

# Standing Financial Instructions

May 2025



Working together



Excellence



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Compassion

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<b>Version Reviewed</b>	<b>Reviewed by / Consultation Sought from</b>	<b>Date of Consultation</b>	<b>Comments</b>
1.0	Director of Finance	13/5/2025	Agreed for submission to Senior Leadership Team
2.0	Director of Finance	15/5/2025	Agreed for submission to Audit and Risk Assurance Committee
3.0	Director of Finance	15/5/2025	Audit and Risk Assurance Committee recommended to Trust Board for approval
4.0	Director of Finance	26/6/2025	Trust Board for Approval

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## Interpretation of Terms Used

- **“Accounting Officer”** shall be the HSC Officer responsible and accountable for funds entrusted to the Board. She/he shall be responsible for ensuring the proper stewardship of public funds and assets. For this Board it shall be the Chief Executive or a person as specified by the DoH Permanent Secretary as Accounting Officer.
- **“Trust Board”** shall mean the Chairperson, and Non-Executive (or non-officer) members, appointed by the Minister with responsibility for Health and Social Care and the Executive (or officer) members appointed by the Board.
- **“Budget”** means a resource, expressed in financial terms, approved by the Board for the purpose of conducting, for a specific period, any, or all the functions of the Board.
- **“Chief Executive”** means the chief officer of the *Southern HSC Trust*
- **“Contracting and procurement”** 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.
- **“Committee”** shall mean a Committee created by the Board either for its own good governance or by Departmental direction or by legislation.
- **“Committee members”** shall be persons formally appointed by the Board to sit on or to chair specific Committees.

- **“Department”** means the Department of Health (DoH). The term Department does appear as part of the title of other Government organisations and in these instances the title is given in full.
- **“Director”** – there may be three categories: Executive Director means an officer member of the Board, Non-Executive Director means a non-officer member of the Board, and the term Director may also be applied to a functional Director of the Organisation.
- **“Director of Finance”** – the Director of Finance, Procurement and Estates who has executive responsibility for Finance.
- **“SPPG”** means the Strategic Performance and Planning Group.
- **“Member”** shall mean non-executive Director and/or Executive Director of the Board and does not include its Chairperson.
- **“Nominated officer”** means an officer charged with the responsibility for discharging specific tasks within the Standing Financial Instructions.
- **“Officer”** shall mean employee of the HSC Organisation. In certain circumstances, officer may include a person who is employed by another HSC organisation or by Third Party contracted to or by the Organisation who carries out functions on behalf of the Organisation.
- **“Officer member”** means a member of the Board who is a member by virtue of or appointed under the Health and Social Care (Reform) Act (Northern Ireland) 2009.

- “**Public**” means any person who is not a Board member or a member of staff servicing the Board meeting and shall include any person with the status of observer.
- “**SFIs**” is an abbreviation for Standing Financial Instructions.
- “**Sub-Committee**” means a committee of a committee created by the Board.

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## 1. INTRODUCTION

### KEY POINTS

- Standing Financial Instructions identify the **key financial responsibilities** which apply to everyone working for the Trust
- Trust Board exercises financial supervision and control via a number of measures
- The Chief Executive and Director of Finance will delegate financial responsibilities but remain accountable for financial control.
- **Employees are responsible for:** Trust property, avoiding loss, exercising economy and efficiency in use of resources, complying with the Trust's Standing Orders, Standing Financial Instructions, Financial Procedures and Scheme of Delegation.

### 1.1 General

1.1.1 Each Trust shall agree Standing Financial Instructions (SFIs) 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). **They are the “business rules” that Directors and employees (including employees of third parties contracted by the Trust) must follow when acting on behalf of the Trust.**

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. 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 Standing Orders, Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.

1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust including third parties contracted to the Trust and acting on its behalf. 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. **SFIs are mandatory on all Members, Directors and employees of the Trust.**

- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with, full details and any justification for non-compliance shall be reported to the next formal meeting of the Audit and Risk Assurance Committee by the Director of Finance for referring action or ratification. All members of the Trust and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

## **1.2 Responsibilities and delegation**

### **1.2.1 Department of Health**

The Department of Health (DoH) sets the policy framework within which the Trust operates. In exceptional and usually emergency circumstances, e.g. a pandemic, the DoH may give approval for the Trust to operate with alternative authorisation arrangements, on a time limited basis, which may supersede some elements of these Standing Financial Instructions.

### **1.2.2 The Trust Board**

The Board exercises financial supervision and control by:

- (a) requiring the submission and approval of an annual financial plan within the approved opening revenue and capital allocations / income;
- (b) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain best value for money);
- (c) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.

- (d) ensuring that it receives and reviews regular financial information concerning the financial management of the Trust and that it is informed on a timely basis about any concerns about the activities of the Trust.

1.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Scheme of Reservation and Delegation of Power's document within the Standing Orders. All other powers have been delegated to the Chief Executive or such other committees as the Trust has established.

### 1.2.3 **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 Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accounting Officer, to the Minister for the Department of Health (DoH). The Accounting Officer Memorandum issued by the Department's Permanent Secretary to the Chief Executive refers.

The Chief Executive is personally responsible for safeguarding the public funds of which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day to day operations and management of the Trust. In addition he/she should ensure that the Trust meets the standards set out in Managing Public Money NI (MPMNI) in relation to governance, decision making and financial management. 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.

1.2.4 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 Standing Financial Instructions.

### 1.2.5 **The Director of Finance**

The Director of Finance is responsible for:

- (a) implementing the Trust's financial policies/procedures and for coordinating any corrective action necessary to further these policies/procedures;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;
- (d) the provision of financial advice to the Trust Board, the Chief Executive, Directors and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

#### **1.2.6 Board Members and Employees**

All members of the Board and employees, severally and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, the Trust's Scheme of Delegation and any Financial policies or procedures which the Director of Finance may issue.

#### **1.2.7 Contractors and their employees**

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

- 1.2.8 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.

## 2. AUDIT

### KEY POINTS

- Audit and Risk Assurance Committee is a committee of Trust Board which will provide an independent and objective view of internal control in the organisation;
- It will rely on work performed by Internal Audit and External Audit and other appropriate assurance functions;
- The Director of Finance is responsible for ensuring there are arrangements to review evaluate and report on the effectiveness **of internal financial control**;
- The Director of Finance is responsible for assessing, identifying, evaluating and responding to fraud, bribery and corruption risks and reporting on counter fraud work annually to the Audit and Risk Assurance Committee.

### 2.1 **Audit and Risk Assurance Committee**

2.1.1 In accordance with Standing Orders and the Code of Conduct and Code of Accountability for Board Members of Health and Social Care bodies (2022), the Board shall formally establish an Audit and Risk Assurance Committee, with clearly defined terms of reference and follow current Cabinet Office Guidance and the Department of Finance Audit and Risk Assurance Committee Handbook NI (April 2018). The Committee will provide the Board with a means of independent and objective review of systems of internal control. In carrying out this function, the Committee will:

- (a) oversee the maintenance of an effective system of integrated governance, risk management and internal control
- (b) review the adequacy of all risk and control related disclosure statements (in particular the Mid-Year Assurance Statement and the annual Governance Statement, together with any accompanying Head of Internal Audit Assurance statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;

- (c) review the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements,
- including the Trust's Standing Orders and Standing Financial Instructions
- (d) provide the Board with a means of independent and objective review of financial governance, assurance processes and risk management across the whole of the Trust's activities (clinical and non-clinical) both generally and in support of the annual Governance Statement
- (e) review and approval of the policies and procedures for all work related to bribery, fraud and corruption as required by the Counter Fraud and Probity Service at the Business Services Organisation and receive regular updates on fraud cases under investigation
- (f) review the annual schedule of losses and compensation payments and will make recommendations to the Board regarding their approval.
- (g) review a summary of Post Project Evaluations on capital and revenue proposals greater than £300k
- (h) review the Trust Procurement Board Annual Report including all approved Direct Award Contracts in the financial year;
- (i) monitor the integrity of the financial statements, assist the Board in its oversight of risk management and the effectiveness of internal control and matters relating to the external and internal audit functions
- (j) review the Committee's Terms of reference on an annual basis which is then submitted to the Board for approval. Any subsequent changes to the Committee's Terms of reference will be reported to the Department of Health.
- (k) oversee the adequacy and effectiveness of the risk management framework in the Trust, through receiving regular updates in relation to the Corporate Risk Register

In carrying out its work, the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these functions. It may also seek reports and assurances from the Business Services Organisation, other Trust Committees, Directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

The Committee shall ensure that there is an effective internal audit function that meets the Global Internal Audit Standards (GIAS) and provides appropriate independent assurance to the Audit and Risk Assurance Committee, Accounting Officer and Board.

This will be achieved by:

- i. consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal;
- ii. review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation;
- iii. consideration of the Head of Internal Audit's Mid year and Annual Assurance report, major findings of internal audit work (and management's response) in respect of Trust operations but also those of relevant services provided by BSO, and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
- iv. ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation;
- v. annual review of the effectiveness of internal audit.
- vi. Consideration of the Internal Audit Charter

The Committee shall review the work and findings of the External Auditor appointed by the NI Audit Office and consider the implications of, and management's responses to, their work. This will be achieved by:

- (a) consideration of the performance of the External Auditor;
- (b) discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the annual External Audit Strategy;
- (c) discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust;
- (d) review of all External Audit reports, including consideration of the Report to those charged with Governance before submission to the Board and any work carried out outside the annual External Audit Strategy, together with the appropriateness of management responses.

- 2.1.2 Where the Audit and Risk Assurance 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 Chair of the Audit and Risk Assurance Committee should discuss the matter initially with the Director of Finance and then, if appropriate, raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Director of Finance in DoH in the first instance.

## **2.2 Director of Finance**

2.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) ensuring that the Internal Audit is adequate and meets the mandatory Public Sector Internal Audit Standards (PSIAS), having due regard to DoH guidance detailing Internal Audit arrangements;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities in accordance with the Trust's Anti-Fraud and Anti-Bribery Response Plan;
- (d) ensuring that an internal audit strategic plan covering a three year period is produced from which an annual operational plan is derived;
- (d) ensuring that an Annual Internal Audit report is prepared by the Head of Internal Audit for the consideration of the Audit and Risk Assurance Committee. The report must cover:
  - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DoH;
  - (ii) major internal financial control weaknesses discovered;
  - (iii) progress on the implementation of internal audit recommendations;
  - (iv) progress against plan over the previous year.

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

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

- (b) access at all reasonable times to any land, premises or members of the Board or employee of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- (d) explanations concerning any matter under investigation.

## **2.3 Role of Internal Audit**

### 2.3.1 Internal Audit will review, appraise and report upon:

- (a) the effectiveness of the governance and risk management arrangements of the organisation;
- (b) the adequacy and effectiveness of the systems of financial, operational and management controls and their operation in practice in relation to the identified business risks;
- (c) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
- (d) the extent of compliance with policies, standards, plans and procedures established by the organization and the extent of compliance with DoH guidance, laws and regulations, including reporting requirements;
- (e) the integrity of processes and systems to ensure that controls offer adequate protection against error, fraud and loss of all kinds;
- (f) The extent to which the assets and interests of the organisation are acquired economically, accounted for and safeguarded from loss of all kinds;
- (g) Value for money considerations, where appropriate and relevant;
- (h) Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
- (i) The follow up action taken to remedy weaknesses identified by Internal Audit;

- (j) Head of Internal Audit is required to provide an annual opinion on risk management, control and governance arrangements. This opinion is based upon and limited to, the internal audit work performed during the year, as approved by the Audit and Risk Assurance Committee.

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

2.3.4 The Internal Audit Service derives its authority from the Accounting Officer, the Board and the Audit and Risk Assurance Committee. The Head of Internal Audit reports to the Accounting Officer and the Audit and Risk Assurance Committee. The Head of Internal Audit will engage regularly with the Director of Finance as the Accounting Officer's nominated delegated executive lead for internal audit. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit and Risk Assurance Committee and the Head of Internal Audit. The agreement shall be in writing (in the Internal Audit Charter) and shall comply with the guidance on reporting contained in the Global Internal Audit Standards (GIAS). The reporting system shall be reviewed at least every three years.

## **2.4 External Audit**

- 2.4.1 The Comptroller and Auditor General (C&AG) for Northern Ireland is the appointed External Auditor of the Trust, who may outsource the delivery of the External Audit programme to an appropriately qualified private sector organisation.
- 2.4.2 If there are any problems relating to the service provided by an outsourced External Auditor, then this should be raised with the External Auditor and referred on to the NIAO if the issue cannot be resolved. The Director of Finance will notify the Audit and Risk Assurance Committee and Board of any such instances.
- 2.4.3 Any value-for-money assignments carried out by the External Auditor are directed by a nominated Senior Officer of DoH. The costs of such assignments are borne by the DoH.

2.4.4 The C&AG has a statutory right of access to all relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (NI) Order 2003.

## **2.5 Fraud and Corruption**

2.5.1 In line with their responsibilities, the Trust Chief Executive and Director of Finance shall monitor and ensure compliance with all legislation or guidance issued by the DoH on fraud, bribery and corruption.

2.5.2. The Director of Finance is responsible for:

- a. Assessing, identifying, evaluating and responding to risks of bribery or fraud. Fraud should be considered as a risk in the risk register;
- b. Ensuring appropriate arrangements are in place for deterring, preventing, detecting and investigating fraud or bribery;
- c. Ensuring that the Trust's Audit and Risk Assurance Committee formally considers the anti-fraud measures in place;
- d. Reporting immediately all suspected or proven frauds, including attempted fraud to the Business Services Organisation's Counter Fraud and Probity Services Unit.
- e. Complying with all guidance issued by DoH;
- f. Developing an Anti-fraud Anti-bribery policy and response plan which is updated at least every five years and sent to Counter Fraud and Probity Services at BSO for review.

2.5.3 The Director of Finance shall nominate a suitable person to carry out the duties of the Fraud Liaison Officer as specified by the DoH Counter Fraud Policy and guidance.

2.5.4 The Fraud Liaison Officer shall report to the Director of Finance and shall work with staff in the Counter Fraud and Probity service in the Business Services Organisation (BSO) in accordance with the DoH Counter Fraud Policy.

2.5.5 The Director of Finance will provide a written report to the Audit and Risk Assurance Committee, at each meeting, on counter fraud cases within the Trust.

### 3. RESOURCE LIMIT CONTROL

#### KEY POINTS

- The Trust is required to operate within the revenue and capital budgets delegated to it by the DOH/Commissioning Body.
- The Trust is required to work closely with Commissioners, the DOH and other HSC organisations to demonstrate efficient use of resources, manage cost pressures and gain approval for service developments and enhancements.

3.1 The Trust's revenue and capital expenditure form part of the DoH's Revenue Delegated Expenditure Level (DEL) and Capital DEL respectively.

3.2 The Trust shall not, without prior written DoH approval, enter into any undertaking to incur any expenditure which falls outside the Trust's delegations or which is not provided for in the Trust's annual financial plan as approved by the DoH or the Commissioning Body on its behalf. This reflects the general principles set out in Managing Public Money (NI) (MPMNI) relating to the authority for expenditure, regularity, propriety and value for money which apply to all public expenditure.

3.3 The Trust shall not, without prior written DoH approval, enter into any undertaking to incur any expenditure outside its remit or which may be likely to bring either the Trust or the DoH into disrepute. It is the responsibility of the Trust to ensure that prior DoH approval is obtained for all expenditure which falls outside of the delegated limits set by DoH/DoF.

3.4 The Trust is obliged to act in line with the guidance as set out in the HSC Finance Regime.

This states that the Trust is obliged to:

- contain expenditure within the overall resources allocated subject to any ring fencing constraints;
- maintain a constructive dialogue with other HSC organisations;

- ensure that their services are offered at a price which reflects economic and efficient use of resources, and complies fully with financial requirements;
- take a joint risk sharing approach with Commissioners to the management of cost pressures identified;
- work jointly with Commissioners to profile services, incorporating bridging finance milestones and timeframes;
- work with the DoH and Commissioners to manage the service implications of the Capital programme;
- commission services from the independent sector as part of an agreed strategy which acknowledges and accounts for the short and long run implications for the statutory sector;
- undertake service developments or enhancements only with the approval of Commissioners except in the most exceptional of circumstances

3.5 The Trust must obtain the approval of the DoH and the Department of Finance (DoF) for any transactions which set precedents, are novel, potentially contentious or could cause repercussions elsewhere in the public sector. DoH and DoF approval must be obtained even where such transactions are within the Trust's delegated limits.

Examples include:

- Incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications;
- Making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the sponsor Department
- Unusual financing transactions, especially those with lasting commitments;
- Making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of the resources required.

The Trust must identify any factors that might set precedents or make expenditure novel, contentious or repercussive to DoH when submitting such proposals for approval, whether capital, IT, Direct Award Contract (DAC), consultancy, gifting etc. and irrespective of any existing delegations.

#### 4. **REVENUE RESOURCE LIMIT, PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING**

##### **KEY POINTS**

- The Chief Executive will submit to SPPG, the Commissioning Body a Financial Plan which takes into account financial targets and forecast limits of available resources;
- The Director of Finance will prepare and submit budgets for approval by Trust Board in line with the Financial Plan
- The Chief Executive delegates the management of budgets to budget holders to permit the performance of a defined range of activities
- The Director of Finance reports monthly on performance against budget to Trust Board
- **Budget holders are responsible for:**
  - Remaining within allocated budget (control total)
  - Using the budget for the purpose intended
  - Not appointing permanent employees outside available resources
  - Attending budgetary training
  - Developing contingency plans where budgets are overcommitted

##### **4.1 Revenue Resource Limit (RRL)**

The Director of Finance will:

- (a) secure the Trust's entitlement to funds (both Revenue & Capital);
- (b) at the start of each financial year submit to the Commissioning Body for approval a Financial Plan showing the total RRL and other forecast income and will include a budget of estimated payments and receipts together with a profile of expected expenditure and cash draw down of funding and/or other income over the year.
- (c) regularly update the Trust on significant changes to the initial Revenue Resource Limit and the uses of such funds.

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

4.2.1 The Chief Executive will compile and submit to the Commissioning Body a Financial Plan which takes into account financial targets and forecast limits of available resources. The plan will contain:

- (a) a statement of the significant assumptions on which the plan is based, taking into account its approved funding provision and any forecast receipts;
- (b) details of the organisation's priorities and objectives
- (c) details of major changes in workload, delivery of services or resources required to achieve the plan.

4.2.2 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare an opening revenue and capital budget for approval by the Board. Such budgets will:

- (a) be in accordance with the aims and objectives set out in any business plan for the Trust;
- (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 and, where applicable, any control total either approved or for approval by DoH;
- (e) identify potential risks.

4.2.3 The Director of Finance shall monitor financial performance against budget and plan, review them on a monthly basis and report to the Trust Board.

4.2.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.

4.2.5 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 effectively.

4.2.6 All budget holders will sign up to their allocated budgets at the commencement of each financial year. The Director of Finance will review any instances of allocated budgets not being signed up in order to resolve the matter and will inform the Chief Executive of any unresolved material issues.

### 4.3 Budgetary Delegation

4.3.1 The Chief Executive delegates the management of budget to budget holders to permit the performance of a defined range of activities. This delegation is implied in line with these Standing Financial Instructions. Budget holders have the responsibility to be aware of:

- (a) the amount of the budget they are responsible for;
- (b) the purpose(s) of each budget heading;
- (c) authority to exercise virement only within total Revenue or within total Capital (no virement of budget between revenue and capital);
- (d) the performance against their budget.

4.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total Revenue Resource Limit set by the Commissioning Body, taking account of any approved control total.

4.3.3 All Budget Holders must ensure that the necessary business case preparation and approvals have been obtained for expenditure decisions before committing to new recurrent revenue expenditure in new service commissioning or to support any other proposed investment. Failure to obtain the required approvals will mean that the expenditure has been incurred without the required authority and is therefore deemed to be irregular. This could lead to a qualification of the audit opinion in the Trust's annual financial statements. Budget Holders should refer to the latest DoH and Trust guidance on business cases and the NI Guide on Expenditure Appraisal and Evaluation and the delegations issued by the DoH in HSC (F) circulars. It is recommended that Budget Holders consult with their designated Finance Business Partner or the Assistant Director of Financial Management for advice before committing to any proposed recurrent investment.

4.3.4 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Director of Finance, subject to any authorised use of virement. Where DoH resources allocated for a particular purpose are not required or not required in full, for that purpose, approval of the Commissioning Body/DoH must be obtained before any redistribution within the Trust. This to be co-ordinated by the Director of Finance.

4.3.5 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing from the Director of Finance (on behalf of the Chief Executive).

- 4.3.6 All Budget Holders are required to regularly review all projected expenditure and identify to their Finance Business Partner on a timely basis, where inescapable expenditure has the potential to breach their delegated budget.

#### **4.4 Budgetary Control and Reporting**

- 4.4.1 The Director of Finance will devise and maintain systems of budgetary control and provide a financial report for each meeting of the Trust Board to meet their information needs.

The system of budgetary control to be maintained will include :

- (a) monthly financial reports to the Trust Board in a form approved by the Board containing income and expenditure to date showing trends and forecast year-end position;
- (b) regular reports to the Trust Board in a form approved by the Board containing capital project spend and projected outturn against plan with explanations of any material variances from plan;
- (c) the production and issue of timely, accurate and clear advice and financial reports to key budget holders, covering the areas for which they are responsible;
- (d) investigation and reporting of variances from financial and manpower budgets;
- (e) monitoring of management action to correct variances;

- 4.4.2 Each Budget Holder is responsible for ensuring that:

- a. Remain within their budget allocation;
- b. any likely material overspend or reduction of income which cannot be met by a solution is not incurred without the prior consent of the Director of Finance (acting on behalf of the Chief Executive);
- c. the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- d. no permanent employees are appointed without the approval of the Chief Executive, or his/her delegated representative, other than those provided for within the available resources;
- e. Budget holders should attend such training as deemed necessary by the Director of Finance; and

- f. Finance Business Partners or the Assistant Director of Financial Management should be consulted for advice and support as required.

4.4.3 The Director of Finance is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Trust's Financial Plan and a balanced budget.

#### **4.5 Monitoring Information to DoH**

4.5.1 The Director of Finance is responsible for ensuring that the appropriate financial monitoring forms are submitted to the appropriate monitoring organisation.

#### **4.6 Finance, Performance and Workforce Committee**

4.6.1 The Committee will support the Board and Accounting Officer to ensure that the Trust is operating within the financial resource allocation and is delivering on its statutory responsibility to "break-even" at year end and to ensure delivery of planned results for performance and service improvement targets. The remit of the Committee includes:

- (a) To review in detail the financial strategy, so as to be able to confirm to the Trust Board the basis of acceptance.
- (b) To review the financial monitoring process and reporting in sufficient detail to advise the Trust Board, with confidence, concerning the financial performance of the Trust.
- (c) To be assured that Directors are effectively carrying out duties as Budget Holders and are well informed regarding the financial outlook for the Trust, and monitoring their achievement of financial targets
- (d) To review achievement of cost improvements and income generation activities in line with the Trust Delivery Plan and holding budget holders to account for financial performance.
- (e) To review financial reporting (ongoing on a regular basis).
- (f) To receive regular updates on actions taken by SLT to improve the financial position within the Trust
- (g) To ensure the Director of Finance, Procurement and Estates provides assurance that adequate training is delivered on an ongoing basis to budget holders to enable them to manage their responsibilities.
- (h) To provide assurance to the Board that the Trust operates under a sound performance management framework, and that performance risks are understood and mitigated

- (i) To review in detail any areas of Trust financial performance that are appropriate for further Board scrutiny, as agreed by Committee members
- (j) To consider Trust financial performance in a regional context and identify areas for additional scrutiny
- (k) To review financial and estates benchmarking data as it relates to Trust services

#### 4.6.2. Value for Money

The Committee will oversee the adequacy of the Trust's arrangements for ensuring that value for money is obtained in the expenditure of all public funds entrusted to its care. This will include a review of the findings from, and management's response to, all value for money audit reports issued to the Trust from the Comptroller and Auditor General (C&AG).

## 5. ANNUAL ACCOUNTS AND REPORTS

### KEY POINTS

- The Director of Finance will prepare financial returns and the Annual Report and Accounts for the Trust as required by the DoH.
- The Annual Report and Accounts will be subject to audit by the Comptroller and Auditor General, laid before the NI Assembly and presented in a public meeting of the Trust.
- The Annual Report and Accounts are part of the Publication Scheme of the Trust.

### 5.1 The Director of Finance, on behalf of the Trust, will:

- (a) prepare financial statements in accordance with the accounting policies and guidance given by the DoH and the Department of Finance's Financial Reporting Manual (FReM), the Trust's accounting policies, and relevant International Financial Reporting standards;
- (b) prepare and submit as a single document an audited annual report of the Trust's activities together with its audited consolidated annual accounts to the DoH certified in accordance with annual timetable and guidelines;

- (c) submit financial returns to the DoH for each financial year in accordance with the timetable prescribed by the DoH.
- 5.2 The Trust's Annual Accounts and Annual Report must be audited by the Comptroller and Auditor General to the NI Assembly. The Trust's audited Annual Accounts and Annual Report must be presented to a public meeting and made available to the public after laying before the NI Assembly. This document must comply with the DoH Manual for Accounts, FReM and any other relevant guidance.
- 5.3 The Trust 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. This will include the Annual Report and Accounts.

## 6. **BANK ACCOUNTS**

### **KEY POINTS**

- The Director of Finance is responsible for managing the Trust's banking arrangements and ensuring detailed instructions on their operation are in place.
- The Trust Board will approve the banking arrangements.

### **6.1 General**

- 6.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements, including setting clarity for the interface with the BSO where it provides banking services on behalf of the Trust. The Chief Executive, as Accounting Officer, is responsible for the credit risk to which public funds are exposed when held in commercial banks. The Director of Finance is also responsible for advising the Trust Board on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by the DoH. The Trust's Accounting Officer is responsible for ensuring that the Trust's banking arrangements are in accordance with the requirements for Managing Public Money Northern Ireland (MPMNI).

6.1.2 The Trust Board shall approve the banking arrangements.

## **6.2 Bank Accounts**

6.2.1 The Director of Finance is responsible for:

- a. operation of bank accounts, including project bank accounts;
- b. establishing separate bank accounts for the Trust's non-public funds administered by the Trust;
- c. ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- d. reporting to the Trust Board all arrangements made with the Trust's bankers for accounts to be overdrawn;
- e. monitoring compliance with DoH guidance on the level of cleared funds;
- f. setting the parameters for the BSO within the Service Level Agreement (SLA) for any of the above as appropriate.

## **6.3 Banking Procedures**

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

- a. the conditions under which each bank account is to be operated, including the use of electronic banking;
- b. those authorised to sign cheques or other orders/undertake banking on line payments, drawn on the Trust's accounts;
- c. the limit to be applied to any overdraft;
- d. when and how payment by cheque, credit card or direct debit is acceptable;
- e. record keeping, including bank reconciliations;
- f. adequate records are maintained of payments and receipts;
- g. adequate facilities are available for the secure storage of cash;
- h. setting the parameters for the BSO within the Service Level Agreement (SLA) for any of the above as appropriate.

- 6.3.2 The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated including the nominated officers who are authorised to release monies from the bank accounts.

## 6.4 Tendering and Review

- 6.4.1 The Director of Finance is responsible for reviewing 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. It is expected that the Trust will avail of the regional HSC banking contract, save in exceptional circumstances.

- 6.4.2 Competitive tenders for HSC banking business should be sought at least every three to five years or extended period as agreed by the Trust. The results of the tendering exercise should be reported to the Trust Board.

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

### KEY POINTS

- The Director of Finance is responsible for ensuring that BSO Accounts Receivable Shared Services have appropriate procedures in place for the recording, invoicing, debt management, receipting and coding of all income due to the Trust;
- The Director of Finance is responsible for ensuring Trust staff have appropriate guidance regarding the above;
- The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges;
- **Trust staff** must promptly advise of income due to the Trust and follow the appropriate procedures to ensure an invoice is raised;
- The Director of Finance is responsible for ensuring adequate security arrangements are in place over controlled stationery, safes, safe keys, cash, cheques etc.

## 7.1 Income Systems

- 7.1.1 The Director of Finance is responsible for ensuring, via the Service Level Agreement with the BSO, that there is compliance with agreed

systems for the proper recording, invoicing, collection and coding of all monies due.

- 7.1.2 The Director of Finance is responsible for the prompt banking of all monies received whether by Trust cash offices or by BSO on its behalf.
- 7.1.3 The Director of Finance will seek annual assurance from the BSO on the reliability of the information processed by BSO for accounting purposes on behalf of the Trust.
- 7.1.4 The Director of Finance will ensure that the BSO is subject to audit of its systems, controls and processes on an annual basis and that the Trust is formally advised by Internal Audit of any assurance levels less than satisfactory.
- 7.1.5 The Director of Finance is responsible for designing, maintaining and training Trust staff in, appropriate financial procedures regarding the above.
- 7.1.6 The Director of Finance will ensure that the Trust receives regular reports in an agreed format in relation to all areas of income, debt and banking that are managed by BSO on the Trust's behalf.

## **7.2 Fees and Charges**

- 7.2.1 All fees or charges for any services supplied by the Trust, including services provided between HSC bodies shall be determined in accordance with MPMNI and should be based on a full cost recovery basis. Where it is decided to charge less than full costs, this will require DoH Ministerial and DoF approval and there should be an agreed plan to achieve full cost recovery within a reasonable period. If the subsidy is intended to last the decision should be documented and periodically reviewed.
- 7.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DOH or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 7.2.3 Charges for commercial services should be set at a commercial rate. The rate shall deliver a commercial return on the use of the public resources deployed in supplying the service. The requirements of competition law must be considered. Decisions to set rates at below market practice must have Ministerial and DoF approval.
- 7.2.4 All employees must inform the Director of Finance or their delegated representative and BSO promptly of money due to the Trust arising from transactions which they initiate/deal with, including all contracts, leases, rent, tenancy agreements, private or chargeable patient undertakings and other transactions.

7.2.5 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered, the Trust will follow all relevant DoH guidance and the following Trust guidance should be applied:

- Trust guidance on Gifts, Hospitality & Sponsorship Policy
- Trust guidance on Conflicts of Interest Policy;
- Charitable Trust Funds procedures.
- Any other relevant Trust guidance

7.2.6 Receipts arising from fines and taxes should be surrendered to DoH and do not provide additional spending power for the Trust.

7.2.7 Receipts arising from the sale of goods and services, rent of land and dividends normally can be retained by the Trust and provide additional spending power for the Trust.

If there is any doubt about the correct treatment of a receipt, the Trust will consult the DoH.

### **7.3 Debt Recovery**

7.3.1 The Director of Finance is responsible for ensuring that the BSO undertakes the appropriate recovery action on all outstanding debts. For those debts not managed by the BSO, the Director of Finance is responsible for ensuring appropriate procedures are in place for recovery action.

7.3.2 Income not received should be dealt with in accordance with Trust procedures on losses and special payments and DoH guidance.

7.3.3 Salary overpayment recovery should be initiated in line with DoH guidance, BSO Payroll Shared Services procedures and Trust policy.

7.3.4 The Director of Finance shall ensure that regular reports in the agreed format are provided to the Trust by the BSO in relation to those debts managed by the BSO on the Trust's behalf.

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

7.4.1 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. ordering and securely controlling any such stationery;
  - c. the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes and the procedures for keys;
  - d. prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust
  - e. obtaining assurance from BSO that suitable arrangements for the above exist, where relevant, within the Accounts Receivable Shared Services Centre.
- 7.4.2 Funds managed by the Trust shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 7.4.3 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.
- 7.4.4 All unused cheques and other orders will be subject to the same security precautions as are applied to cash.
- 7.4.5 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.
- 7.4.6 Any shortfall in cash, cheques or other negotiable instruments must be reported to the Director of Finance or Trust Fraud Liaison Officer as soon as it is discovered.

## 8 PROCUREMENT AND CONTRACTING PROCEDURE

### KEY POINTS

- As per the Northern Ireland Public Procurement Policy Statement, Public Procurement is defined in its “broadest sense which includes the **commissioning, tendering and contract management phases**”
- The Trust must use the existing Centres of Procurement Expertise for the procurement of works, goods and services.
- Purchased healthcare and pharmaceutical procurement do not have established Centres of Procurement Expertise but other arrangements are in place.
- The Chief Executive is responsible for preparing the Trust Procurement strategy and bringing it to Trust Board for approval. This task is delegated to the Director of Finance. The Director of Finance will prepare an Annual Procurement Plan.
- The Director of Finance is responsible for ensuring that the Trust has appropriate systems in place for controlling risks associated with purchasing activities.
- **Trust managers and officers must:**
  - Ensure they comply fully with legislation, DOH Policies and Trust guidance on procurement (including Direct Award Contracts) and contract management;
  - Complete a conflict of interest declaration throughout the entire commercial cycle of a good/service;
  - Accept tenders from suppliers who provide the lowest cost or the best value for money, being the most advantageous combination of cost, quality and Social Value to achieve the required outcome.

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

- 8.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with all relevant legislation, Northern Ireland Public Procurement Policy, the Standing Orders and these Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied). No member of staff should enter into a contract without receiving prior advice and guidance from the Trust or a Centre of Procurement Expertise e.g. BSO PaLS.

## **8.2 UK Procurement Legislation, Northern Ireland Public Procurement Policy, Procurement Control Limits and DoH HSC (F) circulars and other professional Estates guidance.**

8.2.1 Northern Ireland Public Procurement Policy Statement; Procurement Policy Notes and any other guidelines or guidance issued by DoH, DoF Central Procurement Directorate (CPD) and the Trust Procurement Board prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions. The Trust shall also ensure that it complies with any relevant UK or other international procurement rules and within its delegated limits as outlined by the Procurement Control limits.

## **8.3 Scope of Procurement**

8.3.1 As per the Northern Ireland Public Procurement Policy Statement, Public Procurement is defined in its “broadest sense which includes the commissioning, tendering and contract management phases. It also defines Best Value for Money as the most advantageous combination of cost, quality and Social Value to achieve the required outcome”.

8.3.2 These Standing Orders and Standing Financial Instructions encompass the procurement of any works, goods, service and personnel from any external supplier in the market place awarded through Direct Award Contract, Quotations, Tenders, Frameworks or Open Competition.

8.3.3 It does not cover:

- The supply of services provided internally from within the Trust or from HSC organisations;
- Expenditure which is regulated by Departmental directive, such as Personal and Social Care Expenditure on boarded out Adults;
- patient travelling expenses, or others, such as business rates and water and sewerage.

## **8.4 Procurement through a Centre of Procurement Expertise**

8.4.1 The Trust’s procurement activity will be carried out under the influence of a CoPE by means of a Service Level Agreement (SLA).

The relevant CoPEs are:

- Business Services Organisation – Procurement and Logistics service (BSO PALS) for Goods and Services including Social Care and ICT commodities
  - Health Estates for Construction Works/Services.
- 8.4.2 The Director of Finance is responsible for holding to account the Procurement and Logistics service provided by the Business Services Organisation within its Service Level Agreement (SLA).
- 8.4.3 A regional Procurement and Supply Chain Partnership Board (PSCPb), comprising all major customers of BSO PaLS, provides regional oversight and strategic direction on actions necessary to improve procurement practice/performance. It is chaired by the Permanent Secretary of the DoH.
- 8.4.4 The Chief Executive and the Director of Finance of the Trust are members of the PSCPb. There are a number of regional sub-groups from the PSCPb, namely Social Care Procurement Board (SCPb); Regional ICT Procurement Board(RICT); Regional Pharmaceutical Contracting Executive Group (RPCEG); and the Regional Estates Procurement Group (REPG). These groups are regional forums which assist in the HSC in ensuring appropriate strategic direction across all procurement practice by the CoPE.
- 8.4.5 The Director of Finance is responsible for managing the procurement of construction works and design services with Health Estates within delegated limits. This includes adherence to the Estates Procedure Manual by the Trust and for advising Trust Board on the provision of construction works and design services. This advice will take into account guidance and directions issued from time to time by the DoH and DoF CPD.

The Director of Finance is responsible for ensuring the following is in place within these CoPEs:

- (a) Clear and appropriately detailed specifications are used for all purchases;
- (b) The purchase of all works, goods and services conform to an appropriate method of procurement;
- (c) tenders and award contracts are evaluated through the use of pre-determined criteria that ensure the delivery of best value, where best value is defined as “the most advantageous

combination of cost, quality and social value to achieve the required outcome”.

- (e) All contracts for goods, works and services are managed and regularly monitored and reviewed;
- (f) Up to date legislation and guidance relevant to the management of purchasing and contracts is used;
- (g) Performance indicators are in place, reviewed and published in compliance with the Procurement Act 2023 (PA 2023) where relevant;
- (h) The service is subject to audit to ensure that an appropriate and effective system of managing purchasing is in place and the necessary levels of controls and monitoring are implemented.

8.4.4 If another CoPE or equivalent is to be used for a specific project, this should be consented to in advance by either BSO PALS or Health Estates depending on the subject matter.

8.4.5 The Accounting Officer, delegated to the Director of Finance may decide on the level of internal delegation required for the approval of purchases subject to delegated limits set by departmental or DOF guidance and subject to any additional SLA requirements regarding, or formal guidance on, lowest acceptable delegations given by the relevant CoPE.

8.4.6. In circumstances where the whole life cost of a Capital project is forecast to be above the Trust's Delegated limit, the Trust must seek, on a case-by-case basis, the direction of the CPD. In some cases, CPD will permit the Trust to procure as per paragraph 8.4.1 above and in other cases procurement will be managed via Health Estates.

## **8.5 Pharmaceutical Procurement and Contract Management**

8.5.1 The Trust shall use the Regional Pharmaceutical Procurement Service, which is a regional shared service operated by the Northern Health and Social Care Trust in collaboration with BSO PaLS. The Regional Pharmaceutical Contracting Executive Group (RPCEG) is responsible for the procurement arrangements associated with the supply of medicines, dressings and associated pharmaceutical products and services and approving the associated award of contracts.

8.5.2 The Trust's Director of Pharmacy will be permitted to approve procurement outside of the above arrangements in circumstances where the relevant tender process is underway but not concluded or in other exceptional circumstances.

8.5.3 Pharmaceutical procurement shall be carried out in line with the relevant DoH policies.

8.5.4 The Director of Pharmacy is responsible for ensuring Trust participation in the RPCEG and for reporting on the activities of the Regional Pharmaceutical Procurement Service to the Trust Procurement Board.

## **8.6 Procurement of Social Care**

8.6.1 Above threshold procurements are undertaken via the Social Care Procurement Unit of BSO PaLS. The Procurement Contracting Network (SCPU and Trust Staff) has developed guidance to support Trust staff undertaking below threshold competitions via a common approach. The Director of Finance, delegated to the Director of Planning, Performance and Informatics will ensure that the Trust has appropriate guidance on social care in place for following both procurement approaches and the Trust shall work with BSO PaLS to ensure that procurement in these areas are conducted in accordance with extant legislation and guidance and meets the guiding principles of the NI Public Procurement Policy. The Director of Planning, Performance and Informatics is responsible for reporting on social care procurement activities to the Trust Procurement Board.

## **8.7 Procurement of Purchased Healthcare**

8.7.1 The Trust shall seek advice from BSO PaLS to ensure that procurement in this area is conducted in accordance with extant legislation and guidance and meets the guiding principles of the NI Public Procurement Policy Statement.

## **8.8 Procurement and Contract Management Arrangements**

### **8.8.1. General**

The Director of Finance will ensure that the Trust has appropriate systems in place for controlling the risks associated with purchasing activities. These include:

- a. Establishing and documenting accountability, ensuring appropriate top level commitment;
- b. Local implementation of actions arising from the HSC Procurement and Supply Chain Partnership Board;
- c. Implementing a procurement strategy and work plan;

- d. Demonstrating legal compliance;
  - e. Pursuing best practice and demonstrating best value for money;
  - f. Managing effective relationships with key suppliers, customers and other stakeholders;
  - g. Following DoH policies and guidance on procurement in accordance with PA 2023;
  - h. Following an appropriate, documented procurement process;
  - i. Managing contracts and contractor performance;
  - j. Monitoring and review of overall performance management;
  - k. Internal Audit of procurement and contract management activities
- 8.8.2 The Director of Finance will, on behalf of the Chief Executive, compile and submit to the Trust Board a Trust Procurement Strategy which takes into account key strategic procurement requirements to deliver better and more efficient procurement.
- 8.8.3 The Director of Finance will, on behalf of the Chief Executive, prepare a Procurement Plan and submit for approval by the Trust Board or other nominated Committee. Such plans will:
- (a) be in accordance with the aims and objectives set out in the Trust Procurement Strategy;
  - (b) be produced following discussion with appropriate CoPEs and other stakeholders;
  - (c) be prepared within the limits of available funds;
  - (d) identify potential risks;
  - (e) Cover all areas of externally sourced expenditure on works, equipment, goods, supplies, service and personnel.
- 8.8.4 The Director of Finance shall monitor performance against the work plan with key stakeholders, review it on a quarterly basis and report to the Board or its nominated committee.
- 8.8.5 Senior staff from key areas involved in procurement must provide information as required by the Director of Finance to enable a plan to be compiled and progress monitored.

- 8.8.6 The Director of Finance acts as a Trust representative on the HSC Procurement and Supply Chain Partnership Board and will oversee the implementation of key strategic procurement requirements to deliver efficient and effective procurement and in line with regional priorities.
- 8.8.7 The Director of Finance has a responsibility to ensure that adequate training and documented procedures are available to Trust employees commensurate with their roles and responsibilities. These procedures will include appropriate guidance on procurement, management of contracts and the management of contractor performance. The Director of Finance delegates responsibility for the issue of guidance on contract management to the Director of Planning, Performance and Informatics.
- 8.8.8 The Director of Finance will produce a report each year detailing any Direct Award contracts above £20,000 in which competitive tendering was not employed. This report will be presented to the Audit and Risk Assurance Committee. This report will be sent to DoH every six months.

#### **8.8.9 Duties of Managers and Officers**

- a. Managers and officers acting on behalf of the Trust must ensure that they comply fully with the Trust guidance on procurement (including Direct Award Contracts) and contract management.
- b. Prior to participation in an evaluation process those Officers participating in the evaluation will be required to adhere to Tender Assessment Panel (TAP) guidance and complete a Declaration of Conflict of Interest.
- c. Officers participating in an evaluation must accept tenders from suppliers who provide the best value for money overall. This is defined as the most advantageous combination of costs, quality and Social Value to achieve the required outcome. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to achieve the required outcome; and Social Value means economic, environmental and social benefits in support of the Programme for Government. Finding value for money involves an appropriate allocation of risk.

### **8.9 Contracting / Tendering Arrangements**

- 8.9.1 The Trust shall obtain and follow the advice of the relevant CoPE(s) in relation to the following processes:
- (a) Invitation to tender;

- (b) Receipt and safe custody of tenders;
- (c) Opening tenders and registration of tenders;
- (d) Admissibility of tenders;
- (e) Late tenders;
- (f) Evaluation of tenders;
- (g) Assessment of financial standing and technical competence of contractors;
- (h) Exceptions to using approved contractors;
- (i) Competitive and non-competitive quotations.

## **8.10 Competition**

8.10.1 Competition promotes economy, efficiency and effectiveness in public expenditure. Works, goods and services should be acquired through public competition unless there are convincing reasons to the contrary, and where appropriate should comply with UK and domestic advertising rules and policy. The form of competition chosen should be appropriate to the value and complexity of the goods and services to be acquired.

8.10.2 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

8.10.3 Where a contract is awarded to an economic operator without competition, this is referred to a Direct Award Contract (DAC). In light of their exceptional nature, all DACs should be dealt with in accordance with the advice, requirements and delegations set out in DoH and DoF guidance or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations). For contracts awarded through a DAC process, where applicable, Conflict Assessments, Notices Regime, and KPIs should be managed and reported on in line with PA 2023.

## **8.11 Authorisation of Tenders and Competitive Quotations**

8.11.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with delegated limits set out in the Trust's Scheme of delegation.

8.11.2 Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in the minutes of the relevant meeting.

8.11.3 Where the contract to be awarded is a multi-Trust or Regional Contract then the Director of Finance shall nominate in advance a Trust

employee(s) to participate in the tender evaluation and adjudicate the contract on behalf of the Trust. In doing so the Chief Executive shall delegate authority to that officer(s) to award the contract on behalf of the Trust and thereafter become the contract owner throughout the life cycle of the contract.

8.11.4 Items to be procured which are originally estimated to be below the limits set in the Scheme of Delegated Authority for which formal tendering procedures are used which subsequently prove to have a value above such limits shall require re-approval.

8.11.5 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 Standing Financial Instructions unless prior authorisation has been obtained from the Director of Finance.

## **8.12 Private Finance for capital procurement**

8.12.1 The Trust may consider the use of private sector financing for major capital schemes. In such cases, the Trust shall follow the advice and guidance of the DoH, CPD, Health Estates and the Department of Finance in relation to the process to be followed.

8.12.2 Private Finance should only be used after the rigorous scrutiny of all alternative procurement options, where:

- The use of private finance offers better value for money for the public sector compared with other forms of procurement;
- the structure of the project allows the public sector to define its needs after construction as service outputs that can be adequately contracted for in a way that ensures an effective and accountable delivery of long-term public services; and

The public sector partner is able to predict the nature and level of its long term service requirements with a reasonable degree of certainty.

8.12.2 Any proposal to utilise private sector finance must be agreed by the Trust Board and the decision recorded in the minutes of the relevant meeting. Advice should also be sought from the Strategic Investment

Board to assist with any business case where PPP is being explored as an option.

### **8.13 Shared Services**

Active engagement should be undertaken with the BSO to continue improving, enhancing and extracting value from existing and new services with consideration to consolidating services through share service provisioning.

The Trust should always use BSO in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO services then use of an alternative provider must be formally appraised via a business case.

### **8.14 Health and Social Care Service Agreements**

Service agreements between HSC providers for the supply of healthcare services, other services (e.g. CSSD and laundry) and social care 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 are not enforceable by the courts. If any dispute arises with respect to such an arrangement, either party may refer the matter to the DoH for determination.

However, a contract with an NHS Foundation Trust is a legal document and is enforceable in law.

### **8.15 In-house Services**

8.15.1 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 Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

8.15.2 Appropriate groups shall be established within the Trust to manage the tender process and to present an in-house bid. All groups shall work independently of each other. No member of the in-house tender group may participate in the evaluation of tenders.

8.15.3 The evaluation team shall make recommendations to the Trust Board.

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

#### **8.16 Applicability of SFI's on Procurement and Contracting to Charitable Trust Funds and Patient's Property**

These Instructions shall not only apply to expenditure from Public funds but also to works, services and goods purchased from the Trust's Charitable Trust funds, Patients' private property monies and from other funds provided to the Trust.

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## 9. HSC COMMISSIONING AGREEMENTS FOR THE PROVISION OF SERVICES

### KEY POINTS

- The Chief Executive is responsible for ensuring the Trust enters into suitable arrangements with Commissioning bodies for the provision of health and social care services. They should aim to implement the agreed priorities contained in the relevant Commissioning documents/Corporate Plan.

### 9.1 Commissioning Arrangements

9.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable commissioning arrangements with service commissioners for the provision of health and social care services.

9.1.2 All commissioning agreements should aim to implement the agreed priorities contained within the relevant Commissioning documents/Corporate Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- the relevant service framework (if any);
- the provision of reliable information on cost and volume of services;
- that commissioning agreements are built, where appropriate on existing Investment Plans;

### 9.2 Involving Partners and jointly managing risk

Where possible, commissioning agreements will be developed in conjunction with clinicians, social workers, nursing staff, service users, carers, public health professionals, allied health professionals and managers. They 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. The commissioning agreement will apportion responsibility for handling particular risks to the party or parties in the best position to influence the event. As such the Trust can jointly manage risk with all interested parties.

## **10. TERMS OF SERVICE, ALLOWANCES AND PAYMENTS TO STAFF AND MEMBERS OF THE TRUST BOARD**

### **KEY POINTS**

- The Remuneration and Terms of Service Committee is a sub-committee of the Trust Board and make recommendations to the Trust Board about appropriate remuneration and terms of service for the Chief Executive and other senior executives;
- The funded establishment of any department may not be varied without the approval of the Chief Executive delegated to Director of Finance;
- The Trust Board will approve procedures presented by the Chief Executive or his nominated officer for the determination of commencing pay rates, conditions of service etc., for employees;
- The Director of Finance is responsible for ensuring that appropriate arrangements are in place for payroll processing, that proper controls exist and are operating effectively;
- **Trust nominated managers** have delegated responsibility for:
  - Submitting accurate time records and other notifications in accordance with agreed timetables and in a prescribed format;
  - Submitting manual or electronic contractual amendments on time and in a prescribed format
  - Submitting appropriate claims for reimbursement in accordance with agreed timetables and in a prescribed format.
- All employees will be issued with a contract of employment in an approved form which complies with employment legislation and DoH guidance/circulars.

10.1.1 In accordance with Standing Orders, the Trust 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.

10.1.2 The Committee will:

- a) make such recommendations to the Trust Board on the succession planning, remuneration, allowances and terms of service of the Chief Executive and other senior executives, 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 including DoH NI arrangements for such members and staff where appropriate;

- b) Provide advice to the Board on remuneration including all aspects of salary as well as arrangements for termination of employment and other contractual terms;
- c) monitor and evaluate the performance and development of the Chief Executive and individual senior employees remunerated on a senior executive pay scale;
- d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate and advise the Trust Board accordingly.

10.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Directors in matters not already directed by the DoH. Any change to the remuneration of Senior Executives will be in line with guidance provided in relevant circulars from the DoH or with the prior approval of the Permanent Secretary of the DoH where the circumstances are out with the terms of extant circulars. Minutes of the Board's meetings shall record such decisions.

10.1.4 Recruitment exercises to fill permanent senior executive vacancies or new senior executive posts in the Trust should proceed only on approval of the Permanent Secretary of the DoH. Interim appointments of less than twelve months' duration will be progressed in line with extant guidance from DoH.

10.1.5 The Trust Board will consider and need to approve proposals presented by the Chief Executive or by the Remuneration Committee for the setting of remuneration and conditions of service for those employees and officers not covered by either DoH direction.

10.1.6 The Trust will pay allowances to the Chairman and non-executive members of the Board in accordance with the instructions issued by the Minister for Health, in line with DOH guidance.

## **10.2 Funded Establishment**

10.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.

10.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive or Director of Finance.

10.2.3 It is the budget-holders' responsibility to ensure that the funded establishment is not exceeded without the prior approval of the Director of Finance or his/her representative. The Director of Finance will

regularly report to the Senior Leadership Team any material over-commitment against the funded establishment. Where patient, client or staff safety requires expenditure to be incurred beyond the current approved budget, the Directorate concerned is required to prepare a contingency plan to bring expenditure back to within budget limits and within an agreed timeframe. Should that not be possible, then the Director of Finance is required to inform the Commissioning Body and DoH where material.

### **10.3 Staff Appointments**

10.3.1 No Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless the specific Trust procedure relating to it is followed and it is within the limit of their approved budget and funded establishment as confirmed by the Director of Finance.

10.3.2 The Trust Board will approve procedures presented by the Chief Executive or his nominated officer, for the determination of commencing pay rates, terms and conditions of service (including pension), etc., for employees.

10.3.3 Any proposal by the Trust to move from existing pension arrangements, or to pay redundancy, or compensation for loss of office, requires the approval of the DoH and DoF. Proposals on severance payments must comply with MPMNI and any related DoF/DoH guidance.

### **10.4 Processing Payroll**

10.4.1 The processing of Trust payroll is outsourced to the Business Services Organisation. The Director of Finance will ensure that there is an appropriate Service Level Agreement and monitoring arrangements are in place with the BSO to ensure that his/her responsibilities with regard to payroll processing are addressed and that proper controls are in place and are operating effectively.

10.4.2 The Director of Finance will seek annual assurance from the BSO on the reliability of the information processed by BSO for accounting purposes on behalf of the Trust.

10.4.3 The Director of Finance will ensure that the BSO systems, controls and processes are subject to audit on an annual basis and that the Trust is made aware of any assurance levels that are assessed as less than satisfactory.

10.4.4 The Director of Finance is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the payroll processing of pay and allowances including travel and subsistence in accordance with DoH guidance;
- (c) making arrangements for ensuring payment on agreed dates;
- (d) agreeing method of payment.

10.4.5 The Director of Finance will agree and ensure the issue of instructions, including those to be issued by the BSO, where appropriate, regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of pay and allowances, including travel and subsistence to employees and Non-Executive Directors;
- (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 General Data Protection Regulations;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by manual cheque or bank credit to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) a system to ensure the recovery from those in and leaving the employment of the Trust, of sums of money overpaid and property due by them to the Trust;

(m) a system to ensure all statutory returns e.g. HMRC are completed.

10.4.6 Appropriately nominated managers have delegated responsibility for:

- (a) submitting approved manual or electronic time records, and other notifications in accordance with agreed timetables, and in the form prescribed by the BSO Payroll Shared Service Centre;
- (b) submitting approved manual or electronic termination/contract amendment forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination, retirement or other contractual change. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Human Resources and Organisational Development or his/her representative must be informed immediately;
- (c) Submitting approved manual or electronic claims for reimbursement of travel and subsistence expenses or other allowances in the prescribed form and in accordance with agreed timetables.
- (d) Regular check of issued Staff in Post reports to ensure that staff within their area of responsibility are recorded at the correct contracted hours and rate of pay.

10.4.7 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.

## **10.5 Contracts of Employment**

10.5.1 The Trust Board shall delegate responsibility to the Director of Human Resources and Organisational Development for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form which complies with employment legislation;
- (b) dealing with variations to, or termination of, contracts of employment.
- (c) Ensuring compliance with any legislation on contract workers

## 11. NON-PAY EXPENDITURE

### KEY POINTS

- The Trust Board will approve the level of non-pay expenditure on an annual basis.
- The Chief Executive, delegated to the Director of Finance, will set out the list of managers who are authorized to procure the supply of goods and services, personnel and minor works, the financial limit of each transaction and the system for authorization above that level;
- Non pay expenditure should be committed in accordance with procurement guidance;
- The Director of Finance is responsible for ensuring that appropriate arrangements are in place for processing payments, that proper controls exist and are operating effectively;
- The Director of Finance is responsible for issuing procedural instructions and guidance on obtaining goods, works, personnel and services and certification of associated accounts and claims;
- The Director of Finance is responsible for the prompt payment of accounts and claims and in accordance with Government Accounting guidance.
- **Trust managers and officers** must ensure they:
  - Apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending;
  - Adhere to procurement guidance
  - Order all goods, services or works on an official order, except works and services executed in accordance with contract and purchases from petty cash or the purchase card;
  - Do not split orders to avoid financial thresholds;
  - Do not place orders for items for which there is no budget provision, unless authorized by the Director of Finance;
  - Only use verbal orders in exceptional circumstances;
  - Do not take goods on loan/trial in circumstances that could commit the Trust to a future uncompetitive purchase;
  - Restrict purchases from petty cash and adequate records are maintained;
  - Do not issue orders to any firm which has made an offer of gifts/rewards or benefits to Non Executive Directors, Directors, Chief Executive or employees;
  - Notify the Director of Finance or his/her representative of staff changes to the list of approved signatories in the Trust.

## 11.1 Delegation of Authority

11.1.1 The Board will approve the level of non-pay expenditure on an annual basis. The Trust Board delegates to the Director of Finance the setting of financial limits to which the Directors or employees of the Trust may procure and award contracts for works, goods, services, or personnel OR authorise payment of expenditure on behalf of the Trust.

11.1.2 The Director of Finance will set out:

- (a) the list of managers who are authorised to place requisitions for the supply of goods and services and minor works;
- (b) the maximum level of each requisition and the system for authorisation above that level;
- (c) The list of managers who are authorized to use a Government purchasing card

11.1.3 Non-pay expenditure should be committed in accordance with the Northern Ireland Public Procurement Policy, Procurement Policy Notes, DoH circulars and other relevant guidance.

11.1.4 The processing of Trust payments is outsourced to the Business Services Organisation. The Director of Finance will ensure that there is an appropriate Service Level Agreement and monitoring arrangements in place with the BSO to ensure his responsibilities with regard to the processing of payments (non-payroll) are addressed and that proper controls are in place and are operating effectively.

11.1.5 The Director of Finance will seek annual assurance from the BSO on the reliability of the information processed by BSO for accounting purposes on behalf of the Trust.

11.1.6 The Director of Finance will ensure that the BSO systems, controls and processes are subject to audit on an annual basis and that the Trust is made aware of any assurance levels that are assessed as less than satisfactory.

11.1.7 The Director of Finance will ensure that the Trust receives regular reports in an agreed format in relation to all areas of payments that are managed by BSO on the Trust's behalf.

11.1.8 The Director of Finance will:

- (a) advise relevant employees regarding the procurement limits above which quotations (competitive or otherwise) or formal tenders must be obtained;
- (b) prepare procedural instructions or guidance that reflects the process of obtaining goods, works, personnel and services;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims in accordance with applicable terms, MPMNI and any guidance issued by DoH;
- (d) be responsible for maintaining a finance and procurement system for verification, recording and payment of all amounts payable.
- (e) Ensuring employees are trained in the process for requesting payments of invoices/accounts by the BSO Accounts Payable team.

11.1.9 Employees responsible for ordering goods or services are responsible for ensuring that:

- goods have been duly received, examined and are in accordance with specification and the prices are correct;
- work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
- in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
- where appropriate, the expenditure is in accordance with regulations including taxation and all necessary authorisations have been obtained;
- the invoice is arithmetically correct;
- the invoice is in order for payment.

## **11.2 Requisitioning, Ordering, Receipt and Payment for Goods and Services**

### **11.2.1 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 i.e. the optimum combination of whole life cost and quality (or fitness for purpose) to meet the Trust's requirements. In so doing, the advice of the Centre of Procurement Expertise on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance shall be consulted. Requisitions should be placed using the procurement system for goods and services.

### **11.2.2 Official orders**

Official Orders, either manual or electronic must:

- (a) be consecutively numbered;
- (b) state the Trust's terms and conditions of trade;
- (c) only be used and approved by, those duly authorized, according to delegated authority;

### **11.2.3 System of Payment and Payment Verification**

- a. The Director of Finance shall be responsible for the prompt payment of accounts and claims once appropriately authorized by Trust officers.
- b. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with the Government Accounting guidance.

The Trust or nominated service provider, will pay all properly authorised invoices within 30 calendar days of receipt on an undisputed invoice.

The Trust shall comply with the requirements of the Late Payment of Commercial Debts and Interest Act in relation to the payment of compensation and costs associated with late payment of suppliers.

Responsibility for approving such payments shall be delegated to an appropriate officer(s) by the Director of Finance and this shall be recorded in the Trust's Scheme of Delegated Authority.

The Trust should pay suppliers, whenever possible, within 10 working days. The Director of Finance shall ensure that all appropriate steps are taken to approve and release invoices for payment without unnecessary delay.

#### **11.2.4 Prepayments**

Prepayments are only permitted where exceptional circumstances apply and require the approval of DoF. This excludes normal regular expenditure such as rates, telephone rentals, insurance or other rental agreements. Occasions where advance payments are acceptable, with examples are listed in MPMNI. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- (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;
- (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 and Director of Finance if problems are encountered.

#### **Deferred Payments**

Any proposal for deferred payments is considered novel and contentious and must have the approval of the Department of Health.

#### **11.2.5 Duties of Managers and Officers**

Managers and officers acting or on behalf of the Trust must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

- (a) They must apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money. They must follow any Trust issued guidance in this regard. Appraisal must be applied irrespective of whether the relevant public expenditure or resources involve capital or revenue, is large or small or is above or below Trust delegated limits
- (b) 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;
- (c) contracts above specified thresholds are advertised and awarded in accordance with UK rules on public procurement;
- (d) contracts awarded without competition are supported by a Direct Award Contract in line with DOH guidance;
- (e) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DOH;
- (f) no order shall be issued for any item or items to any individual or 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 the principles outlined in the Trust's policy on Gifts, Hospitality and Sponsorship Policy)***
- (g) all goods, services, or works are ordered on an official purchase order; except for small inexpensive items of expenditure which fall within the procedures for petty cash or the procedures outlining use of the Government purchase card
- (h) orders must not be split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) verbal orders must only be issued very exceptionally – by an employee designated by the Chief Executive or Director of Finance and only in cases of emergency or urgent necessity. These must be confirmed the next working day by an official order and clearly marked "Confirmation Order";

- (j) goods must not be taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (k) changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (l) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (m) petty cash records are maintained in a form as determined by the Director of Finance.
- (n) purchases using the Government purchasing card are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;

11.2.6 The Director of Finance shall ensure that the arrangements for financial control and financial audit of design and construction contracts and property transactions comply with the guidance contained within the Estates Procurement Manual and the Land Transactions Handbook. The technical audit of these contracts shall be the responsibility of the relevant Director.

#### **Lending, Guarantees, Indemnities: Contingent Liabilities; Letters of Comfort**

11.2.7 The Trust shall not, without the consent of DOH, lend money, charge any asset or security, give any guarantees or indemnities of letters of comfort, or incur any other contingent liability.

#### **Gifts**

11.2.8 DoH and Department of Finance approval is needed for receiving/making any gifts above delegated limits. Gifts include the transfer of assets or leases at below market value. Public money must **not** be used to make gifts to staff. Gifts received or made above the value specified in the Trust Gifts & Hospitality policy must be noted in the Annual Report and Accounts.

#### **Use of consultants**

11.2.9 Director of Finance will issue Trust guidance on the use of consultants in line with DoH and DoF guidance on the Use of Consultants.

- 11.2.10 Director of Finance will prepare and submit to DoH a quarterly statement on status of all consultancies completed and /or started in each financial year.

## 12. GRANTS AND OTHER BODIES

### KEY POINTS

- Payments to community and voluntary organisations shall comply with with DoH guidance and any relevant legislation

12.1 Payments to community and voluntary organisations for services provided for, or on behalf of the Trust shall be covered by a Trust or equivalent contract or service level agreement and shall be managed in accordance with DoH guidance and relevant legislation.

12.2 Grants to other bodies for the provision of services to patients or clients shall, regardless of the source of funding, incorporate the principles set out in DoH guidance.

12.3 The Trust shall comply with the five main principles that apply to the management and administration of grant making. These are:

- Regularity – funds should be used for the authorized purpose;
- Propriety - funds should be distributed fairly and free from undue influence;
- Value for Money – funds should be used in a manner that minimises costs, maximises outputs and always achieves intended outcomes;
- Proportionate Effort – resources consumed in managing the risks to achieve and demonstrate regularity, propriety and value for money should be proportionate to the likelihood and impact of the risks materialising and losses occurring;
- Clarity of responsibility and accountability – within partnership working arrangements there should be clear documented lines of responsibility and accountability of each partner involved. Those who delegate responsibility should ensure that there are suitable means of monitoring performance.

The Trust shall take proportionate and appropriate steps to assess the financial standing of any organization with which it intends to enter into a contract or to which it intends to give grant or Grant in Aid (GIA) of a material amount.

The Trust will consider whether state aid rules apply where any funding is being given favouring a particular company or sector. Advice will be sought from DoH.

The Trust will adopt a contract management approach in line with DoH circulars and as articulated in the contract to ensuring quality / quantity and value of service is maintained.

The Trust will not make a loan to a third party without the approval of DoH. The terms and conditions of any such grant or loan will include a requirement on the recipient organization to prepare financial statements and ensure its records in relation to the grant/loan are readily available for inspection by the Trust, DoH, Internal or External Auditor.

Where the Trust has financed expenditure on capital assets by third parties, the Director of Finance will set conditions and make appropriate arrangements to ensure that assets are not disposed of without the Trust's prior consent.

#### **12.4 Duties of Managers and Officers**

Managers and officers acting on behalf of the Trust must ensure that they comply fully with the relevant contractual requirements, relevant legislation and Trust/DoH guidance.

### 13. CASH MANAGEMENT

#### KEY POINTS

- Grant in aid is paid in instalments to the Trust on the basis of need;
- The Director of Finance is responsible for ensuring that cash balances in the Trust are kept to a minimum;
- The Director of Finance is responsible for advising the Trust Board on the performance of any investments held;
- The Trust is not normally allowed to borrow.

13.1. Grant in aid (GIA) will be paid to the Trust in instalments on the basis of need.

13.2 The Director of Finance is responsible for submitting its cash requirements monthly to the DoH. This includes setting clarity for the BSO where it provides these cash management services on behalf of the Trust. The forecast GIA included in DoH spring supplementary estimates should not be exceeded.

13.3 The Director of Finance is responsible for ensuring that cash balances are kept at a minimum level consistent with the efficient operation of the Trust. Any interest earned on overnight deposits may have to be returned to DoH. Depending on the budgeting treatment of the receipt and its impact on the Trust's cash requirement, it may lead to a commensurate reduction in GIA or may need to be surrendered to DoH. GIA not drawn down at the end of the year will lapse. However, where draw down of GIA is delayed to avoid excess cash balances at year end, the DoH will make available in the next financial year (subject to approval) any such GIA required to meet any liabilities at year end such as creditors.

13.4 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Trust Board. The Trust should not build up cash balances or net assets in excess of what is required for operational purposes.

13.5 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board, or delegated sub-committee, concerning the performance of investments held.

13.6 The Director of Finance **Error! Bookmark not defined.** will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

- 13.7 Normally the Trust will not be allowed to borrow. The Director of Finance will seek the approval of the DoH and where appropriate DoF

to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Any expenditure by the Trust financed by borrowing counts towards DEL.

- 13.8 The Trust will not enter into any other unconventional financial arrangement without the approval of the DoH and DoF.

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

##### **KEY POINTS**

- The Chief Executive will ensure there is an adequate economic appraisal of capital expenditure proposals in line with all relevant guidance;
- For every capital expenditure proposal, the Chief Executive will ensure there is a business case, that the Director of Finance has certified the costs and revenue consequences, and that DoH approval has been secured where appropriate;
- Only major capital schemes costing in excess of £50 million require testing for PFI;
- The Director of Finance must obtain DoH approval for all property and finance leases;
- The Chief Executive is responsible for the overall control of assets and maintenance of asset registers, advised by the Director of Finance concerning asset control procedures;
- **Each employee** has responsibility for the security of property of the Trust and reporting any loss of assets in accordance with the procedure for reporting losses.

#### **14.1 Capital investment**

##### 14.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate economic appraisal of capital expenditure proposals in line with Better Business cases NI guidance, HM Treasury guidance and DoH circulars.
- (b) shall ensure that there is an approval process in place for determining capital expenditure priorities;

(c) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;

(d) 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.

14.1.2 For every capital expenditure proposal (including IT) the Chief Executive shall ensure:

(a) that a business case (in line with the DoH guidance) 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, including post project evaluation;

(b) that the Director of Finance has certified professionally to the whole life costs and revenue consequences detailed in the business case.

(c) that DoH approval is obtained for projects costing more than the Trust's delegated limit for capital or IT schemes.

14.1.3 For capital schemes where the contracts stipulate stage payments, the Director of Finance will issue procedures for their management, incorporating the recommendations of the Land Transactions Handbook. Where necessary a project bank account will be set up.

14.1.4 The Director of Finance shall advise on procedures to be put in place for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customs guidance.

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

14.1.6 The approval of a capital programme will not constitute approval to incur expenditure on any scheme.

The Chief Executive or Director of Planning, Performance and Informatics shall issue to the manager responsible for any scheme:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to procurement
- (c) approval to accept a successful tender

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

14.1.7 The Director of Finance shall be responsible for the development of 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 current delegated limits for capital schemes as issued by DOH.

## **14.2 Private Finance Initiatives (PFI) Schemes**

14.2.1 The Trust should follow DoH guidance with regard to testing for PFI schemes when considering procurement of major capital projects above the capital threshold of £50 million. 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 appropriate risk to the private sector;
- b. The Director of Finance will consult with the DoH over the accounting and budgeting treatment for a PFI. Where judgement over the level of control is difficult, the DoH will consult with the Department of Finance;
- c. The proposal must be specifically agreed by the Trust Board and other relevant bodies as specified by DoH

## **14.3 Leasing**

14.3.1 The Director of Finance on behalf of the Chief Executive must obtain DoH approval before entering into any property and/or finance lease. The DoH must have DEL provision for finance leases. Additionally, the Trust will ensure it is compliant with the relevant DoH circular in relation to any external organisation entering into a lease agreement for use of

Trust premises to ensure this occurs at a fair market rent levels and is inclusive of rates.

- 14.3.2 Before entering into a new lease or extending an existing lease term, the Director responsible for Estates, must at expiry or break options, submit to DoH a proportionate business case at least 12 months before either the lease expiry date or landlord/tenant notice date, whichever is earlier. The Director of Finance will demonstrate that the lease offers value for money and ensure that is appropriately demonstrated in the business case through analysis of options, including outright purchase. Business cases must be submitted for DoH approval in the first instance.

#### **14.4 Asset Registers**

14.4.1 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 on a rolling basis.

14.4.2 The Trust shall maintain an asset register recording non-current assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual and any other DOH guidance.

14.4.3 Additions to the 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 on the Trust's Statement of Financial Position and capitalised.

14.4.4 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 authorised documents and invoices (where appropriate). Attention is drawn to the guidance on limiting the holdings of land and buildings to the minimum required for the performance of present and clearly foreseen responsibilities as per DOH guidance.

- 14.4.5 The Director of Finance shall approve procedures for reconciling balances on non-current asset accounts in ledgers against balances on asset registers.
- 14.4.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the DOH.
- 14.4.7 The value of each asset shall be depreciated and/or impaired using methods and rates as specified in the Capital Accounting Manual issued by the DOH.
- 14.4.8 Transfers of assets between government departments should generally be at full current market value; assets transferred under a transfer of functions order to implement a machinery of government change are generally made at no charge.

## **14.5 Security of Assets**

- 14.5.1 The overall control of non-current assets is the responsibility of the Chief Executive.
- 14.5.2 Asset control procedures (including non-current assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. See SFI No. 7 for the control of cash, cheques and negotiable instruments.

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;
- 14.5.3 All discrepancies revealed by verification of physical assets to the asset register shall be notified to the Director of Finance.

- 14.5.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to HSC. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 14.5.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported in accordance with the procedure for reporting losses.
- 14.5.6 Where practical, assets should be marked as Trust property.

## 15. STORES AND RECEIPT OF GOODS

### KEY POINTS

- The Chief Executive delegates the control of stores to **designated officers** in the Trust;
- **Designated officers** are responsible for security arrangements and the custody of keys for any stores;
- The Director of Finance will set out procedures and systems to control and regulate stores, including a physical check of items in the store at least annually;
- **Designated officers** are responsible for the review of slow moving and obsolete items in the stores and adherence to the procedures for the reporting of losses.

### 15.1 General position

- 15.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
  - (b) subjected to a minimum of an annual stock take if they have a material value;
  - (c) valued at the lower of cost and net realisable value, in accordance with the Trust's accounting policy or relevant DoH circulars

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

15.2.1 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.

The areas of delegation include:

- Pharmacy
- Laboratory
- Community Aids and appliances
- Fuel
- Estates maintenance.
- Ward stocks
- Linen stores
- Catering stores
- Emergency Personal Protective Equipment

15.2.2 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/officer.

15.2.3 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.

15.2.4 The designated Manager/Officer shall be responsible for a system which reviews 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. 16 Disposals and Condemnations, Losses and Special Payments).

## **15.3 Goods supplied by Centres of Procurement Expertise (COPEs)**

15.3.1 For goods supplied via BSO warehouses, the Chief Executive shall delegate to officers the requisitioning and acceptance of goods from from the store. The delegated officers shall check receipt against the delivery note and notify the Centre of Procurement Expertise of any shortages or discrepancies using established Trust procedures.

## 15.4 Goods supplied directly from Suppliers

- 15.4.1 For goods supplied directly from suppliers, the Chief Executive shall identify those authorised to requisition and accept goods. The authorised person shall check receipt against the delivery note and order and notify of any shortages or discrepancies using established Trust procedures.

## 16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

### KEY POINTS

- The Director of Finance is responsible for accounting for the disposal of assets including condemnations;
- Assets shall be sold for best price, taking into account the costs of sales. Generally assets will be sold by auction or competitive tender;
- **Heads of Service** are responsible for ensuring that all data held on assets for disposal are dealt with appropriately and securely;
- The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses and special payments in line with DoH guidance;
- **Any employee** discovering or suspecting a loss of any kind must either immediately inform their Head of Department or inform the Trust's Fraud Liaison Officer directly.

### 16.1 Disposals and Condemnations

- 16.1.1 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 their representative of the estimated market value of the item, taking account of professional advice where appropriate. Assets shall be sold for best price, taking into account any costs of sale, as advised by Land and Property Services. Generally assets shall be sold by auction or competitive tender. All receipts derived from the sale of assets must be declared in accordance with DOH guidance by the Director of Finance.

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 Director of Finance or his nominated officer;
- (b) obsolete or condemned articles and stores;
- (c) items to be disposed of with an estimated sale value of less than £20,000 (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 subject to compliance with DoH guidance.

16.1.3 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 which will indicate whether the articles are to be converted, destroyed or otherwise disposed of.

16.1.4 Heads of Department will be responsible for ensuring that all data held on assets for disposal are dealt with appropriately and securely.

16.1.5 Other than at public auction, no article shall pass into the possession of any member of Trust staff or member of its Board.

## **16.2 Losses and Special Payments**

16.2.1 The Director of Finance must prepare procedural instructions on the recording of and accounting for losses, and special payments, in line DOH guidance.

16.2.2 The Director of Finance will consult with the DoH where proposed losses, irrespective of value:

- Involve important questions of principle;
- Raise doubts about the effectiveness of existing systems;
- Contain lessons which might be of wider interest;
- Might create a precedent for other departments; or
- are novel or contentious; or
- arise because of obscure or ambiguous instructions issued centrally.

- 16.2.3 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 Director of Finance or Trust Fraud Liaison Officer.
- 16.2.4 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 or corruption, the Director of Finance will determine when to inform the PSNI in accordance with the Trust's Anti -Fraud and Bribery Policy and Response Plan.
- 16.2.5 The Trust Fraud Liaison Officer must notify the BSO Counter Fraud and Probity Services on discovery of a loss or suspected loss to public funds or property as a result of fraud, misappropriation or malicious damage.
- 16.2.6 Within limits delegated to it by the DOH, the Board shall approve the writing-off of losses.
- 16.2.7 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.2.8 For any loss, the Director of Finance should consider whether any insurance/litigation claim can be made. Losses will not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful and there is no feasible alternative.
- 16.2.9 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.10 No special payments exceeding delegated limits shall be made without the prior approval of the DOH.
- 16.2.11 All losses and special payments must be reported to the Audit and Risk Assurance Committee at least once per annum .

## 17. INFORMATION TECHNOLOGY

### KEY POINTS

- The Director of Finance is responsible for the accuracy and security of the computerised financial data of the Trust;
- The Director of Finance will ensure that contracts for computer services for financial applications with another organisation clearly defines the responsibilities of all parties;
- The Director of Planning, Performance and Informatics will ensure that risks to the Trust arising from the use of IT are effectively identified and considered;
- Where computer systems have an impact on corporate financial systems, the Director of Finance will need to be satisfied across a range of measures.

### 17.1 Responsibilities and duties of the Director responsible for IT

17.1.1 The Director of Finance who is responsible for the accuracy and security of the computerised financial data of the Trust, will delegate to the Director of Planning, Performance and Informatics responsibility to:

- (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, cyber attack, theft or damage, having due regard for the General Data Protection Regulations;
- (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.

17.1.2 The Director of Finance shall ensure that any 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.

## **17.2 Contracts for Computer Services with other health bodies or outside organisations**

17.2.1 The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation (e.g. BSO) or any other organisations 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.

17.2.2 Where another health organisation (e.g. BSO) or any other agency provides a computer service for financial applications, the Director of Finance shall at least annually seek assurances that adequate controls are in operation.

## **17.3 Risk Assessment**

The Director of Planning, Performance and Informatics 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 business continuity plans.

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

Where computer systems have an impact on corporate financial systems the Director of Planning, Performance and Informatics will consult with the Director of Finance and Estates to ensure that:

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

## 18. PATIENTS' AND CLIENTS' PRIVATE PROPERTY

### KEY POINTS

- The Trust has responsibility to provide safe custody for money and other personal property in a number of circumstances;
- The Chief Executive is responsible for ensuring that patients/ or their next of kin are informed that the Trust will not accept responsibility or liability for property brought into the premises unless it is handed over and a receipt obtained;
- The Director of Finance will provide written instructions on the management of patients/clients property for all staff;
- **Line managers** must ensure that staff are appropriately informed of their responsibilities and duties for the administration of patients'/clients' property.

18.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") in the following circumstances:

- handed over by, or collected on behalf of, patients or clients;
- in the possession of unconscious or confused patients or clients;
- found in the possession of patients dying in Trust facilities or dead on arrival.

18.2 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;
- admission documentation and property records;
- the verbal advice of administrative, nursing and other professional staff responsible for admissions,

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

18.3 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' or clients' property (including instructions on the

disposal of the property of deceased patients or clients and of patients or clients transferred to other premises) for all staff whose duty it is to administer, in any way, the property of patients or clients. Due care should be exercised in the management of a patient's/client's money in order to maximise the benefits to the patient.

18.4 Where DoH instructions require the opening of separate accounts for patients' or clients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.

18.5 The Trust shall take cognisance of the provisions of the Enduring Powers of Attorney (NI) Order 1987 to provide for a patient or client to choose for someone other than a member of Trust staff to deal with his/her property and affairs.

18.6 Where patients'/clients' 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/client in writing.

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

- (a) property handed in for safe custody by any patient or client (or guardian or next-of-kin as appropriate)
- (b) property taken into safe custody having been found in the possession of patients or clients who are:
  - mentally disordered
  - confused or disorientated
  - unconscious
  - dying in a Trust facility
  - severely incapacitated for any reason

A record shall be completed in respect of all persons in category (b) above.

18.8 The record shall be completed by a member of staff in the hospital or facility concerned in the presence of a second member of staff and in the presence of the patient/client or his/her personal representative where practicable. It shall then be signed by both members of staff and the patient / client, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signatures of 2 members of staff to allow the original entry on the record to be amended.

18.9 Property handed over for safe custody shall be placed into the care of the officer responsible for the custody of patients' / clients' property, except where there are no administrative staff present, in which case

the property shall be placed into the care of the most senior member of staff on duty.

- 18.10 Patients' and clients' income from pensions and state benefits shall be dealt with in accordance with current DOH Regulations.
- 18.11 Refunds of cash handed in for safe custody shall be dealt with in accordance with the written instructions issued by the Director of Finance. Property other than cash which has been handed in for safe custody shall be returned to the patient or client by the officer who has responsibility for its security. The return shall be receipted by the patient or client (or guardian or next-of-kin if appropriate) and witnessed by an employee of the Trust.
- 18.12 The disposal of property of deceased patients / clients shall be effected by the officer who has responsibility for its security. Such disposal shall be in accordance with the written instructions of the Director of Finance. Where cash or valuables have been deposited for safe custody, they shall only be released after written authority has been given by an officer delegated by the Director of Finance. Such authority shall include details of the lawful kin or other person entitled to the cash and valuables in question.
- 18.13 In all cases where property of a deceased patient or client is of a total value in excess of £10,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments) (Increase of Limit) Order (NI) 2004), 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 £10,000 or less, forms of indemnity shall be obtained.
- 18.14 In respect of a deceased patient's or client's property, if there is no will and no identified lawful kin, the property vests in the Crown, and the details shall be notified to the Crown Solicitor for Northern Ireland.
- 18.15 Any funeral expenses necessarily borne by the Trust are a first charge on the deceased's estate. Where it is deemed necessary for the Trust to make appropriate arrangements for burial or cremation, any cash of the estate held by the Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance. No other expenses or debts shall be discharged out of the estate of a deceased patient or client.
- 18.16 The Director of Finance shall be responsible for investing patients' and clients' monies in accordance with DOH guidance so as to ensure a reasonable return associated with a minimum level of risk. Individual accounts shall be maintained within the Trust's Patients'/Clients

Property System and interest earned shall be apportioned regularly to those accounts on an equitable basis.

- 18.17 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/clients.
- 18.18 The Director of Finance will be responsible for seeking consent from RQIA to hold monies in excess of the limit set by the DOH (£20,000) on behalf of patients/clients who have been deemed incapable of managing their monies and property under Article 116(4) of the Mental Health Order (NI) 1986.
- 18.19 The Director of Finance and Estates is responsible for the preparation of the annual Accounts for Patients Private Property and its inclusion within the overall Trust Annual Report and Accounts.

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## 19. CHARITABLE TRUST FUNDS

### KEY POINTS

- The Director of Finance has primary responsibility to the Trust Board and Charitable Trust Funds (CTF) Committee for ensuring that Charitable Trust funds are managed and spent appropriately with regard to their purpose and requirements.
- The Director of Finance will arrange for the administration of all new and existing funds;
- The Director of Finance will provide guidelines to **Trust officers** on how to proceed with donations, legacies and bequests;
- The Director of Finance will deal with all arrangements for fund raising; ensure that appropriate banking arrangements are in place and be responsible for all aspects of the investment of Charitable Trust funds;
- Donated assets will be maintained along with the general estate and inventory of assets;
- The Director of Finance will ensure regular reporting to the CTF Committee and preparation of annual Trustees' report and accounts.

19.1 Trust responsibilities for Charitable Trust funds are distinct from responsibilities for public 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. The Director of Finance should ensure that each fund is managed appropriately with regard to its purpose and requirements.

19.2 The Director of Finance has primary responsibility to the Trust Board, and Charitable Trust Funds Committee for ensuring that these SFI's are applied and for compliance with the requirements of the Charity Commission for Northern Ireland (CCNI).

### **Existing Charitable Trust Funds**

19.3 The Director of Finance should arrange for the administration of all existing Charitable Trust funds. They should ensure that a governing instrument exists for every trust fund and should produce procedures covering every aspect of the financial management of Charitable Trust funds, for the guidance of Directors and employees. Such guidelines should identify the restricted or unrestricted nature of certain funds.

19.4 The Director of Finance should periodically review the Charitable Trust funds in existence and should make recommendations to the CTF Committee regarding the potential for rationalisation of such funds within statutory guidelines.

### **New Charitable Trust Funds**

- 19.5 The Director of Finance should arrange for the creation of a new Charitable Trust fund where funds and/or other assets, received in accordance with policies, cannot adequately be managed as part of an existing Charitable Trust fund and where it is cost effective to do so.
- 19.6 The governing document for each new Charitable Trust fund should clearly identify, inter alia, the purpose of the new fund, the capacity to delegate powers to manage and the power to assign the residue of the Charitable Trust fund to another fund.

### **Sources of Charitable Trust Funds**

#### **Donations**

- 19.7 In respect of donations, the Director of Finance should:
- (a) provide a written procedure to officers of the Trust as to how to proceed when offered funds. These include:
    - i. the identification of the donor's wishes in line with structure of Trust funds available;
    - ii. the avoidance of impossible, undesirable or administratively difficult intentions of the donor;
    - iii. sources of immediate further advice;
    - iv. treatment of offers of personal or other non-cash gifts;
    - v. promotion of gift aid where conditions allow;
  - (b) provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into Charitable Trust funds in line with structure of Trust funds available;

#### **Legacies and Bequests**

- 19.8 In respect of legacies and bequests, the Director of Finance should:
- (a) provide guidelines to officers covering any approach regarding the receipt of funds/other assets from executors of wills;
  - (b) where necessary, obtain grant of probate, or make application for grant of letters of administration, where the Charitable Trust fund is the beneficiary;

- (c) be empowered to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- (d) be responsible for the appropriate treatment of all legacies and bequests.

### **Fund Raising**

19.9 In respect of fund-raising, the Director of Finance shall:

- (a) deal with all arrangements for fund-raising by and/or on their behalf and ensure compliance with all statutes and regulations;
- (b) be empowered to liaise with other organisations/persons raising funds and provide them with an adequate discharge. The Director of Finance shall be the only officer empowered to give approval for such fund-raising subject to the overriding direction of the Trust Board;
- (c) be responsible for alerting the Charitable Trust Funds Committee to any irregularities regarding the use of the Charitable Trust fund's name or its registration number(s); and
- (d) be responsible for the appropriate treatment of all funds received from this source.

### **Investment Income**

19.10 In respect of investment income, the Director of Finance shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

### **Investment Management**

19.11 The Director of Finance shall be responsible for all aspects of the management of the investment of Charitable Trust funds. The issues on which he/she should be required to provide advice to the Charitable Trust Funds Committee should include:

- (a) the formulation of investment policy within the powers of the Charitable Trust fund under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
- (b) the appointment of advisers, brokers, and where appropriate, fund managers. The Director of Finance should agree the terms

- of such appointments and for such appointments written agreements should be signed by the Chief Executive;
- (c) pooling of investment resources with other Trusts and the preparation of a submission to the DOH for them to make a scheme;
  - (d) the participation in common investment funds and the agreement of terms of entry and withdrawal from such funds;
  - (e) that the use of Trust investments shall be appropriately authorised in writing and charges raised;
  - (f) the review of the performance of brokers and fund managers;
  - (g) the reporting of investment performance.

### **Expenditure**

19.12 The use of funds shall be managed by the Director of Finance in conjunction with the Charitable Trust Funds Committee. In so doing he/she shall be aware of the following:

- (a) the purposes of various funds and the designated objectives;
- (b) the availability of cash;
- (c) the powers of delegation available to commit resources;
- (d) the avoidance of the use of public funds to meet charitable expenditure (except where administratively unavoidable), and to ensure that any reimbursement of public funds is made from the charitable fund(s) at the earliest possible time;
- (e) that Charitable Trust funds are to be spent rather than preserved, subject to the purposes of the Charitable Trust fund(s); and
- (f) the definitions of “charitable purposes” as agreed by the DOH

### **Banking Services**

19.13 The Director of Finance should advise the Trust Board and, with its approval, should ensure that appropriate banking services are available to the Charitable Trust funds. A financial system is to be in place that permits identification of income, expenditure and the balance of cash available to each fund.

### **Asset Management**

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

### **Reporting**

- 19.15 The Director of Finance shall ensure that regular reports are made to the CTF Committee in respect of the receipt of donations, investments, and the expenditure of resources.
- 19.16 The Director of Finance shall prepare an annual Trustees' report and Charitable Trust fund accounts in the required manner which shall be submitted to the Audit and Risk Assurance Committee, Trust Board and DOH within agreed timescales.

### **Accounting and Audit**

- 19.17 The Director of Finance shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
- 19.18 The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit as part of their rolling programme of internal audit. He will liaise with external audit and provide them with all necessary information.
- 19.19 The Board shall be advised by the Director of Finance on the outcome of the annual external audit. The Chief Executive shall submit the Report to those charged with Governance to the Trust Board.

### Administration Costs

- 19.20 The Director of Finance shall identify all costs directly incurred in the administration of Charitable Trust funds and, in agreement with the Charitable Trust Funds Committee, shall charge such costs to the appropriate Charitable Trust Funds.

### Taxation and Excise Duty

- 19.21 The Director of Finance shall ensure that any Charitable Trust fund liability to taxation and VAT is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

## 20. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

### KEY POINTS

- **Trust staff** are required to comply with the Gifts, Hospitality and Sponsorship Policy and Conflicts of Interest Policy

- 20.1 The Board Secretary shall ensure that all staff are made aware of the Trust policy on acceptance of gifts, hospitality and other benefits-kind by staff. This policy follows DOH guidance and is contained in the Gifts, Hospitality and Sponsorship Policy and Conflicts of Interest Policy.
- 20.2 The Board Secretary shall ensure a written record is maintained of any such gifts, bequests or non-financial donations and of their estimated value and whether they are disposed of or retained.

## **21. RETENTION OF FINANCIAL RECORDS**

### **KEY POINTS**

- The Director of Planning, Performance and Informatics is responsible for advising on maintaining records in accordance with DoH guidelines, Good Management and Good Records.

21.1 The Assistant Director for Functional Support Services, shall be responsible for managing archives for records required to be retained in accordance with DOH guidelines as set out in Good Management and Good Records.

21.2 The records held in archives shall be capable of retrieval by authorised persons.

21.3 Records held in accordance with latest DOH guidance (GMGR) shall only be destroyed in accordance with the provisions of GMGR. Detail shall be maintained of records so destroyed.

## **22. RISK MANAGEMENT AND INSURANCE**

### **KEY POINTS**

- The Chief Executive shall ensure that the Trust has a programme of risk management which is approved and monitored by Trust Board.
- There are only three exceptions when the Trust may enter into arrangements for commercial insurance.

### **22.1 Programme of Risk Management**

The Chief Executive shall ensure that the Trust has a system in place for identifying and managing risk and that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance and shall develop a risk management strategy in accordance with DoH/Treasury guidance and MPMNI.

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities which may threaten objectives;

- b) developing among all levels of staff a positive attitude towards the identification, management and 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 (risk appetite);
- d) contingency plans to offset the impact of adverse events/disaster/recovery;
- e) audit arrangements including; Internal and External Audit, clinical audit, health and safety review;
- f) A corporate risk register and assurance framework which is regularly reviewed;
- g) arrangements to review the Risk Management programme and to assess its effectiveness.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control within the Mid-Year Assurance statement and Governance Statement as required by current DoH guidance and for which the Chief Executive is responsible.

## 22.2 Insurance arrangements with commercial insurers

22.2.1 There is a general prohibition on entering into insurance arrangements with commercial insurers, other than insurance which is statutory obligation or which is permitted under MPMNI. There are, however, **three exceptions** when the Trust may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trusts may enter commercial arrangements for **insuring motor vehicles** owned/leased 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/Public Private Partnership** 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 an HSC purpose the activity may be covered in the risk pool. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Director of Finance should consult the DOH.

In the case of a major loss or third party claim, the Trust shall liaise with the DoH about the circumstances in which an appropriate addition to budget will be considered.

The Trust is listed in the Employer's Liability (Compulsory Insurance) Regulations (Northern Ireland) 1999 as amended, and therefore is not required to insure against liability for personal injury suffered by its employees.

## **23. HSC TRUST FINANCIAL GUIDANCE**

### **KEY POINTS**

- The Director of Finance will ensure that members of the Audit and Risk Assurance Committee are aware of extant finance guidance from the DoH.

- 23.1 The Director of Finance shall ensure that members of the Audit and Risk Assurance Committee are aware of the extant finance guidance issued by DoH and that this direction and guidance is followed by the Trust.

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