

AGH SOLUTIONS LIMITED

Standing Orders, Financial Instructions and Scheme of Delegation

**(For the regulation of proceedings and business of the
Board of Directors)**

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Date of Issue: February 2018
Version: v1.0
Approved By: Board of Directors
Review date: February 2019

Foreword

Standing Orders (SO's) regulate the proceedings and business of the company and are part of its corporate governance arrangements. The SO's, Standing Financial Instructions (SFI's) and Scheme of Delegation, should be read in conjunction with the Articles of Association for the company which define the role, remit and function of the board of directors.

Notwithstanding the specific clauses set out below the board of directors and employees of the company are responsible for the security of the property of the company, avoiding loss, achieving economy and effectiveness in the use of resources and complying with these standing financial instructions.

These SFIs identify the financial responsibilities which apply to everyone working for the company and its constituent departments including seconded or sub-contracted individuals. 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 Finance Director. Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Finance Director must be sought before acting.

Officers of the company should note that the SFI's and the Scheme of Delegation, do not contain every legal obligation applicable to the company. The company and each officer of the company must comply with all requirements of legislation (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of section 2(1) of the European Community Act 1972 and any applicable judgement of a relevant court of law which is a binding precedent in England), and all guidance and directions binding on the company. Legislation, guidance and directions will impose requirements additional to SFI's and the Scheme of Delegation of Powers. All such legislation and binding guidance and directions shall take precedence over SO's, SFI's and the Scheme of Delegation, which shall be interpreted accordingly.

<u>Contents</u>	Page No.
Foreword	2
Contents	3
1. Introduction	6
2. The Board of Directors	
2.1 Composition of the Board of Directors	6
2.2 Appointment of the Chair and Non-Executive Directors	6
2.3 Terms of office of the Chair and Non-Executive Directors	6
2.4 Role of the Board of Directors	6
2.5 Appointment of Secretary	7
3. Meetings of the Board of Directors	
3.1 Observers at Board Meetings	7
3.2 Calling Meetings	7
3.3 Notice of Meetings	7
3.4 Setting the Agenda	7
3.5 Chair of Meeting	7
3.6 Chair's Ruling	8
3.7 General Meetings	8
3.8 Voting	8
3.9 Minutes	8
3.10 Variation and Amendment of Standing Orders	8
3.11 Record of Attendance	8
3.12 Quorum	9
3.13 Frequency	9
4. Arrangements for the Exercise of Functions by Delegation	
4.1 Emergency Powers	9
4.2 Delegation to Committees	9
4.3 Delegation to Officers	9
4.4 Overriding Standing Orders	10
5. Committees	
5.1 Appointment of Committees	10
5.2 Confidentiality	10
6. Declarations of Interests and Register of Interests	10
7. Exclusion of Chair and Directors in Proceedings on account of pecuniary interest	11
8. Standards of Business Conduct	
8.1 Policy	12
8.2 Interest of Officers in Contracts	12
8.3 Canvassing of and Recommendations by Directors in relation to appointments	13
8.4 Relatives of Directors or Officers	13
9. Custody of Seal and Sealing of Documents	
9.1 Custody of Seal	13
9.2 Sealing of Documents	14

9.3	Register of Sealing	14
10.	Signature of Documents	14
11.	Miscellaneous	
11.1	Standing Orders to be given to Directors and Officers	14
11.2	Documents having the standing of Standing Orders	14
11.3	Review of Standing Orders	14
	<u>Standing Financial Instructions</u>	
12.	Introduction	15
12.1	General	15
12.2	Responsibilities and delegation	15
13.	Audit	
13.1	Internal and External Audit Services	17
13.2	Director of Finance	18
13.3	Role of Internal Audit	18
13.4	Fraud, Bribery and Corruption	19
14.	Allocations, planning, budgets, budgetary control and monitoring	
14.1	Preparation and approval of plans and budgets	19
14.2	Budgetary delegation	19
14.3	Budgetary control and reporting	20
14.4	Capital expenditure	21
15.	Annual Accounts and Reports	
15.1	Governance process	22
16.	Bank accounts, investment and external borrowing	
16.1	General	21
16.2	Banking procedures	21
16.3	Investments	22
16.4	External borrowing	22
16.5	Tendering and review	22
17.	Income, fees and charges and security of cash, cheques and other negotiable instruments	
17.1	Income and invoice systems	22
17.2	Raising invoices	23
17.4	Debt recovery	23
17.5	Security of cash, cheques and other negotiable instruments	23
18.	Tendering and contracting procedure	
18.1	Duty to comply with Trust's tendering and contracting procedure	24
18.2	EU Directives Governing Public Policy	24
18.3	Capital Investment Manual and other Department of Health Guidance	24
18.4	Formal competitive tendering	25
18.5	Contracting/tendering procedure	26
18.6	Quotations:competitive and non-competitive	31
18.7	Authorisation of tenders and competitive quotations	32
18.8	Formal competitive tendering or quotation not required	32
18.9	Private finance for capital procurement	32
18.10	Competitive requirements for all contracts	33
18.11	Personnel and agency or temporary service contracts	33
18.12	Healthcare service contracts	33

18.13 Disposals	33
18.14 Applicability of SFI's on tendering and contracting to funds held on trust	33
18.15 Cancellation of contracts	34
18.16 Determination of contracts for failure to deliver goods or materials	34
19. Terms of service, allowances and payment of Executive Directors	
19.1 Remuneration and terms of service	34
19.2 Staff appointments	35
19.3 Processing payroll	35
19.4 Contracts of employment	37
20. Non-pay expenditure	
20.1 Delegation of authority	37
20.2 Choice, requisitioning, ordering, receipt and payment	37
21. Capital investment, private financing, fixed asset registers and security of assets	
21.1 Capital Investment	41
21.2 Private Finance	42
21.3 Asset registers	42
21.4 Security of assets	43
22. Stores and Receipt of Goods	
22.1 General position	43
22.2 Control of stores, stocktaking, condemnations and disposal	44
22.3 Goods supplied by NHS Logistics	45
23. Disposals and condemnations, losses and special payments	
23.1 Disposals and condemnations	45
23.2 Losses and special payments	45
24. Information Technology	
24.1 Responsibilities and duties of the Director of Finance	46
24.2 Risk assessment	47
24.3 Requirements for computer systems which have an impact on corporate financial systems	47
25. Acceptance of gifts by staff and link to Standards of Business Conduct	47
26. Retention of records	47
27. Risk management and insurance	
27.1 Programme of risk management	48
27.2 Insurance	48
27.3 Insurance arrangements with commercial insurers	48
27.4 Arrangements to be followed by the Board in agreeing insurance cover	48
27.5 Legal proceedings	
28. Joint Ventures and Subsidiary Companies	49
29. Contracting and legal agreements with the Trust	49
Scheme of Delegation	50
Scheme of matters reserved for shareholder approval	65

1. INTRODUCTION

AGH Solutions Limited (AGHS) was incorporated on 1 September 2017.

The principal place of business of AGHS is:

Airedale General Hospital
Skipton Road
Steeton
Keighley
West Yorkshire
BD20 6TD

2. BOARD OF DIRECTORS

2.1 Composition of the Board of Directors

The composition of the Board of Directors shall comprise both Executive and Non-Executive Directors.

The Board of Directors is to comprise:

A Non-Executive Chair, and
No fewer than two directors comprising at least:
Non-Executive Director
Managing Director
Director of Finance

The maximum number of directors shall be six in accordance with the Articles of Association.

Alternate directors may be appointed in accordance with Companies Act provisions.

2.2 Appointment and removal of the Chair, Non-Executive Directors and Executive Directors

The Non-Executive Chair, Non-Executive Directors and Executive Directors are appointed by Airedale NHS Foundation Trust (the 'Trust') and therefore may be removed by the Trust in accordance with the Articles of Association.

The Chief Executive of the Trust will approve all proposed appointments of directors in writing prior to their appointment.

The Trust retains the right to remove any Director at any time by notice in writing.

2.3 Terms of Office of the Chair, Non-Executive Directors and Executive Directors

The Chair and the Non-Executive Directors are to be appointed for a three year term of office, which may be renewed for one further three year term of office.

The terms and conditions, including remuneration of the office of Chair, Non-Executive Directors and Executive Directors are decided by the Trust.

2.4 Role of Board of Directors

The Board will function as a corporate decision-making body. Executive and Non-Executive Directors will be full and equal members. Their role as members of the Board of Directors

will be to consider the key strategic and managerial issues facing the company in carrying out its statutory and other functions.

2.5 Appointment of Secretary

The Board of Directors may decide to appoint a Secretary and, subject to following good employment practice, may also remove the Secretary from that position. The Trust's BART Committee will oversee the process of appointment and removal process.

3. Meetings of the Board of Directors

3.1 Attendees at Board Meetings

For the avoidance of doubt, all meetings of the Board of Directors will be held in private.

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

3.2 Calling Meetings

Ordinary meetings of the Board of Directors shall be held at such times and places as that Board may determine.

Meetings of the Board of Directors may be called by the Secretary, or by the Chair. Meetings of the Board of Directors may be called by at least one-third of directors who give written notice to the Secretary specifying the business to be carried out. The Secretary should send a written notice to all directors within seven days after receipt of such a request. If the Chair, or Secretary, refuses to call a meeting following such a requisition, such one-third or more Directors may forthwith call a meeting.

3.3 Notice of Meetings

Before each meeting of the Board of Directors, a notice of the meeting, specifying the business proposed to be transacted at it, shall be delivered to every director or sent electronically or by post to the agreed address of such director, so as to be available at least three clear days before the meeting.

A notice shall be presumed to have been served one day after posting. Lack of service of the notice on any director shall not affect the validity of a meeting.

3.4 Setting the Agenda

The Board of Directors may determine that certain matters shall appear on every agenda for a meeting.

A director who requires an item to be included on the agenda should advise the Secretary of the Board prior to the agenda being agreed with the Chair and no less than 7 days before a meeting.

Agenda's will be sent to directors no less than three clear days before the meeting and supporting papers shall accompany the agenda, save in emergency.

3.5 Chair of Meeting

At any meeting of the Board of Directors the Chair, if present, shall preside. If the Chair is absent from the meeting the Directors present shall choose who should preside.

If the Chair is absent from a meeting temporarily on the grounds of a declared conflict of interest the directors present shall choose who should preside.

3.6 Chair's Ruling

Statements of directors made at meetings of the Board of Directors shall be relevant to the matter under discussion at the material time and the decision of the Chair of the meeting on questions of order, relevancy, regularity, and any other matters shall be observed at the meeting.

3.7 General Meetings

The rules governing attendance, speaking, quorum, chairing, voting (including amendments to resolutions) and adjournment are set out in the Articles of Association.

3.8 Voting

Every question put to a vote at a meeting shall be determined by a majority of the votes of the Chair of the meeting and directors present and voting on the question and, in the case of the number of votes for and against a motion being equal, the Chair of the meeting shall have a second or casting vote.

All questions put to the vote shall, at the discretion of the Chair of the meeting, be determined by oral expression or by a show of hands. A paper ballot may also be used if a majority of the directors present so request.

If the majority of the directors present so request, the voting (other than by paper ballot) on any question may be recorded to show how each director present voted or abstained.

If a director so requests, his/her vote shall be recorded by name upon any vote (other than by paper ballot).

In no circumstances may an absent director vote by proxy. Absence is defined as being absent at the time of the vote.

In determining whether directors are participating in a directors meeting, it is irrelevant where any director is or how they communicate with each other.

3.9 Minutes

The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting for approval.

No discussion shall take place upon the minutes except upon their accuracy or where the Chair considers discussion appropriate. Any amendment to the minutes shall be agreed and recorded at the next meeting.

A copy of the approved minutes shall be made available to the Trust.

3.10 Variation and Amendment of Standing Orders

These Standing Orders shall be amended only by approval from the Trust.

3.11 Record of Attendance

The names of the Chair and directors present at the meeting shall be recorded in the minutes.

3.12 Quorum

The quorum for Board of Director's meetings shall be two directors, of which one shall be the shareholder director and one shall be a non-shareholder director.

No business shall be transacted at a meeting of the Board of Directors unless at least two Directors are present, one of whom is a Non-Executive Director appointed by the Shareholder and as such has a casting vote.

If an alternate director has been appointed and is attending the Board of Directors in place of the director to whom he has been appointed alternate, then the alternate director shall count towards the quorum.

If the Chair or director has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of the declaration of a conflict of interest, they shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

3.13 Frequency

The company shall hold meetings of the Board of Directors at least six times in each calendar year.

4. Arrangements for the exercise of functions by delegation

Subject to the Articles of Association and Standing Orders, the Board of Directors may make arrangements for the exercise, on its behalf of any of its functions:

- by a committee or sub-committee.
- appointed by virtue of SO 4.3 below, or
- by a director.

In each case subject to such restrictions and conditions as the Board of Directors thinks fit.

4.1 Emergency Powers

The powers which the Board of Directors has retained to itself within these Standing Orders may in emergency be exercised by a director after having consulted at least one other director. The exercise of such powers shall be reported to the next formal meeting of the Board of Directors for ratification.

4.2 Delegation to Committees

The Board of Directors shall agree, as and when it deems appropriate, to the delegation of executive powers to be exercised by committees or sub-committees, which it has formally constituted. The terms of reference of these committees, or sub-committees, and their specific executive powers shall be approved by the Trust.

4.3 Delegation to Officers

Those functions of the company which have not been retained as reserved by the Board of Directors or delegated to an executive committee or sub-committee shall be exercised on its behalf by the Managing Director or Director of Finance. The scheme of delegation shall set out which functions shall be delegated to officers to undertake.

The Director of Finance shall prepare a Scheme of Delegation (which is set out in the Standing Financial Instructions) identifying proposals which shall be considered and agreed

by the Board of Directors and approved by the Trust, subject to any amendment agreed during the discussion. The Director of Finance may periodically propose amendment to the Scheme of Delegation, which shall be considered and approved by the Board of Directors as indicated above.

Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of Directors or the Director of Finance or other executive director. Outside these statutory requirements the role of the Director of Finance shall be accountable to the Managing Director for operational matters.

The arrangements made by the Board of Directors as set out in the Scheme of Delegation shall have effect as if incorporated in these Standing Orders.

4.4 Overriding Standing Orders

If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board of Directors for action or ratification. All directors and staff have a duty to disclose any non-compliance with these Standing Orders to the Board of Directors as soon as possible.

5. Committees

5.1 Appointment of Committees

The Board of Directors may appoint committees, consisting of the Chair and/or directors of the company.

Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board of Directors), as the Board of Directors shall decide and shall be in accordance with any legislation and regulation. Such terms of reference shall have effect as if incorporated into the Standing Orders.

Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Board of Directors.

The Board of Directors shall approve the appointments to each of the committees, which it has formally constituted.

5.2 Confidentiality

A member of a committee shall not disclose a matter dealt with by, or brought before, the committee without its permission until the committee shall have reported to the Board of Directors or shall otherwise have concluded on that matter.

A director or a member of a committee shall not disclose any matter reported to the Board of Directors or otherwise dealt with by the committee, notwithstanding that the matter has been reported or action has been concluded, if that Board or committee shall resolve that it is confidential.

6. Declarations of Interests and Register of Interests

This section should be read in conjunction with the Articles of Association.

All directors should declare relevant and material interests to the Board of Directors. Any Directors appointed subsequently should do so on appointment. It is a condition of

employment that those holding director or director-equivalent posts provide confirmation in writing, on appointment and thereafter on demand, of their fitness to hold such posts.

Interests may be financial or non-financial (ie political or belief-based), and should be regarded as 'relevant and material'. Reference should also be made to the *UK Corporate Code of Governance* in determining whether other circumstances or relationships are likely to affect, or could appear to affect, the director's judgement.

At the time the interests are declared they should be recorded in the Board of Director's minutes. Any changes in interests should be officially declared at the next Board meeting. It is the obligation of the Director to inform the Secretary in writing within seven days of becoming aware of the existence of a relevant or material interest. The Secretary will amend the Register upon receipt within three working days.

A register of directors' interests will be maintained and held by the Secretary and presented annually to the Board of Directors. This will be formally recorded in the minutes. Any changes in interests should be officially declared to the Secretary where an appropriate amendment will be made.

During the course of a Board of Directors meeting, if a conflict of interest is established, the director concerned should withdraw from the meeting and play no part in the relevant discussion or decision. For the avoidance of doubt, this includes voting on such an issue where a conflict is established. If there is a dispute as to whether a conflict of interest does exist, a majority vote will resolve the issue with the Chair of the meeting having the casting vote.

Subject to contrary regulations being passed, the Registers will be available for inspection by the Trust free of charge. Copies or extracts of the Registers must be provided to Members of the company free of charge and within a reasonable time period of the request. A reasonable charge may be imposed on non-Members for copies or extracts of the register.

7. Exclusion of Chair and Directors in procedures on account of pecuniary interest

For the sake of clarity, the following definition of terms is to be used in interpreting this Standing Order, "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);

Subject to the following provisions of this Standing Order, if the Chair or a director of the company has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the company at which the contract or other matter is the subject of consideration, he shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.

The Board of Directors may exclude the Chair or a director of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he has a pecuniary interest, is under consideration.

Any remuneration, compensation or allowances payable to the Chair or a Non-Executive Director in connection with their duties to the company, shall not be treated as a pecuniary interest for the purpose of this Standing Order.

For the purpose of this Standing Order the Chair or a director shall be treated, subject to SO 6 as having indirectly a pecuniary interest in a contract, proposed contract or other matter, if:

- (a) he, or a nominee of his, is a director of a company or other body, not being a public body, with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the other matter under consideration; or
- (b) he is a partner of, or is in the employment of a person with whom the contract was made or is proposed to be made or who has a direct pecuniary interest in the other matter under consideration;

and in the case of married persons living together the interest of one spouse shall, if known to the other, be deemed for the purposes of this Standing Order to be also an interest of the other.

The Chair or a director shall not be treated as having a pecuniary interest in any proposed contract or other matter by reason only:

- (a) of membership of a company or other body, if there is no beneficial interest in any securities of that company or other body;
- (b) of an interest in any company, body or person with which he is connected as mentioned in SO 6 above which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a director in the consideration or discussion of or in voting on, any question with respect to that contract or matter.

Where the Chair or a director:

- (a) has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body; and
- (b) the total nominal value of those securities does not exceed £25,000 or one percent of the total issued share capital of the company or body, whichever is the less; and
- (c) if the share capital is of more than one class, the total nominal value of shares of any one class in which he/she has a beneficial interest does not exceed one-percent of the total issued share capital of that class;

This Standing Order shall not prohibit him/her from taking part in the consideration or discussion of the contract or other matter or from voting on any question with respect to it without prejudice however to his/her duty to disclose his/her interest.

This Standing Order applies to a committee or sub-committee as it applies to the Board of Directors and applies to any member of any such committee or sub-committee (whether or not he/she is also a director of the company) as it applies to a director.

8. Standards of Business Conduct

8.1 Policy

Staff must comply with the Trust's policy 'Standards of Business Conduct'.

8.2 Interests of Officers in Contracts*

If it comes to the knowledge of a Director or an Officer of the company that a contract in which he/she has a pecuniary interest not being a contract to which he/she is himself/herself a party, has been, or is proposed to be, entered into by the Company he/she shall, at once,

give notice in writing to the Director of Finance of the fact that he/she is interested therein. In the case of persons living together as partners, the interest one partner shall, if known to the other, be deemed to be also the interest of that partner.

An officer must also declare to the Director of Finance any other employment or business or other relationship of his/hers, or a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interest of the company. The company requires interests, employment or relationships so declared by staff to be entered in a register of interests of staff.

Failure to declare any interest which may conflict with, or compromise, any employee's duties and obligations in respect of the award, operation or administration of a contract may result in a potential breach of the Bribery Act 2010 and necessitate further investigation by the Trust's counter fraud specialist.

*For the avoidance of doubt, this section relates to any employee who is involved in any procurement capacity on behalf of the company (not just tendered contracts).

8.3 Canvassing of, and recommendations by, Directors in relation to appointments

Canvassing of Directors of the company, or members of any committee, directly or indirectly, for any appointment at the company, shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.

A Director shall not solicit for any person any appointment at the company, or recommend any person for such appointment, but this paragraph of this Standing order shall not preclude a Director from giving written testimonial of a candidate's ability, experience or character for submission to the company. For the avoidance of doubt, all appointments shall follow due and proper process and be undertaken in accordance with HR procedures, including the completion of DBS checks as required.

Informal discussions outside appointment panels or committees, whether solicited or unsolicited, should be declared to the panel or committee.

8.4 Relatives of Directors or Officers

Candidates for any staff appointment shall, when making application, disclose in writing whether they are related to any Director, or any persons residing at the same address, or the holder of any office at the company. Failure to disclose such a relationship shall disqualify a candidate and, if appointed render him/her liable to instant dismissal.

Any alleged false representation contained on any application to the company, or failure to disclose any information when required to do so, may also result in investigation by the Trust's counter fraud specialist and/or NHS Protect and possible prosecution under the Fraud Act 2006.

On appointment, Directors (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the company whether they are related to any other Director or holder of any office in the company.

Where the relationship of an officer or another Director to a Director is disclosed, the Standing Order headed 'Disability of Directors in proceedings on account of pecuniary interest' shall apply.

9. Custody of Seal and Sealing of Documents

9.1 Custody of Seal

The Common Seal shall be kept by the Company Secretary, or officer appointed by him/her, in a secure place.

9.2 Sealing of Documents

The Common Seal shall not be fixed to any documents unless the sealing has been authorised by a resolution of the Board or a committee thereof or where the Board of Directors has delegated its powers. The affixing of the Common Seal shall be attested and signed by two Executive Directors or one director and the Secretary.

Before any building, engineering, property or capital document is sealed, it must be approved and signed by the Director of Finance (or an officer nominated by him/her) and authorised and countersigned by the Managing Director (or an officer nominated by him/her who shall not be within the originating directorate).

9.3 Register of Sealing

An entry of every sealing shall be made and numbered consecutively in a register provided for that purpose, and shall be signed by the persons who shall have approved and authorised the document and those who attested the seal. A report of all sealing shall be made to the Board of Directors. (The report shall contain details of the seal number, the description of the document and date of sealing). The register will be held by the Secretary or nominated officer.

10. Signature of documents

Where the signature of any document will be a necessary step in legal proceedings involving the company it shall be signed by the Director of Finance, unless any enactment otherwise requires or authorises, or the Board of Directors shall have given the necessary authority to some other person for the purpose of such proceedings.

The Director of Finance or nominated officers shall be authorised, by resolution of the Board of Directors, to sign on behalf of the company any agreement or other document (not required to be executed as a deed) the subject matter of which has been approved by the Board of Directors or committee or sub-committee to which that Board has delegated appropriate authority.

11. Miscellaneous

11.1 Standing Orders to be given to Directors and Officers

It is the duty of the Director of Finance to ensure that existing directors and officers and all new appointees are notified of and understand their responsibilities within Standing Orders and SFIs. Updated copies shall be issued to staff in e-mail format.

11.2 Documents having the standing of Standing Orders

Standing Financial Instructions and the Scheme of Delegation shall have effect as if incorporated into Standing Orders.

11.3 Review of Standing Orders

Standing Orders, and all documents having effect as if incorporated in Standing Orders, shall be reviewed annually by the Company Secretary on behalf of the Board of Directors for approval by the Trust.

STANDING FINANCIAL INSTRUCTIONS

12. INTRODUCTION

12.1 General

- 12.1.1 These Standing Financial Instructions (SFI's) shall have effect as if incorporated in the Standing Orders (SOs).
- 12.1.2 These SFI's detail the financial responsibilities, policies and procedures adopted by the company. They are designed to ensure that the company's financial transactions are carried out in accordance with the law in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the company.
- 12.1.3 These SFI's identify the financial responsibilities which apply to everyone working for the company and any subsidiaries the company may have from time to time. They do not provide detailed procedural advice and should be read in conjunction with the Articles of Association and departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 12.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Director of Finance must be sought before acting. The user of these SFIs' should also be familiar with and comply with the provisions of the company's Standing Orders.
- 12.1.5 Failure to comply with SFIs and Standing Orders is a disciplinary matter that could result in dismissal.
- 12.1.6 Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Board of Directors for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these SFIs to the Director of Finance as soon as possible.
- 12.1.7 No changes shall be made to these instructions without the written consent of the Chief Executive of the shareholder or their nominated representative.

12.2 Responsibilities and delegation

12.2.1 The Board of Directors

The Board exercises financial supervision and control by:

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

12.2.2 The Trust (as shareholder) has resolved that certain powers and decisions may only be exercised by the Trust. These are set out in the ['Matters Reserved for Shareholder Approval'] document. All other powers have been delegated to the Board of Directors and are set out in the Scheme of Delegation.

12.2.3 The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the company.

12.2.4 The Managing Director and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

12.2.5 Within the Standing Financial Instructions, it is acknowledged that the executive directors are ultimately accountable to the Board and for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Director of Finance has overall executive responsibility for ensuring that its financial obligations and targets are met and has overall responsibility for the company's system of internal control.

12.2.6 The Director of Finance is responsible for:

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

without prejudice to any other functions of the company, and employees of the company, the duties of the Director of Finance include:
 - (d) the provision of financial advice (relevant to the company), to other members of the Board 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 company may require for the purpose of carrying out its statutory duties.

The operational day to day management of the company's financial controls and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

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

- (a) the security of the property, assets and resources of the company;
- (b) avoiding loss;

- (c) exercising economy and efficiency in the use of resources;
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures the Scheme of Delegation, and other relevant regulations.

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

12.2.9 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.

13. AUDIT

13.1 Internal and External Audit services

13.1.1 The Trust shall procure the internal and external audit services on behalf of the company taking in to account the audit needs of the company. The costs shall be agreed by the Board of Directors. The Trust's Audit Committee shall oversee the audit provision and receive assurance reports, which will provide an independent and objective view of internal control by:

- (a) overseeing internal and external audit, and counter fraud services;
- (b) reviewing financial systems;
- (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the company's activities;
- (d) reviewing schedules of losses and compensations and making recommendations to the Board;
- (e) reviewing the process of delivery of the company's and the Trust's service levels against agreed SLA's.

13.1.2 Where the Trust's Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Trust's Audit Committee should raise the matter with the Board of Directors and report its findings to the Trust.

The Head of Internal Audit reserves the right to report directly to the Trust's Audit Committee if he considers it necessary.

13.1.3 It is the responsibility of the Trust's Director of Finance to ensure an adequate internal audit service is provided to the company.

13.2 Director of Finance

- 13.2.1 The Director of Finance is responsible for ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control;
- 13.2.2 The 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 employees of the company;
 - (c) the production of any cash, stores or other property of the company and under an employee's control; and
 - (d) explanations concerning any matter under investigation.

13.3 Role of Internal Audit

- 13.3.1 Internal Audit may review, appraise and report upon:
- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
 - (b) the adequacy and application of financial and other related management controls;
 - (c) the suitability of financial and other related management data;
 - (d) the extent to which the company and Trust's assets and interests are accounted for and safeguarded from loss of any kind by the company, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
 - (e) the adequacy of follow up action to audit reports;
 - (f) other matters as requested by directors and senior managers and agreed by the Head of Internal Audit, or considered appropriate by the Head of Internal Audit.
- 13.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.
- 13.3.3 Internal audit reports will be distributed to relevant directors and managers who will be responsible for the implementation of agreed recommendations. Failure to act on audit reports within a reasonable period will be reported to relevant directors and the Trust's Audit Committee.
- 13.3.4 The Head of Internal Audit is accountable to the Trust's Director of Finance.

13.4 Fraud, Bribery and Corruption

13.4.1 The company shall, have access to the Local Counter Fraud Specialist (LCFS) via the provision of internal audit services.

14. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

14.1 Preparation and Approval of Plans and Budgets

14.1.1 The Director of Finance will compile and submit to the Board and Trust an annual business plan which takes into account the company's financial requirements and forecast income and expenditure plans and cash resources. The annual business plan will contain:-

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

14.1.2 Prior to the start of the financial year the Director of Finance will, prepare and submit budgets for approval by the Board and ratification by the Trust. Such budgets will:

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

14.1.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board and Trust.

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

14.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

14.1.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

14.2 Budgetary Delegation

14.2.1 The Director of Finance may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (i) the amount of the budget;
- (ii) the purpose(s) of each budget heading;

- (iii) individual and group responsibilities;
- (iv) authority to exercise virement;
- (v) achievement of planned levels of service; and
- (vi) the provision of regular reports.

14.2.2 The Director of Finance and delegated budget holders must not exceed the budgetary total or virement limits set by the Board of Directors and/or Trust.

14.2.3 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.

14.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Director of Finance.

14.2.5 Budgets shall only be used for the purpose for which they were established.

14.3 Budgetary Control and Reporting

14.3.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:

- (a) monthly financial reports to the Board in a form approved by the Board containing:
 - (i) income and expenditure to date showing trends and forecast year-end position;
 - (ii) balance sheet to date showing trends and forecast year-end position;
 - (iii) movements in cash and projected outturn against plan;
 - (iv) capital project spend and projected outturn against plan;
 - (v) explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Director of Finance's view of whether such actions are sufficient to correct the situation;
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

14.3.2 Each Budget Holder is responsible for ensuring that:

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

14.3.3 The Director of Finance is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the annual business plan and a balanced budget.

14.3.4 The Director of Finance shall keep the Board informed of the financial consequences of changes in policy, pay awards and trends affecting budgets, and shall advise on the financial and economic aspects of future plans and projects.

14.4 Capital Expenditure

14.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure.

15. ANNUAL ACCOUNTS AND REPORTS

15.1 Governance Process

15.1.1 The Director of Finance will prepare financial returns in accordance with relevant and applicable accounting policies and generally accepted accounting practice;

15.1.2 The company's annual accounts must be audited by an auditor as appointed by the company. The company's audited annual accounts must be submitted to Companies House in accordance with the filing requirements set out in the Companies Act 2006.

15.1.3 The company's year end financial position will be consolidated in to the Trust's annual report and accounts.

16. BANK AND OPG ACCOUNTS, INVESTMENT AND EXTERNAL BORROWING

16.1 General

16.1.1 The Director of Finance is responsible for managing the company's banking arrangements and for advising the company on the provision of banking services and operation of accounts.

16.1.2 The Board of Directors shall approve the company's banking arrangements and ensure that an appropriate scheme of authorisation and approved signatory list is agreed and maintained.

16.1.3 The operational day to day management of the banking facility are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

16.3 Banking Procedures

16.3.1 The Director of Finance will prepare detailed instructions on the operation of the banking facilities, which must include:

- (a) the conditions under which the bank account(s) are to be operated;

(b) the limit to be applied to any overdraft; and

(c) those approved to sign cheques or other orders drawn on the company's accounts.

16.3.2 The Director of Finance must advise the bankers in writing of the conditions under which the account will operate.

16.3.3 All funds shall be held in accounts in the name of the company. No officer other than the Director of Finance shall open any bank account in the name of the company.

16.3.4 The Director of Finance shall be authorised to make payments using BACS and CHAPS and to establish appropriate procedures in accordance with locally agreed arrangements.

16.3.5 All payment instruments shall be treated as controlled stationery, with appropriate records being maintained.

16.3.6 Where payments are made by direct debit, each mandate shall be approved by the Director of Finance.

16.4 Investments

16.4.1 The company shall not make any investments without the Trust's approval.

16.5 External Borrowing

16.5.1 The Board of Directors must notify the Trust of any intention to seek long or short term borrowing so that the Trust can understand the implications for the financial regulation of that undertaking. In the event that, in the opinion of the Trust, the implications for the financial regulation of the Trust is unacceptable, the Trust may at its discretion, direct the Board of Directors of the company not to enter into the borrowing arrangement.

16.6 Tendering and Review

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

16.6.2 Competitive tenders for commercial banking services should be sought at least every five years. The results of all tendering exercise should be reported to the Board of Directors and approved by the Trust.

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

17.1 Income and Invoice Systems

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

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

17.1.3 The day to day operational management of the income and invoice systems may be provided by an outsourced function.

17.2 Raising Invoices

17.2.1 All invoices must be raised by the Directorate of Finance's Debtors Section, unless specifically agreed otherwise by the Director of Finance.

17.4 Debt Recovery

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

17.4.2 The Director of Finance is responsible for establishing and maintaining procedures for the issuing of credit notes and the write-off of debt, within delegated limits, after all reasonable steps have been taken to secure payment.

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

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

17.4.5 A list of amounts written off shall be submitted by the Director of Finance to the Trust's Audit Committee at least twice a year.

17.5 Security of Cash, Cheques and other Negotiable Instruments

17.5.1 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, the procedures for keys, and for coin operated machines; and
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the company. Wherever practicable, the services of a specialist security firm or security personnel shall be used.

17.5.2 The operational day to day management of the company's financial controls and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

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

17.5.4 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported to the Director of Finance. Any significant trends should also be reported. Where there is prima facie evidence of fraud, bribery or corruption this should be reported to the Board of Directors. The referral will be investigated by the Trust's counter fraud specialist. Where there is no evidence of fraud or corruption

the loss should be dealt with in line with the company's Losses and Compensations Procedures.

- 17.5.5 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.
- 17.5.6 The opening of incoming post should wherever possible be undertaken by two officers, unless otherwise formally agreed by the Director of Finance. All cash, cheques, postal orders and other forms of payment received by an officer other than a cashier shall be entered immediately in an approved form of register. The remittances shall be passed to the cashier from whom a signature shall be obtained.
- 17.5.7 An official receipt shall be made out by the Trust cashier's office for all cash received, together with a reason for the payment. Receipts for cheque payments etc. will be issued on demand.
- 17.5.8 The opening of cash tills, telephone and other coin operated machines, and the counting and recording of the takings shall be undertaken by two officers together.
- 17.5.9 The Director of Finance shall ensure that there is a system for recording the transfer of custody of cash, cheques and other negotiable instruments from one person to another, and in what circumstances such records should be made.
- 17.5.10 Any employee who has any indication that the safe custody of cash etc. on the premises or in transit may be at risk, must immediately notify the Director of Finance.
- 17.5.11 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 company is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the company from responsibility for any loss.

18. TENDERING AND CONTRACTING PROCEDURE

18.1 Duty to comply with Trust tendering and contracting procedures

The company will adhere to the Trust's tendering and contracting arrangements when providing those services to the Trust. As such public procurement regulations will apply and be adhered to.

Reference should always be made to the Trust's SO's and SFI's.

18.2 EU Directives Governing Public Procurement

Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

18.3 Capital Investment Manual and other Department of Health Guidance

The company shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the company shall comply as far as is practicable with

Department of Health guidance "The Procurement and Management of Consultants within the NHS".

18.4 Formal Competitive Tendering

18.4.1 General Applicability

The company shall ensure that competitive tenders are invited for:

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

18.4.2 Health Care Services

Where the company elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with the Trust's Standing Financial Instruction No. 20.

As a matter of principle, the tendering process should ensure the evaluation criteria for matters concerning clinical quality and safety is given adequate weighting wherever relevant.

18.4.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures need not be applied where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to exceed £30k excluding VAT for each tender either for the full contract period or within the financial year;
- (b) where the supply is proposed under special arrangements negotiated by the DoH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 2.1.1;
- (d) where national/regional public sector contracts or contract frameworks are in place;
- (e) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (f) where the requirement is covered by an existing contract;

Formal tendering procedures may be waived in the following circumstances:

- (g) in very exceptional circumstances where the Executive Director decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate company record;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;

- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the company is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
- (m) where allowed and provided for in the Capital Investment Manual; avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure; Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate company record and reported to the Trust's Audit Committee at each meeting.
- (n) Contracts awarded by the Nominated Officer in conjunction with points (d), (e) and are not required subject to authorisation in accordance with 18.7, as contracts awarded in these circumstances have been left through nationally negotiated contracts which have demonstrated best value and have been let through open competition in accordance with national procurement legislation. The Nominated Officer is not required to document and report this to the Board of Directors.

18.4.4 Fair and Adequate Competition/Single Tender

Where the exceptions set out in SFI No. 18.4.3 apply, the company shall endeavour to invite tenders from a number of firms/individuals to provide fair and adequate competition as appropriate, from at least three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required unless the goods required are from a sole manufacturer, or monopoly supplier then single tender is permitted subject to 18.4.3 (i) (k).

18.4.5 List of Approved Firms

The company shall ensure that the firms/individuals invited to tender are technically competent to undertake to fulfil the supply of goods and services. Contracts should only be awarded to firms/individuals who are financially and technically competent. For building and engineering contract works a specialist approval list should be held and maintained as per 18.5.9.

18.4.6 Building and Engineering Construction Works

Competitive tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with the Capital Investment Manual) without Department of Health approval.

18.4.7 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Managing Director, and be recorded on the company's tender summary report.

18.5 Contracting/Tendering Procedure

18.5.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) In the case of a paper based tender return all invitations to tender shall state that no paper based tender will be accepted unless:
- (iii) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the company (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Managing Director;
- (iv) that tender envelopes / packages shall not bear any names or marks indicating the sender. The use of courier / postal services must not identify the sender on the envelope or on any receipt so required by the deliverer;
- (v) every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable; and
- (vi) every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or in accordance with Procure 21+ amended to comply with ConCode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors.
These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

18.5.2 Receipt and safe custody of tenders

- (i) The Managing Director or their nominated representative will be responsible for the receipt, endorsement and safe custody of paper based tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package. All envelopes/packages must be kept within the destruction period (i.e. one year).

- (ii) The Electronic Return of Tenders

Tenders may be sought and returned electronically via an external service system approved by the Managing Director/Director of Finance, provided that:

- Such systems will be configured so that responses are secure and visible to the delegated staff only, upon the expiry of the published response deadline only.
- The electronic system will not detract in any way from the provisions of this document in any other way.

Tender responses will be accessed electronically by approved/delegated staff, whereupon all offers will be printed and recorded in the same way as hard copy tenders.

18.5.3 Opening tenders and Register of tenders (Paper Based Responses)

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two approved officers.

- (ii) A member of the Board of Directors will be required to be one of the two approved persons present for the opening of tenders estimated above £30k (exc VAT). The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the company's Scheme of Delegation.
- (iii) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (iv) All Executive Directors will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department for paper based tenders.
The Company Secretary will count as a Director for the purposes of opening tenders.
- (v) Every tender received shall be marked with the date of opening and initialled by those present at the opening on the pricing document.
- (vi) A register shall be maintained by the Managing Director, or a person authorised by him, to show for each set of competitive tender invitations despatched:
 - the name of all firms individuals invited;
 - the names of firms individuals from which tenders have been received;
 - the nature and extent of due diligence undertaken
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender;
 - declaration of interests/gifts and hospitality for those involved in the opening/evaluation process, if required.

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

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

18.5.4 Opening tenders and Register of tenders (Electronic Responses) – Procurement and Supplies Department Only

- (i) As soon as practicable after the release date of the tender, they shall be opened and printed by designated staff from the originating department.
- (ii) The 'originating' department will be taken to mean the department sponsoring or commissioning the tender.
- (iii) Two senior Procurement and Supplies staff will be required to be present for the releasing of the tenders estimated above £30k. In the case where the Deputy Head of Supplies or the Head of Procurement and Supplies is the tender originator, a separate senior delegated officer will need to be present. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the company scheme of delegation.
- (iv) A register shall be maintained by the Head of Procurement and Supplies, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- the name of all firms individuals invited;
- the names of firms individuals from which tenders have been received and for electronic tenders:
- the date the tenders were opened;
- the persons present at the opening;
- the price shown on each tender;
- a note where price alterations have been made on the tender.

A note shall be made in the register if any one tender submission has had so many re-submissions that it cannot be readily read or understood.

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

18.5.5 Admissibility

- i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Managing Director.
- (ii) Except in the circumstances of 18.4.4 where only one tender is sought and/or received, the Managing Director and Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the company.

18.5.6 Late tenders

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

18.5.7 Acceptance of formal tenders

- (i) Any discussions with a tenderer which are deemed necessary to clarify the technical aspects of his tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the company, or the highest, if payment is to be received by the company, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- (a) experience and qualifications of team members;
- (b) understanding of client's needs;
- (c) feasibility and credibility of proposed approach;
- (d) ability to complete the project on time.

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

- (iii) The Head of Procurement and Supplies and Managing Director may enter into post tender negotiations on terms of costs provided that the reasons for, and the results of, such negotiations are maintained in a permanent record.
- (iv) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the company and which is not in accordance with these Instructions except with the authorisation of the Managing Director.
- (v) The use of these procedures must demonstrate that the award of the contract was:
 - (a) not in excess of the going market rate / price current at the time the contract was awarded;
 - (b) that best value for money was achieved.
- (vi) All tenders should be treated as confidential and should be retained for inspection.

18.5.8 Tender reports to the Board of Directors

Reports to the Board of Directors will be made on a quarterly basis. The Trust's Audit Committee at each meeting shall receive a report summarising tenders received and awarded.

18.5.9 List of approved firms

- (i) Responsibility for maintaining list
A manager nominated by the Managing Director shall on behalf of the company ensure that only approved contractors are used by the company. Such lists shall include all contractors whose technical and financial competence the company is satisfied who have undergone sufficient due diligence checks by the company and who themselves have demonstrated that they maintain adequate anti-bribery procedures, as is required of all commercial organisations by the Bribery Act 2010. All suppliers must be made aware of the company's terms and conditions of contract.
- (ii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested. Contractors must submit site specific risk assessments and method statements.
- (iii) Financial Standing and Technical Competence of Contractors

The Director of Finance may make or institute any enquiries they deem appropriate concerning the financial standing and financial suitability of approved contractors, which may involve liaising with the Trust's Director with lead responsibility for clinical governance to be satisfied as to a contractor's technical / medical competence.

- (iv) Procurement and Procurement and Supplies/Procurement and Building and Engineering Construction Works

The Head of Procurement and Supplies should seek to ensure that all firms who the company enters into a contract with are technically and financially competent to undertake to fulfil the supply of goods, services or Works, making use of national and regional public sector contractors and NHS Supply Chain Construction line and the company's approved contractors.

18.6 Quotations: Competitive and non-competitive

18.6.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income does not exceed, or is not reasonably expected to exceed £30k excluding VAT. The requirements of the Bribery Act 2010 (evidencing sufficient due diligence and confirmation of prospective suppliers anti-bribery arrangements) must still be complied with.

18.6.2 Competitive Quotations

- (i) Quotations should be obtained from at least (3) firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the company.
- (ii) Quotations should be in writing unless the Managing Director or his nominated officer determines that it is impractical to do so, in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Managing Director or the nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation and payment is to be made by the company, or the highest if payment is to be received by the company, then the choice made and the reasons why should be recorded in a permanent record.

18.6.3 Non-Competitive Quotations

Non-competitive quotations in writing may be obtained in the following circumstances:

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) miscellaneous services, Procurement and Procurement and Supplies and disposals;
- (iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e. (i) and (ii) of this SFI) apply.

18.6.4 Quotations to be within Financial Limits

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

18.7 Authorisation of Tenders and Competitive Quotations

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 by the following staff to the value of the contract as follows:

Budget holder level 1 up to £1k (Heads of Departments)
Budget holder level 2 up to £30k (Head of Procurement and Supplies)
Budget holder level 3 between £30k-£250k (Executive Directors)
(if on contract, see section 2.6 of the scheme of delegation)
Board of Directors over £250k

In exceptional circumstances, any director has delegated authority to commit the Trust to expenditure of up to £30k without a formal tender in place. The director will seek approval from a Trust Board Director for expenditure over £30k.

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

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

18.8 Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required ie value under £30k (exc VAT) the company should adopt one of the following alternatives:

- (a) The company shall use the NHS Supply Chain or Construction line for procurement of goods and services where appropriate, unless the Managing Director or nominated officers deem it inappropriate. Where more appropriate use of the public purse can be obtained alternative sources of supply should be considered. The decision to use alternative sources must be documented.
- (b) The company shall use National and Regional Public Sector Contracts and for Estates contracts.
- (c) If the company does not use the options in (a) and (b) - where tenders or quotations are not required, because expenditure is below £30k, the company shall procure goods and services in accordance with procurement procedures as specified in the Standing Orders.

18.9 Private Finance for Capital Procurement (see 21.2)

18.10 Compliance requirements for all contracts

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

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

18.11 Personnel and Agency or Temporary Staff Contracts

The Board of Directors shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

18.12 Healthcare Service Contracts

Service contracts with NHS commissioners for the supply of healthcare services shall be drawn up in accordance with the National Health Service Act 2006.

The Managing Director shall nominate officers with power to negotiate for the provision of healthcare services with commissioners of healthcare.

18.13 Disposals

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 Managing Director or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Procurement and Supplies policy of the company;
- (c) items to be disposed of with an estimated sale value of less than £20k, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

18.14 Applicability of SFIs on Tendering and Contracting to funds held in trust (refer to Trust's Standing Order's)

18.15 Cancellation of Contracts

Except where specific provision is made in model Forms of Contracts or Standing Schedules of Conditions approved for use within the National Health Service and in accordance with SO 11.2, there shall be inserted in every written contract a clause empowering the company to cancel the contract and to receive from the contractor the amount of any loss resulting from such cancellation if:

- (a) the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward (contrary to the Bribery Act 2010) for doing or forbearing to do or having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the company; or
- (b) for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the company; or
- (c) if the like act as shall have been done by any person employed by him/her or acting on his/her behalf (whether with or without the knowledge of the contractor); or
- (d) if in relation to any contract with the company the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Bribery Act 2010 and other appropriate legislation.

18.16 Determination of Contracts for Failure to Deliver Goods or Materials

There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the company may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor

19. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF BOARD DIRECTORS

19.1 Remuneration and Terms of Service

19.1.1 In accordance with Standing Orders the Board may appoint a remuneration committee. The remuneration committee (if established) shall meet to recommend to the Trust the terms and conditions applicable to Directors of the Board set out in clause 21.1.2.

19.1.2 The Trust reserves the right to:

- (a) approve remuneration and terms of service for all Executive Directors and Non-Executive Directors employed by the company including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;

- (b) recommend and monitor the level and structure of remuneration for senior management, defined as those earning over £70,000;
- (c) monitor and evaluate the performance of Executive Directors (and other senior employees); and
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

19.2 Staff Appointments

- 19.2.1 No Executive Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency or bank staff, or agree to changes in any aspect of remuneration unless it is within the limit of their approved budget and funded establishment.
- 19.2.2 Requests for new starter pay or other terms outside of standard terms shall be approved by Director of Finance.
- 19.2.3 All time records, pay sheets and other pay records and notifications shall be in a format approved by the Director of Finance and shall be certified and submitted in accordance with instructions issued by the Director of Finance.
- 19.2.4 A signed copy of the appointment form and other such documents as they may require shall be sent to the Director of Finance immediately upon a new employee commencing duty.
- 19.2.5 The Director of Finance shall be notified immediately and in a prescribed format, upon the effective date of change in the state of employment or personal circumstances of an employee being known.
- 19.2.6 All appointments, either on a permanent or temporary basis, shall follow due and proper process in accordance with HR procedures, including the completion of DBS checks as required.

19.3 Processing Payroll

The operational day to day management of the company's financial controls and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

- 19.3.1 The Director of Finance is responsible for:
 - (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;
 - (c) making payment on agreed dates; and
 - (d) agreeing method of payment.
- 19.3.3 The Director of Finance will issue instructions regarding:
 - (a) verification and documentation of data;

- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (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) separation of duties of preparing records and handling cash; and
- (m) a system to ensure the recovery from those leaving the employment of the company of sums of money and property due by them to the company.

19.3.4 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;
- (c) submitting termination forms and other such documents as the Director of Finance may require in the prescribed form immediately upon knowing the effective date of an employees or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.
- (d) maintaining detailed and accurate records of shift and hours worked which will result in enhanced payments (e.g. overtime, unsocial hours, call outs, etc); and
- (e) maintaining detailed absence records for all employees and completing absence returns as specified by the Director of Finance.

19.3.5 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.

19.3.6 The Director of Finance shall be responsible for the determination of pay, including the verification that rate of pay and relevant conditions of service are in accordance with current agreements. The Director of Finance shall be responsible for the proper compilation of the payroll, and for payments made.

19.3.7 All employees shall be paid by bank credit transfer, unless otherwise agreed by the Director of Finance.

19.3.8 Payment of staff expenses shall be made by the Director of Finance, or an authorised agent, in accordance with the current regulations, upon receipt of a prescribed claim form, duly completed and signed by a designated signatory. It is the duty of designated signatories to assure themselves that the claims they certify are genuine and correct.

19.4 Contracts of Employment

19.4.1 The Board shall delegate responsibility to the Managing Director for:

(a) ensuring that all employees are issued with a Contract of Employment in a form which complies with employment legislation; and

(b) dealing with variations to, or termination of, contracts of employment.

19.4.2 The Managing Director of Finance will ensure that detailed procedures for the preparation, variation to and termination of contracts of employment, and ensure these are notified to managers.

The operational day to day management of the company's HR service and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

20. NON-PAY EXPENDITURE

20.1 Delegation of Authority

20.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Director of Finance will determine the level of delegation to budget managers.

20.1.2 In accordance with the Director of Finance's instructions:

(a) the company will issue controlled stationery requisition books or computer passwords to authorised requisitioners within the company. Each department will be responsible for the safe keeping of access to requisition books, and be responsible for their proper use within the organisation; and

(b) authorisation levels will be agreed by each department and the staff employed within that department, in accordance with 20.2.1 below.

20.1.3 The Director of Finance shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

20.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

20.2.1 It shall be the duty of all budget holders to ensure that all goods and services they requisition or purchase are necessary for the efficient working of the company. The

requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain best value for money for the company. In so doing, the advice of the Managing Director, Head of Procurement and Supplies or other appropriate specialist shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance shall be consulted.

20.2.2 All purchases of goods and services must be supported by appropriately certified requisitions, unless the Director of Finance agrees otherwise.

20.2.3 The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance. The operational day to day management of the company's financial controls and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

20.2.5 The Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) A list of Board directors (including specimens of their signatures) authorised to certify invoices.
 - (ii) Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;

- the account is arithmetically correct;
 - the account is in order for payment.
- (iii) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department; and
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 21.2.5 below.

20.2.5 **Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the company if the supplier is at some time during the course of the prepayment agreement unable to meet its commitments;
- (c) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director if problems are encountered; and
- (e) In the case of contracts which require payments to be made on account during progress of the work / delivery of equipment, the Director of Finance shall make progress payments on receipt of a certificate / invoice signed by the Managing Director or Head of Procurement and Supplies. Prior to payment of the final account, the Director of Finance may arrange a financial examination of the project as they think appropriate.

20.2.6 **Official orders**

Official Orders must:

- (i) be consecutively numbered;
- (ii) be in a form approved by the Director of Finance;
- (ii) state the company's terms and conditions of trade; and
- (iv) only be issued to, and used by, those duly authorised by the Director of Finance.

20.2.7 Duties of Managers and Officers

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;
- (d) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance;
- (e) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (f) verbal orders must only be issued very exceptionally - by an employee designated by the Director of Finance and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (g) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (h) goods are not taken on trial or loan in circumstances that could commit the company to a future uncompetitive purchase;
- (i) changes to the list of directors / employees authorised to certify invoices are notified to the Director of Finance;
- (j) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- (k) petty cash records are maintained in a form as determined by the Director of Finance.

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

21. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

21.1 Capital Investment

21.1.1 The Director of Finance:

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

21.1.2 For every capital expenditure proposal the Director of Finance shall ensure:

- (a) that a business case 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 company personnel and external agencies; and
 - (ii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

21.1.3 For capital schemes where the contracts stipulate stage payments, the Director of Finance will issue procedures for their management, incorporating the recommendations of 'CONCODE'.

21.1.4 The Director of Finance will advise on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HMRC guidance.

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

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

The Director of Finance shall issue to the manager responsible for any scheme:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 18.6);
- (c) approval to accept a successful tender (see overlap with SFI No. 18.7).

The Director of Finance will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.

21.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes. This guidance is contained within the Trust's document 'Business Case/Procurement Guidance 2010-11'.

21.2 Management of Capital Schemes on behalf of the Trust

21.2.1 The Director of Finance and Managing Director shall, if requested, advise the Trust on the financial and operational viability of any capital business case.

21.2.2 The Director Finance shall ensure the company has proper procedures and financial systems in place to manage capital expenditure monies received from the Trust.

21.2.2 The Managing Director shall ensure that for every capital investment project there is appropriate project management and control arrangements in place, and that all the requirements set out in the Trust's business case are met.

21.2 Private Finance

21.2.1 The company should normally test for PFI when considering capital procurement. When the company proposes to use finance which is to be provided other than through its allocations, the following procedures shall apply:

- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) The proposal must be specifically agreed by the Board and the Trust.

21.3 Asset Registers

21.3.1 The Director of Finance is responsible for the maintenance of registers of assets, and arranging for a physical check of assets against the asset register to be conducted once a year. All discrepancies revealed during the verification exercise shall be notified to the Director of Finance.

21.3.2 The company shall maintain an asset register recording fixed assets. The minimum data set to be held within this register shall be as specified in the Guidance issued to the Trust by the Independent Regulator.

21.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
- (c) lease agreements in respect of assets held under a finance lease and capitalised.

21.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

21.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

21.4 Security of Assets

21.4.1 The overall control of fixed assets is the responsibility of the Director of Finance.

21.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset;
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

21.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.

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

21.4.5 Any damage to the company premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by the Board of Directors and employees in accordance with the procedure for reporting losses.

21.4.6 Where practical, assets should be marked as company property.

21.4.7 Assets valued at more than £5,000 shall be recorded in the Asset Register, and under this value should be entered in department inventories.

22. STORES AND RECEIPT OF GOODS

22.1 General position

22.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- (a) kept to a minimum;
- (b) subjected to annual stock take;
- (c) valued at the lower of cost and net realisable value.

22.2 Control of Stores, Stocktaking, condemnations and disposal

- 22.2.1 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 Director of Finance. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of any fuel oil and coal shall be the responsibility of a designated estates manager.
- 22.2.2 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. Wherever practicable, stocks should be marked as health service property.
- 22.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 22.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year, to coincide with the financial year end (unless a continuous stock checking system is in operation). The physical check shall involve at least one officer other than the person responsible for the stock / store. Stocktaking records shall be in a format prescribed by the Director of Finance, be numerically controlled and signed by the officers undertaking the check.
- 22.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 22.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 22.2.7 Any surpluses or deficiencies revealed on stocktaking shall be reported to the Director of Finance who may investigate if appropriate. Known losses of stock items not subject to stores control shall be reported to the Director of Finance.
- 22.2.8 Stocks which have been damaged, deteriorated or are not usable for any other reason than their intended purpose, or may have become obsolete, shall be written down to their net realisable value. Managers seeking to write off such values should follow procedures for reporting losses as laid down by the Director of Finance.
- 22.2.9 All goods received shall be entered onto an appropriate goods received / stock record on the day of receipt. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods.
- 22.2.10 All goods received shall be checked as regards quantity and / or weight and be inspected as to quality and specification. If goods received are unsatisfactory, the record shall be marked accordingly. Where goods received are seen to be unsatisfactory, or

short delivery, they shall only be accepted on the authority of the departmental manager or the Supplies Manager, and the supplier shall be notified immediately.

22.2.11 The issue of stocks shall be supported by an authorised requisition note. Where a 'top up' system is used, a record shall be maintained as approved by the Director of Finance.

22.3 Goods Supplied by NHS Logistics

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

23. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

23.1 Disposals and Condemnations

23.1.1 Procedures

The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

23.1.2 When it is decided to dispose of a company asset, the Head of Department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

23.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
- (b) recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.

23.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

23.2 Losses and Special Payments

23.2.1 Procedures

The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

23.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance.

Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the LCFS.

The Director of Finance must notify the LCFS and the External Auditor of all suspected frauds.

23.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must immediately notify:

- (a) the Board, and
- (b) the External Auditor.

23.2.4 The Board shall approve the writing-off of losses and notify the Trust.

23.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the company's interests in bankruptcies and company liquidations.

23.2.6 For any loss, the Director of Finance shall consider whether any insurance claim can be made.

23.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.

23.2.8 No special payments exceeding delegated limits shall be made without prior approval of the Board of Directors and/or the Trust.

23.2.9 All losses and special payments must be reported to the Trust's Audit Committee on a regular basis.

24. INFORMATION TECHNOLOGY

24.1 Responsibilities and duties of the Director of Finance

24.1.1 The Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the company, shall, with advice from the Trust's Director of Finance:

(a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the company's data, programs and computer hardware, for which the Director is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;

(b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

(c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and

(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.

- 24.1.2 The Director of Finance , with advice from the Trust's Director of Finance, shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 24.1.3 The Company Secretary, with advice from the Trust's FOI Officer, shall ensure the company fulfils the requirements of the Freedom of Information (FOI) Publication Scheme as they apply to the company.
- 24.1.4 The operational day to day management of the company's IT controls and systems are set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

24.2 Risk Assessment

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

24.3 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 Finance shall need to be satisfied that:

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

The scope of the service provided by the Trust and the responsibilities of AGHS are set out in the Information Technology SLA.

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

The Director of Finance shall ensure that all staff are made aware of the company's policy on acceptance of gifts, hospitality and sponsorship and other benefits in kind by staff. This policy follows the Trust's policy and associated guidance contained in the Department of Health circular HSG (93) 5 Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

26. RETENTION OF RECORDS

- 26.1 The Director of Finance shall be responsible for maintaining archives for all records required to be retained in accordance with company guidelines.

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

26.3 Records held in accordance with the company's guidelines shall only be destroyed at the express instigation of the Director of Finance. Details shall be maintained of records so destroyed.

27. RISK MANAGEMENT AND INSURANCE

27.1 Programme of Risk Management

The Director of Finance shall ensure that the company has a programme of risk management, which must be approved and monitored by the Board.

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) a clear indication of which risks shall be insured; and
- f) arrangements to review the risk management programme.

27.2 Insurance

27.1 The Board of Directors shall decide if the company will insure any of the risk areas (eg property and employers/third party liability). This decision shall be reviewed annually.

27.2 In accordance with the Articles of Association, the company will provide an indemnity insurance to Directors and Officer's.

27.3 Insurance arrangements with commercial insurers

27.3.1 The company may enter commercial arrangements for insuring motor vehicles owned by the company including insuring third party liability arising from their use;

27.3.2 Where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose, the activity may be covered in the Trust's risk pool.

27.4 Arrangements to be followed by the Board in agreeing insurance cover

The Board of Directors shall approve the terms of all insurance cover applicable to the company.

27.5 Legal Proceedings

The Director of Finance shall ensure that the Trust has an effective process for the management of claims on behalf of the company.

The operational day to day management of any claim the company may receive is set out in the Service Level Agreement between the company and the Trust. As such they are subject to KPI reporting to the Board to ensure the controls and systems are being maintained accurately and effectively .

28. JOINT VENTURES (CONTRACTUAL AND CORPORATE) AND SUBSIDIARY COMPANIES

The Board of Directors shall be authorised to develop commercial opportunities which may (or may not) lead to the establishment of a joint venture, either contractual or corporate or the formation of a subsidiary company. The Board of Directors shall keep the Trust apprised of the subject matter via the Managing Director (or nominated officer).

A joint venture, either contractual or corporate, or a subsidiary company shall not be entered in to or incorporated unless authorised by the Trust.

29. CONTRACTING AND LEGAL AGREEMENTS WITH THE TRUST

- 29.1 The Board of Directors shall be responsible for ensuring the company's meets the requirements set out in the service level agreements agreed with the Trust.
- 29.2 The Board of Directors will delegate authority to the Managing Director, or their nominee, to monitor performance and liaise as appropriate with the Trust.
- 29.3 The Managing Director, or their nominee, has delegated authority to negotiate any changes to the service level agreements or legal agreements as deemed appropriate.

SCHEME OF DELEGATION

Author: Company Secretary, AGH Solutions Ltd
Owner: Director of Finance
Date of Issue: February 2018
Version: v1.0
Approved By: Board of Directors 19 February 2018
Review date: February 2019

Contents

Page No.

1. Fundamental principles	
1.1 General enabling provision	53
1.2 Re-delegation of powers	53
2. Finance	
2.1 Accountability	53
2.2 Strategy and plans	53
2.3. Management of budgets	53
2.4. Virement	54
2.5 Bank accounts and loans	54
2.6. Non-pay (revenue and capital) expenditure	54
2.7 Business cases	54
2.8 Asset register	55
2.9 Quotation, tendering and contract procedures	55
2.10 Property transactions	55
2.11 Condemning and disposal	56
2.12 Losses and compensation	56
2.13 Write offs	56
2.14 Petty cash disbursements	56
2.15 Maintenance and update of financial procedures	56
2.16 Investment of funds	56
2.17 Provision of services to other organisations	57
3. Audit and Accounts	
3.1 Audit	57
3.2 Annual report and accounts	57
3.3 Implementation of internal and external audit recommendations	57
4. Governance	
4.1 Regulations and control	57
4.2 Retention of records	58
4.3 The keeping of a Declaration of Interests and Sponsorship Register	58
4.4 Hospitality	58
4.5 Signing of legal documents	58
4.6 Attestation of sealings in accordance with Standing Orders	59
4.7 The keeping of a Register of Sealings	59
4.8 Authorisation of sponsorship deals	59
4.9 Review of Trust's compliance with Information Governance Standards	59
4.10 Freedom of Information Act	59
5. Human Resources and Pay	
5.1 Policy determination	59
5.2 Senior appointments and dismissals	59
5.3 Personnel and pay	60
5.4 Engagement of staff not on the establishment	62
5.5 Facilities for staff not employed by the company to gain practical experience	62
5.6 Other matters relating to staff terms and conditions	63
6. Security and Risk Management	
6.1 Security Policy	63

6.2	Reporting of incidents to the police	63
6.3	Insurance policies and risk management	63
6.4	Review of all statutory compliance legislation and Health and Safety requirements including Control of Substances Hazardous to Health Regulations	63
6.5	ID and security badges	63
Matters Reserved for Shareholder Approval		64

1.1 General enabling provision

The Board may determine any matter (for which it has delegated or statutory authority) it wishes in full session within its statutory powers.

1.2 Redelegation of powers

For reasons of practicality, or to cover holidays or other periods of absence, directors and others named in the Scheme may wish to re-assign some or all of their delegated powers. In these circumstances, the following principles apply:

1. No financial or approval powers can be delegated to a subordinate officer in excess of the powers already invested in the delegating officer.
2. Powers may only be delegated to officers within the organisational control of the delegating officer.
3. All powers of delegation must be authorised by the delegating officer and provided in writing to the subordinate officer, and to the Director of Finance who retains the right to veto inappropriate re-delegations.
4. All short term powers of delegation, such as holiday cover, must be provided in writing as above prior to the period for which approval is sought
5. Powers are delegated on the condition that they cannot be further delegated. Where this is not the case the extent of the authority to delegate onwards must be included in the written authorisation described above.

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
2.1 Accountability			
<ol style="list-style-type: none"> 1. Accountable through Standing Orders, SFI's and Scheme of Delegation for stewardship of company resources 2. To ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness. 	<p>Director of Finance</p> <p>Director of Finance or Managing Director</p>		
2.2 Strategy and plans			
<ol style="list-style-type: none"> 1. Approve the strategic aims and objectives of the company (Annual Plan). 2. Approve the company's participation in joint ventures –(contractual and corporate) and formation of subsidiary companies 3. Approve the company's policies and procedures for the management of risk. 4. Approve annual budgets. 5. Approve proposals for action on litigation against or on behalf of the Trust. 	<p>Trust</p> <p>Trust</p> <p>Board of Directors</p> <p>Board of Directors</p> <p>Board of Directors</p>		
2.3. Management of budgets - responsibility for keeping expenditure within budgets:			
1. For the totality of services	Board of Directors	Director of Finance	SO 14/Budget Manual
2. At Directorate level	Managing Director/ Head of Department		SO14/Budget Manual
3. At individual budget level (pay and non-pay)	Delegated Budget Holder		SO 14/Budget Manual

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
2.4 Virement (planned transfer) of resources between directorate or specialty/department budgets (per annum):			
1. Up to £50K	Director of Finance		SFI 14/Budget Manual
2. More than £50K	Board of Directors		SFI 14/ Budget Manual
2.5 Bank accounts and loans			
1. Maintenance and operation of bank accounts	Board of Directors	Director of Finance	SFI 16
2. Loan arrangements	Trust	Finance Committee	SFI 16

2.6 Non-pay (revenue and capital expenditure)			
1. All other expenditure for which no specific budget has been established and which is not subject to funding under delegated powers of virement. (Subject to the limits specified above).	Board of Directors	Director of Finance	SFI 20
2. Purchasing Cards: Authority to issue purchasing cards and setting of limits	Director of Finance	Managing Director/ Head of Procurement and Supplies	SFI 20
2.7 Business cases			
Delegated limits relate to capital schemes within the agreed annual programme, annual revenue costs or the combination of capital and revenue cost in the first full year.			SFI 14
REVENUE			
1. To £30K Average Annual Revenue	Director of Finance		
2. £30K-£100K Average Annual Revenue	Board of Directors		
3. Over £100K Average Annual Revenue(and all PFI proposals)	Trust	Finance Committee	
CAPITAL			
1.To £30K Capital	Director of Finance		
2. £30K to £100K Capital	Board of Directors		

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
3. Over £100K	Trust	Finance Committee	
2.8. Asset register			
Maintenance of the asset register	Director of Finance	Managing Director	SFI 23
2.9 Quotation, tendering and contract procedures			
1. Obtaining a minimum of 3 written quotations (via multiquote if appropriate) for goods, services and maintenance contracts over £30k net	Executive Director	Head of Procurement and Supplies	SFI 18
2. Obtaining a minimum of 3 written competitive tenders for goods/services over £30k net	Executive Director	Head of Procurement and Supplies	SFI 18
3. Waiving of quotations and tenders subject to SFIs and SOs (including approval of single tenders)	Board of Directors	Executive Director	SFI 18
4. Opening of paper tenders and quotations	Director of Finance	Head of Procurement and Supplies	SFI 18
5. Opening of electronic Tenders and Quotations	Head of Procurement and Supplies	Two senior Procurement & Supplies Staff	SFI 18
6. Acceptance of quotations/ permission to consider late quotations up to £30k	Head of Procurement and Supplies	Deputy Head of Procurement and Supplies	SFI 18
7. Acceptance of tenders/ permission to consider late tenders over £30k	Director of Finance	Managing Director/ Head of Procurement and Supplies	SFI 18
2.10 Property transactions			
1. Disposal and acquisition of land and buildings owned by ANHSFT	Trust		SFI 23
2. Change of use of land or buildings owned by ANHSFT	Trust		
3. Lets and leases:			
(i) Preparation and signature of all tenancy agreements/licenses for all staff	Managing Director	Director of Finance	
(ii) Extensions to existing leases	Managing Director	Director of Finance	
(iii) Letting of premises to outside organisations	Managing Director	Director of Finance	
(iv) Approval of rent based on professional assessment	Managing Director	Director of Finance	

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
2.11 Condemning and disposal			
Items obsolete, obsolescent, redundant, and irreparable or cannot be repaired cost effectively. Note: For disposals including those for sale the tendering and quotation limits shall apply.	Director of Finance	Head of Procurement and Supplies	SFI 23
2.12 Losses and compensation			
Note: All losses, compensation and special payments shall be in accordance with FDL (98)2 & details of all such payments shall be presented to the Audit Committee.			SFI 23
1. Maintain a losses and special payments register	Director of Finance		SFI 23
2. Payments ▪ up to £5K ▪ over £5K	Director of Finance Board of Directors		SFI 23
3. Review schedules of losses and compensations	Trust's Audit Committee		SFI 23
2.13 Write-offs			
Authorisation to write-off debts Note: Write-offs must be reported to the Audit Committee as part of losses and compensation report Individual debts: • Up to £5K • £5K and above	Director of Finance Board of Directors		SFI 23
2.14 Petty cash disbursements			
1. Expenditure up to £15 per item	Director of Finance/Managing Director	Head of Procurement and Supplies	SFI 20
2. Expenditure over £15 per item	Director of Finance/Managing Director		SFI 20
2.15 Maintenance and update of financial procedures			
Maintenance and update of company's financial procedures	Director of Finance		SFI 14
2.16 Provision of services to other organisations			
Legal and financial arrangements for the provision of services to other organisations	Board of Directors	Director of Finance	SFI 16
2.17 External borrowing			
Provide advice on proposed new borrowings, loans and overdrafts	Trust	Trust's Finance Committee	SFI 16

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
2.18 Joint venture/partnerships			
Establishment of a (material) joint venture/partnership – either contractual or corporate legal entity	Trust		SO 28
2.19 Winding-up			
Approve any corporate action for the winding-up of the company	Trust		

Delegated matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
3.1 Audit			
1. Approve the appointment (and where necessary dismissal) of External Auditors.	Trust		SFI 13
2. Approval of external auditors' arrangements for the separate audit of funds held on trust, and the submission of reports to the Audit Committee meetings who will take appropriate action.	Board of Directors	Trust's Audit Committee	
3. Receive the annual management letter from the external auditor and agree proposed action, taking account of the advice, where appropriate, of the Audit Committee.	Board of Directors		
4. Receive an annual report from the Internal Auditor and agree action.	Board of Directors		
5. Approve all non-audit work undertaken by external auditors	Trust		
3.2 Annual reports and accounts			
1. Approval of the Annual Report and Annual Accounts.	Board of Directors		SFI 15
2. Receive the Auditors Report and Annual Report and Accounts	Trust (as shareholder)		
3. Ensure the accounts are prepared under in accordance with Companies Act requirements.	Board of Directors		
4. Sign the annual accounts on behalf of the Board.	Director of Finance		
3.3 Implementation of internal and external audit recommendations			
Implementation of internal and external audit recommendations	Director of Finance		SFI 13

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
4.1 Regulations and control			
1. Approve Standing Orders (SOs), schedule of matters reserved to the	Trust		Articles of Association

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
4.6 Signing of legal documents			
The signing of documents necessary in legal proceedings	Director	Company Secretary	
4.7 Attestation of sealing's in accordance with Standing Orders			
Attestation of sealing's in accordance with Standing Orders	Two Directors or one Director and Company Secretary		SO 9
4.7 The keeping of a Register of Sealings			
The keeping of a Register of Sealings	Board of Directors	Company Secretary	SO 9
4.8 Authorisation of sponsorship deals			
Authorisation of sponsorship deals	Director		Trust's Hospitality, Gifts and Sponsorship Policy/ Standards of Business Conduct
4.9 Review of subsidiary's compliance with the Information Governance Standards			
Review of subsidiary's compliance with the Information Governance Standards	Trust's Audit Committee	Trust's SIRO	SLA
4.10 Freedom of Information Act			
Release of information in line with the Freedom of Information Act	Director	Company Secretary	Trust's Freedom of Information Policy

As a general principle, no employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- (a) unless authorised to do so by the Director of Finance or Managing Director; and
- (b) Within the limit of his approved budget and funded establishment.

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
5.1 Policy determination			
1. Approve management policies including HR policies incorporating arrangements for the appointment, removal and remuneration of staff.	Board of Directors	Director of Finance	SFI 5.1
5.2 Senior appointments and dismissals			
1. Appoint, re-appoint and remove the Chair and Non-Executive Directors	Trust	Trust's BART	SO 2/Articles of Association
2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.	Board of Directors		SO 5
3. Appoint and remove Executive Directors.	Trust	Trust's BART	SO 2/SFI 52/Articles of Association
4. Appraise Executive Directors	Chair		As above

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
5. Appraise Non-Executive Directors 6. Appraise Non-Executive Chair 7. Confirm appointment of members of any committee as representatives on outside bodies. 8. Appoint and remove Company Secretary 9. Approve proposals regarding directors and senior employees.	Chair Trust Chair Board of Directors Board of Directors Trust	 Trust's BART Trust's BART	As above As above As above As above As above
5.3 Personnel and pay			
1. Authorisation of timesheets (including agency timesheets)	Director	Head of Department Head of Procurement and Supplies	SFI 5.3
2. <u>Establishment posts</u> Authority to fill funded post on the establishment with permanent staff	Director	Head of Department	SFI 5.3
3. <u>Non-establishment posts</u> Authority to appoint staff to post not on the formal establishment	Board of Directors	Director of Finance	SFI 5.3
4. <u>Additional increments</u> Granting of additional payment to staff: <ul style="list-style-type: none"> ▪ within budget • in excess of budget ▪ for Director and senior manager posts 	Director of Finance and HR Adviser Board of Directors Trust	Trust's BART	SFI 5.3
5. <u>Pay</u> <ul style="list-style-type: none"> i. Authority to authorise overtime ii. Authority to authorise travel and subsistence expenses iii. Review of remuneration and terms of service of executive directors 	Director of Finance Director of Finance Trust	Managing Director/Head of Department Managing Director/Head of Department Trust's BART	SFI 5.3 SFI 5.3 SO 2
6. <u>Leave (dependent on appointed T&C's)</u> <ul style="list-style-type: none"> 1. Approval of annual leave <ul style="list-style-type: none"> ▪ Approval of carry forward - up to a maximum of 5 days: 2. Approval of compassionate leave <ul style="list-style-type: none"> (i) Within policy (ii) Over and above policy 	Head of Department Head of Department Head of Department Director	Line Manager Line Manager	Annual Leave Policy

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
3. Special leave: 4. Maternity/Paternity leave 5. Leave without pay 6. Time off in lieu 7. Flexible working arrangements 8. Approval of sabbaticals	Head of Department Head of Department Head of Department Head of Department Head of Department Director		Staff Handbook Staff Handbook Staff Handbook Staff Handbook Staff Handbook
<u>7. Sick leave (dependent on appointed T&C's)</u> 1. Extension of sick leave above contractual entitlement 2. Return to work part time on full pay to assist recovery 3. Extension of sick leave above contractual entitlement	Director Director Director	Head of Department Head of Department Head of Department	Managing Sickness Absence Policy As above As above
<u>8. Study leave</u> 1. Study leave outside the UK 2. All other study leave (UK)	Board of Directors Director	Head of Department	
<u>9. Removal expenses</u> Rent and House Purchases: Authorisation of payment of removal expenses incurred by officers taking up new appointments (providing consideration was promised at interview)	Board of Directors		
<u>10. Grievance procedure</u> Note: All grievance cases must be dealt with strictly in accordance with the Staff Handbook and the advice of the Trust's HR Adviser should be sought.	Director	Trust's HR Adviser	Staff Handbook

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
11. <u>Authorised car and mobile phone users</u> Requests for new posts to be authorised as car users or mobile phone users	Director	Head of Department	Staff Handbook
12. <u>Renewal of fixed term contracts</u>	Director		Deployment Policy
13. <u>Ill health retirement (TUPE staff)</u> Authorisation of retirement on the grounds of ill health.	Board of Directors (via the Trust's Associate Director of HR & Workforce(the decision can only be made by the NHS Pensions Agency)	Trust's BART	
15. <u>Retirement on grounds of 'Interests of efficiency'</u> (TUPE staff)	Board of Directors (via the Trust's Associate Director of HR & Workforce(the decision can only be made by the NHS Pensions Agency)	Trust's BART	
16. <u>Redundancy (TUPE staff)</u> Authorisation of staff redundancy for staff covered within its terms of reference Authorisation of staff redundancy covered by Agenda for Change	Board of Directors Board of Directors	Trust's BART Trust's BART	Staff Hnadbook Staff Handbook
17. <u>Dismissal</u> Authorisation of staff dismissal Note: All dismissal cases must be dealt with strictly in accordance with the Disciplinary Policy and the advice of a Trust's HR Adviser should be sought.	Director	See Disciplinary Policy for cascade of delegated officers with authority to dismiss	Staff Handbook
18. <u>Severance Payments</u> Authorisation of severance payments	Board of Drectors	Trust's BART	
5.4 Engagement of staff not on the establishment			
1. Business Consultants	Board of Directors	Director	
2. Engagement of Solicitors	Director	Head of Department	
3. Booking of Bank or Agency Staff	Director		
5.5 Facilities for staff not employed by the Company to gain practical experience			
Work experience students	Director	Head of Department	

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
5.6 Other matters relating to staff terms and conditions			
1. Changes to the company pension scheme ie joining, leaving, establishing or winding-up, or other material alteration of any pension scheme	Board of Directors		
2. Approval of any outsourcing arrangements or sub-contracting which may result in TUPE transfer of staff to a third party.	Board of Directors		
3. Approval of any changes to terms and conditions of staff transferred under TUPE arrangements from the Trust.	Board of Directors		

Delegated Matter	Responsibility of	Can be delegated to	Related SFI, SO, Trust Policies
6.1 Security policy			
1. Corporate responsibility for implementation of the Security Policy	Board of Directors	Managing Director	Security Policy
2. Overall statutory responsibility for security management within the Company	Board of Directors	Managing Director	Security Policy
6.2 Reporting of incidents to the police			
1. Where an offence is suspected	Director/LCFS	Head of Department	SFI 13 Trust's Anti-Fraud, Bribery and Corruption Policy
<ul style="list-style-type: none"> • Criminal offence of a violent or clinical nature • Where a fraud or theft is involved 	Director/LCFS	Head of Department (report to LCFS)	
2. Other	Director/LCFS	Head of Department	
6.3 Insurance policies and risk management			
Risk Management and Legal Services	Director of Finance	Managing Director	SFI 27 Trust's Claims Handling Policy
Insurance	Director	Head of Department	SFI 27
6.4 Review of all statutory compliance legislation and Health and Safety requirements including Control of Substances Hazardous to Health Regulations			
Review of all statutory compliance legislation and Health and Safety requirements including Control of Substances Hazardous to Health Regulations	Board of Directors	Managing Director	Trust's Health and Safety Policy
6.5 ID and security badges			
Authority for the issue of ID and security badges and car park passes	Head of Department		Trust's Security Policy/ID Badge policy
Authority for the issue of authorised visitor car park passes	Head of Department		Trust's Security Policy/ID Badge policy

MATTERS RESERVED FOR SHAREHOLDER APPROVAL

Approve of AGHS's strategic aims and objectives (Annual Plan)

Approve AGHS's participation in joint ventures (contractual and corporate and formation of subsidiary companies)

Vary or amend the Standing Orders, Standing Financial Instructions and Scheme of Delegation.

Approve subsidiary loan arrangements

Provision of advice on new borrowings, loans and overdrafts

Approve of business cases (revenue and capex) over £100k

Appointment, removal and remuneration of Board Directors

Approve remuneration proposals regarding directors and senior employees (earning over £70K)

Approve of additional payments to Board Director and senior manager posts (earning over £70k)

Appointment of the Board Chair

Approve disposal or acquisition of land and buildings

Approve change of use of land and buildings

Appointment of banking services provider

Appointment or removal of internal auditor

Approve all non-audit work undertaken by external auditor

Approve dividend payments and non-cash distributions

Approve company name changes

Approve company investments

Approve any corporate action for the winding up of the company

