

## TRUST BOARD MEETING – 24 November 2011

<b>Title of the Paper:</b>	Standing Orders, Standing Financial Instructions, and Scheme of Delegation		
<b>Agenda item:</b>	188/11		
<b>Author:</b>	Anna Anderson, Director of Finance		
<b>Trust Objective:</b>	Achieve our financial target		
<b>Purpose</b> Board approval of updated: Standing Orders, Standing Financial Instructions and Schemes of Delegation.			
<b>Risk Implications for the Trust</b> <i>(including any clinical and financial consequences):</i>		<b>Mitigating Actions</b> <i>(Controls):</i>	
Revision to these governance documents were last approved by the Board in July 2010. They are reviewed periodically to ensure they meet best practice and are fit for purpose. Prior to the Board full documents have been reviewed by Audit Committee (September 2011) and are recommended for Board Approval.		This update includes incorporation of the Bribery Act as proposed by the Trust’s legal advisors Capsticks and revisions to delegated limits proposed by Trust staff in consultation on the update. Details of the delegated revisions and brief explanations are shown overleaf.	
<b>Level of Assurance that can be given to the Trust Board from the report</b> Substantial			
<b>Links to Board Assurance Framework, CQC Outcomes, Statutory Requirements (ie BAF risk reference, CQC outcomes linked to report)</b> Governance of the Trust			
<b>Legal Implications:</b> Incorporates Bribery Act and meets statutory organisational governance			
<b>Recommendation to the Trust Board:</b>  The Trust Board members are asked to:  Approve adoption of the updated SOs, SFIs and SoD.			



**24 November 2011**

**Summary of changes in delegated limits included in the updated Standing Financial Instructions and Scheme of Delegation as reviewed and recommended for Board approval by September 2011 Audit Committee.**

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**1. Introduce limits for tender waiver**

It is good practice to have tender waiver limits.

	<b>July 2010</b>	<b>September 2011</b>
Chief Executive / Finance Director approval of tender waiver	Unlimited	See below
Finance Director or Chief Executive		£100,000
Finance Director / Chief Executive collectively		£250,000
Board		Above £250,000

**2. Spending in excess of budget**

It is good practice to have some delegation for the authorisation of spending in excess of budget.

	<b>July 2010</b>	<b>September 2011</b>
Chief Executive		£100,000
Board	All	Above £100,000 inclusive of business case

**3. Approval of capital spending**

Increase scrutiny before authorisation of capital schemes. Once approved the ability for the project manager to authorise invoices in line with the project budget.

	<b>July 2010</b>	<b>September 2011</b>
Capital Planning Group / Forum	Up to £1,000,000	£5,000 to £250,000
Director Review Group		£250,000 to £500,000
Finance Committee		£500,000 to £1,000,000
Board	More than £1,000,000	More than £1,000,000

**4. Revised limit for HSMC to be required to obtain quotations**

The revision is in line with other Trusts. Should it not be possible to obtain goods or services in line with these, for example, only one tender returned or supply is limited to a single supplier, then the tender waiver process is followed.

	<b>July 2010</b>	<b>September 2011</b>
Obtain best value	£0 - £5,000	£0 - £10,000
Quotes at least 3 returned	£5000 - £50,000	£10,000 - £50,000
Formal tendering at least 3 returned minimum 4 sent out.	£50,000 – EU Limit	£50,000 – EU Limit

**5. Increases in delegated limits for committing the Trust to expenditure**

Existing limits are operationally impractical, particularly for contracts extending over more than one year. The revisions address this enabling delegation up to the limits as set out below. The SFIs emphasise that these limits do not delegate authority to exceed budgets.

	<b>July 2010</b>	<b>September 2011</b>
Budget Holder	£5,000	£25,000
Associate Directors / Divisional Directors / Divisional Managers / Deputy Directors / Heads and Deputy Heads of Departments	£50,000	£100,000
Executive Directors	£100,000	£250,000
Chief Executive / Finance Director	£500,000	£1,000,000
Board	More than £500,000	More than £1,000,000 (no limit on inter NHS contracts)