current financial performance and plans for the future; that risks are assessed regularly and that the Trust has adequate plans, processes and systems for minimising risk; that financial and clinical outcomes are reviewed regularly against targets and that in light of those outcomes appropriate action is taken; that there is a robust, forward looking financial strategy that addresses the known and anticipated medium and longer term issues.

**2. Accountability**

- 2.1 The F&P Committee is accountable to and reports directly to the Trust Board; it is authorised by the Board to establish appropriate sub-committees as necessary to fulfil its remit.

**4. Responsibilities**

- 4.1 To advise the Board on the future strategic development of the Trust; to undertake regular review of the Trust's Strategic Plan and to advise the Board on the means by which the Plan will be achieved;
- 4.2 To ensure a suitable business framework for the Trust in respect of both financial and clinical performance. To be responsible to the Board for the oversight and

regulation of matters relating to the financial and clinical performance within the Trust, for the scrutiny of estimates of income and expenditure and to make appropriate recommendations to the Board; to recommend to the Board for adoption appropriate budgets for forthcoming financial years; to monitor clinical performance, including hospital acquired infections, and to make appropriate recommendations to the Board.

- 4.3 To ensure that the Trust has a sound and realistic financial business planning process
- 4.4 To establish finance and performance priorities within the Trust and to ensure their delivery.
- 4.5 To monitor the achievement of performance against budgets and to determine action where necessary to ensure performance throughout the Trust is in line with these budgets.
- 4.6 To report to the Trust Board on finance and performance related issues and the progress being made to ensure delivery of targets
- 4.7 To monitor the Trust's clinical performance on key national indicators and targets and to initiate appropriate action where necessary.
- 4.8 To review and monitor relevant standards within the Trust with respect to Standards For Better Health and to initiate action in line with organisational requirements
- 4.9 To review finance and performance related risks and ensure that, where necessary these are incorporated into the risk register and that they are appropriately managed
- 4.10 To foster effective links with other bodies such as the Strategic Health Authority, local Primary Care and other Trusts, Social Services etc where there are key, shared financial and performance issues.
- 4.11 To consider and report to the Board on any matters referred to it by the Board in regard to financial and performance issues.

## **5. Reporting Arrangements**

5.1 The Committee will provide the Board with an annual plan covering each of the key areas of financial and performance management. Monthly reports will be provided to the Board on performance against these plans.

5.2 The Committee will regularly monitor the effectiveness of these Terms of Reference. Where monitoring identifies deficiencies, recommendations and action plans will be presented to the Board.

**Reviewed, Amended & Ratified by the Trust Finance and Performance Committee on 25<sup>th</sup> September 2006**



## TERMS OF REFERENCE

### TRUST AUDIT COMMITTEE

<b>Status:</b>	Committee of the Trust Board
<b>Chair:</b>	Non Executive Director
<b>Membership:</b>	2 Non Executive Directors
<b>Clerk:</b>	Trust Secretary
<b>Frequency of Meetings:</b>	Quarterly
<b>Quorum:</b>	Two

#### 1. Objectives

The Audit Committee shall provide the Board with a means of independent and objective review of:

- financial and information systems
- financial and information reporting
- compliance with law, NHS guidance and codes of conduct.
- Internal controls and risk management
- compliance with Controls Assurance Standards
- Counter Fraud Policies and Procedures

#### 2. Financial Duties

The Audit Committee shall, as a minimum, undertake the following duties:

- consider the appointment of internal auditors, the audit fees and questions of resignation or dismissal.
- review the internal audit strategy and plan annually
- receive reports from the Chief Internal Auditor on completed audit reports and management responses
- review the annual report of the Chief Internal Auditor before the presentation to the Trust Board
- ensure that the Internal audit service has the appropriate standing within the organisation.
- review the external audit plan annually before commencement, and discuss problems or reservations arising from the completion of the annual external audit.
- review the Trust's annual accounts before submission to the Board, including any significant audit adjustments.
- review the External Auditor's reports, including value for money reports, annual management letter and the formal Trust responses thereto

- consider the content of any report involving the Trust issued by the Public Accounts Committee or the Comptroller and Auditor General and review the proposed Trust response
- review the scope of internal controls within the Trust
- review proposed changes to Standing Orders, Standing Financial Instructions and the Reservation of Powers to the Board and Delegation of Powers
- examine the circumstances associated with any waiving of Standing Orders
- review schedules of losses and compensation payments
- approve changes to accounting policies
- monitor the implementation of policy on standards of business conduct as detailed in the NHS guidance entitled “Codes of Conduct and Accountability” (EL(94)40)
- review the entries recorded on the Register of Interests
- review the entries recorded in the Entertainment Register
- review the entries in the Trust Seal Register
- review the entries in the Tender/Quotation Waiver Register
- review the Chief Executive’s expenses

### 3. Non-Financial Duties

The Audit Committee shall, as a minimum, undertake the following duties:

- consider all non-financial reports e.g. External Audit Value For Money Reports, the Trust’s responses thereto, and monitor the implementation of any remedial programme
- ensure compliance with Counter Fraud policies and procedures and receive any reports relating to alleged fraud or corruption from the Trust’s Counter Fraud Specialist or the NHS Directorate of Counter Fraud Service
- monitor the Trust’s compliance with Controls Assurance requirements
- monitor the Trust’s compliance with all internal control and risk management policies and procedures

### 4. Monitoring of Internal Audit

4.1 The Audit Committee shall evaluate the extent to which the internal audit service complies with mandatory audit standards by, as a minimum, the following means:

- reviewing the assessment of the internal audit service by the External Auditor.
- review the internal audit programme
- considering the major findings of internal audit investigations and management responses thereto
- ensuring that the internal audit service has an effective quality assurance programme
- ensuring that the investment in internal audit is adequate and takes account of the guidelines set out in the NHS Internal Audit Manual
- ensuring that the internal audit service has appropriately skilled, experienced and qualified staff
- ensuring that there is co-ordination between the internal and external auditors

4.2. The Audit Committee shall ensure that the Chief Internal Auditor has the ability to report direct to the committee, or the chairman thereof, on any matter of

seriousness or urgency, and that such professional relationship is maintained and effectively used when required

4.3. The Audit Committee shall ensure a cost effective service from the internal Audit service by subjecting the service to regular competitive tendering arrangements.

## 5. Monitoring of External Audit

5.1 The Audit Committee shall confirm to the Board the existence of sound financial systems and accurate reporting by ensuring that the External Auditor provides an independent assurance of the following

- sound financial stewardship
- value for money
- probity
- accuracy in reporting
- compliance with NHS guidelines
- compliance with accepted accounting practice

5.2 The Audit Committee shall ensure a cost effective service from the External Auditor, including co-ordination with the Internal Auditor, and shall review the appointment of the External Auditor within the prevailing Audit Commission guidelines.

5.3 The Audit Committee shall ensure that the External Auditor has the ability to report direct to the Committee, or chairman thereof, on any matter of seriousness or urgency, and that such professional relationship is maintained and effectively used when required.

## TERMS OF REFERENCE

### TRUST REMUNERATION COMMITTEE

<b>Status:</b>	Committee of the Trust Board
<b>Chair:</b>	Trust Board Chairman
<b>Membership:</b>	2 Non Executive Directors
<b>Clerk:</b>	Trust Secretary
<b>Frequency of Meetings:</b>	Quarterly
<b>Quorum:</b>	Two

The Chief Executive will not be present during discussions about his/her own remuneration and conditions of employment.

The Director of Human Resources will attend to present the recommendations of the Discretionary Points Committees and will provide appropriate advice to the committee, as required.

The Sub –Committee will meet as required to:

- Advise the Trust Board on the appropriate levels of remuneration and terms of employment for the Chief Executive and other Executive Directors of the Trust, including the Medical Director in respect of his/her Management contract.
- To approve on behalf of the Trust Board the recommendations of the Discretionary Points Committees in relation to:
  - Consultants / Associate Specialists
  - Staff Grades
  - Nurses / Midwives
  - Allied Health Professionals

## TERMS OF REFERENCE

### TRUST CHARITABLE AFFAIRS COMMITTEE

<b>Status:</b>	Committee of the Trust Board
<b>Chair:</b>	Non Executive Director
<b>Membership:</b>	2 Non Executive Directors
<b>Clerk:</b>	Trust Secretary
<b>Frequency of Meetings:</b>	Monthly
<b>Quorum:</b>	Two

1. To ensure Funds Held on Trust/Charitable Funds are managed in accordance with the Trust's Standing Financial Instruction No 29, as approved by the Trust Board.
2. To receive regular reports from the Finance Directorate covering:
  - Number and value of funds
  - Purpose of funds
  - Income and Expenditure Analysis
3. To receive detailed quarterly Investment Performance Report from Investment Managers.
4. To decide on investment policy.
5. To appoint Investment Managers as appropriate
6. To decide upon expenditure criteria.
7. To ensure that the requirements of the Charities Acts and the Charities Commission are met.
8. To provide reports for the Trust Board as appropriate.
9. To review the Annual Accounts prior to submission to the Trustees for formal approval.