



**Western Health
and Social Care Trust**

STANDING FINANCIAL INSTRUCTIONS

June 2015

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Links to Other Policies, Procedures, Guidelines or Protocols

Should be read in conjunction with the Trust's Standing Orders and Scheme of Reservation and Delegation

VERSION CONTROL

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1. INTRODUCTION

1.1 General

- 1.1.1 The Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Standing Orders, Schedule of Decisions Reserved to the Board and the Schedule of Delegated Authority adopted by the Trust.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust including third parties contracted to WHSCT acting on behalf of the Trust. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Overriding Standing Financial Instructions** – If these Standing Financial Instructions are not complied with in any significant or material respect, full details and any justification for non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any significant or material non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.



1.2 Responsibilities and Delegation

1.2.1 The Trust Board

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 best value for money);
- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Schedule of Delegated Authority documents.
- (e) ensuring that it receives and reviews regular financial information concerning the management of the Trust and that it is informed on a timely basis about any concerns regarding the activities of the Trust.

1.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the document. All other powers have been delegated to the Chief Executive or such other committees as the Trust has established.

1.2.3 The Chief Executive and Director of Finance

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accounting Officer, to the Minister for the Department of Health, Social Services and Public Safety (DHSSPS). The Chief Executive is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those funds and for the day-to-day operations and management of the Trust. In addition, he/she should ensure that the Trust meets the standards set out in Managing Public Money NI (MPMNI) in relation to governance, decision making and financial management. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

1.2.5 **The Director of Finance**

The Director of Finance is responsible for:

- (a) implementing the Trust's financial policies and for coordinating 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 Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance include:

- (d) the provision of financial advice 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 Trust may require for the purpose of carrying out its statutory duties.

1.2.6 **Board Members and Employees**

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

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures, the Schedule of

Delegated Authority and other financial procedures which the Director of Finance may issue.

1.2.7 **Contractors and their Employees**

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

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

2. AUDIT

2.1 Audit Committee

2.1.1 In accordance with Standing Orders and the Cabinet Office's guidance on Codes of Practice for Public Bodies (FD/DFP 03/06), the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the Audit and Risk Assurance Handbook (NI) 2014 as set out in circular HSC (F) 17/2014. The Audit Committee will provide an independent and objective view of its governance and internal control arrangements by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing the adequacy of all risk and control related disclosure statements (in particular the mid-year assurance statement and the Governance Statement) together with any accompanying Head of Internal Audit assurance statement, external audit opinion and other appropriate independent assurances prior to endorsement by the Trust Board;
- (c) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (d) reviewing the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of the organisation's activities, that supports the achievement of the organisation's objectives;
- (e) monitoring compliance with Standing Orders and Standing Financial Instructions;



- (f) reviewing schedules of losses and compensations and making recommendations to the Board regarding their approval;
- (g) Reviewing the adequacy of the policies and procedures for all work related to countering theft, fraud and corruption;

2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should discuss the matter initially with the Director of Finance and then, if appropriate, raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the DHSSPS.

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

2.2 Director of Finance

2.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) ensuring that the Internal Audit function is adequate and meets the mandatory Public Sector Internal Audit Standards (PSIAS) having due regard to DHSSPS guidance detailing internal audit arrangements between a sponsoring Department and its Arms Length Bodies;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities in accordance with the Trust's Fraud Response Plan;
- (d) ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with assurance framework guidance issued by DHSSPS;
 - (ii) verification of the Trust's self-assessed compliance with controls assurance criteria and standards;
 - (iii) major internal control weaknesses discovered;
 - (iv) progress on the implementation of internal audit recommendations;
 - (v) progress against plan over the previous year.

- (e) ensuring that an annual internal audit strategic plan covering the coming three years is produced and, based on year one of this plan, an operational plan for the coming year.

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

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

2.3 Role of Internal Audit

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - (i) fraud and other offences;
 - (ii) waste, extravagance, inefficient administration;
 - (iii) poor value for money or other causes.
- (e) the adequacy of follow up action taken by management in response to Internal Audit reports
- (f) Internal Audit shall also independently verify the Trust's self-assessed level of compliance with Controls Assurance Standards.



- (g) The Head of Internal Audit shall provide an annual opinion on the Trust's risk management, control and governance arrangements. This opinion is based upon, and limited to, the results of the Internal Audit work performed during the year as approved by the Audit Committee.

2.3.2 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.

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

2.3.4 The Head of Internal Audit shall be accountable to the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards (PSIAS). The reporting system shall be reviewed at least every three years.

2.4 External Audit

2.4.1 The Comptroller and Auditor General (C&AG) for Northern Ireland is the appointed External Auditor for the Trust. He/she may outsource the delivery of the external audit programme to an appropriately qualified third party organisation.

2.4.2 If there are any problems relating to the service provided by an outsourced External Auditor, then this should be raised initially with the External Auditor and referred on to the NI Audit Office if the issue cannot be resolved. The Director of Finance will notify the Audit Committee and Trust Board of any such instances.

2.4.3 Value-for-money assignments carried out by the External Auditor are directed by a nominated senior officer within DHSSPS. The cost of such assignments is borne by DHSSPS.

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

2.5 Fraud and Corruption

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

- 2.5.2. The Director of Finance is responsible for:
- a. Assessing, identifying, evaluating and responding to risks of bribery or fraud;
 - b. Ensuring appropriate arrangements are in place for deterring, preventing, detecting and investigating fraud or bribery;
 - c. Ensuring that the Trust's Audit Committee formally considers the anti-fraud measures in place;
 - d. Reporting immediately all suspected or proven frauds, including attempted fraud to the sponsor Department;
 - e. Complying with all guidance issued by DHSSPS.
- 2.5.3 The Director of Finance shall nominate a suitable person to carry out the duties of the Fraud Liaison Officer as specified by the DHSSPS Counter Fraud Policy and guidance.
- 2.5.4 The Fraud Liaison Officer shall report to the Director of Finance and shall work with staff in the Counter Fraud and Probity Service in the Business Services Organisation and the Regional Counter Fraud Policy Unit in accordance with the DHSSPS Counter Fraud Policy.
- 2.5.5 The Director of Finance will provide a written report to the Audit Committee, at least annually, on counter fraud work within and on behalf of the Trust.

3. RESOURCE LIMIT CONTROL

- 3.1 The Trust's revenue and capital expenditure form part of the DHSSPS Department's Resource Delegated Expenditure Level (DEL) and Capital DEL respectively.
- 3.2 The Trust shall not, without prior written DHSSPS approval, enter into any undertaking to incur any expenditure which falls outside the Trust's delegations or which is not provided for in the Trust's annual budget as approved by the DHSSPS or the HSC Board on its behalf.
- 3.3 The Trust is obliged to act in line with the guidance as set out in circular HSS(F)17/2009 which deals with the HSC Finance Regime.

This states that the Trust is obliged to:

- contain expenditure within the overall resources allocated subject to any ring fencing constraints;
- maintain a constructive dialogue with other HSC organisations;
- ensure that their services are offered at a price which reflects economic and efficient use of resources, and complies fully with financial requirements;
- provide evidence to Commissioners on input costs in areas with no agreed output measure and agree SBA investment levels;
- comply with SBA investment decisions taken in the context of the gap between provider's costs and benchmark costs and which strike a balance between best practice benchmarks and provider's costs in year;
- work with Commissioners to develop a strategy to address gaps between provider costs and best practice benchmarks;
- identify slippage on ring fenced resources for redeployment by Commissioners;
- take a joint risk sharing approach with Commissioners to the management of cost pressures identified;
- work jointly with Commissioners to reprofile services, incorporating bridging finance milestones and timeframes within SBA;
- work with the DHSSPS and Commissioners to manage the service implications of the capital programme;

- commission services from the independent sector as part of an agreed strategy which acknowledges and accounts for the short and long run implications for the statutory sector;
- undertake service developments or enhancements only with the approval of Commissioners except in the most exceptional of circumstances.

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

4.1 Revenue Resource Limit

The Director of Finance will:

- (a) periodically review the basis and assumptions used for distributing the Revenue Resource Limit and ensure that this is reasonable and realistic and secure the Trust's entitlement to funds;
- (b) as part of the Trust's Delivery Plan (TDP) for each financial year, submit to the HSC Board for approval a Financial Plan showing the total RRL and other allocations received and their proposed distribution including any sums to be held in reserve;
- (c) regularly update the Trust on significant changes to the initial Revenue Resource Limit and the uses of such funds.

4.2 Preparation and Approval of Plans and Budgets

4.2.1 The Chief Executive will compile and submit to the HSC Board a Trust Delivery Plan (TDP) which takes into account financial targets and forecast limits of available resources. The TDP will contain:

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

4.2.2 Prior to the start of the year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Trust Board. Such budgets will:



- (a) be in accordance with the aims and objectives set out in the Trust Delivery Plan;
 - (b) agree with workload and manpower plans;
 - (c) be produced following discussion with appropriate budget holders;
 - (d) be prepared within the limits of available funds;
 - (e) identify potential risks.
- 4.2.3 The Director of Finance shall monitor financial performance against budget and plan, review them on a monthly basis and report to Trust Board.
- 4.2.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 4.2.5 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets successfully.

4.3 Budgetary Delegation

- 4.3.1 The Chief Executive delegates the management of budgets to budget holders to permit the performance of a defined range of activities. This delegation must be in writing and must be accompanied by a clear definition of:
- (a) the amount of the budget;
 - (b) the purpose(s) of each budget heading;
 - (c) individual and group responsibilities;
 - (d) authority to exercise virement only within total revenue or total capital;
 - (e) achievement of planned levels of service;
- and regular reports must be provided.
- 4.3.2 The Chief Executive and delegated budget holders must not exceed the total Revenue Resource Limit set by the HSC Board.
- 4.3.3 All Budget Holders must ensure that the necessary business case preparation and approvals have been obtained for expenditure decisions before committing to recurrent revenue expenditure or to support any other proposed investment. Failure to obtain the required approvals will mean that the expenditure has been incurred without the required authority and is therefore deemed to be irregular. This could lead to a qualification of the audit opinion in the Trust's annual



financial statements. Budget Holders should refer to the latest DHSSPS and Trust guidance on business cases and the NI Guide on Expenditure Appraisal and Evaluation.

- 4.3.4 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive. Where DHSSPS resources allocated for a particular purpose are not required or not required in full for that purpose, approval of the HSC Board must be obtained before any redistribution within the Trust.
- 4.3.5 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.
- 4.3.6 All Budget Holders are required to regularly review all projected expenditure and identify to the Director of Finance on a timely basis where inescapable expenditure has the potential to breach their delegated budget.

4.4 Budgetary Control and Reporting

- 4.4.1 The Director of Finance will plan and maintain systems of budgetary control.

These will include:

- (a) monthly financial reports to the Board in an approved form containing the following:
 - (i) income and expenditure to date and forecast year-end position;
 - (ii) capital project spend and projected outturn against plan;
 - (iii) explanations of any material variances from plan;
 - (iv) monitoring information in relation to savings plans;
 - (v) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the overall financial plan;
- (b) the issue of timely, accurate and clear 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.

4.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by a solution, is not incurred without the prior consent of the Board or its delegated representative;
- (b) the amount provided in the approved budget, is not used in whole or in part for any purpose other than that specifically authorized;
- (c) no permanent employees are appointed without the approval of the Chief Executive, or his/her delegated representative, other than those provided for within the available resources and manpower establishment as approved by Trust Board;
- (d) Budget Holders should attend such training as is deemed necessary by the Director of Finance.

4.4.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the TDP and a balanced budget.

4.5 Monitoring Returns

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

5. ANNUAL ACCOUNTS AND REPORTS

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

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



- (c) submit financial returns to the DHSSPS for each financial year in accordance with the timetable prescribed by the DHSSPS.
- 5.2 The Trust's annual accounts and annual report must be audited by the Comptroller and Auditor General to the NI Assembly. The Trust's audited annual accounts must be presented to a public meeting and made available to the public after laying before the NI Assembly. The document must comply with the DHSSPS Manual of Accounts, FReM and any other relevant guidance.
- 5.3 The Trust shall maintain and publish a Freedom of Information (FOI) Publication Scheme in a format approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the Trust that are made publically available. This will include the Annual Report and Accounts.

6. BANK ACCOUNTS

6.1 General

- 6.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements, including setting clarity for the interface with the Business Services Organisation where it provides banking services on behalf of the Trust. The Director of Finance is also responsible for advising the Trust Board on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by the DHSSPS. The Chief Executive is responsible for ensuring that the Trust's banking arrangements are in accordance with the requirements outlined in Managing Public Money Northern Ireland (MPMNI).
- 6.1.2 The Board shall approve the banking arrangements.

6.2 Bank Accounts

- 6.2.1 The Director of Finance is responsible for:
 - (a) the operation of bank accounts;
 - (b) establishing separate bank accounts for the non-public funds administered by the Trust;
 - (c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;



- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn;
- (e) monitoring compliance with DHSSPS guidance on the level of cleared funds;
- (f) setting the parameters for the BSO within the SLA for any of the above as appropriate.

6.3 Banking Procedures

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

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

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

6.4 Tendering and Review

6.4.1 The Director of Finance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking, in co-operation with other HSC organisations, competitive tenders for the Trust's commercial banking business. The Trust should avail of the regional HSC banking contract, save in exceptional circumstances.



6.4.2 Competitive tenders for HSC banking business should be sought at least every five years. The results of the tendering exercise should be reported to the Board.

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

7.1 Income Systems

7.1.1 The Director of Finance is responsible for ensuring, via the Service Level Agreement with the BSO, that there is compliance with agreed systems for the proper recording, invoicing, collection and coding of all monies due.

7.1.2 The Director of Finance is also responsible for ensuring that the BSO complies with the requirement for the prompt banking of all monies received.

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

7.1.4 The Director of Finance will ensure that the BSO systems, controls and processes are subject to audit on an annual basis and that the Trust formally advised of any assurance levels that are categorized as less than satisfactory.

7.2 Fees and Charges

7.2.1 The Trust shall follow DHSSPS guidance in setting prices for HSC service agreements.

7.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSSPS or by Statute. Fees or charges for any services supplied shall be determined in accordance with MPMNI. Independent professional advice on matters of valuation shall be taken as necessary.

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

7.2.4 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered, the following guidance shall be followed:

- the DHSSPS' "Commerical Sponsorship – Ethical standards in the HSC";



- the Trust's policy on Standards of Business Conduct; and
- the Trust's Endowment and Gift Funds procedures.

7.3 Debt Recovery

- 7.3.1 The Director of Finance is responsible for ensuring that the BSO undertakes the appropriate recovery action on all outstanding debts. For those debts not managed by the BSO, the Director of Finance is responsible for ensuring appropriate procedures are in place for recovery action.
- 7.3.2 Income not received should be dealt with in accordance with the DHSSPS guidance on losses and special payments.
- 7.3.3 Appropriate controls should be put in place to prevent overpayments and measures put in place to detect overpayments. Where overpayments are detected, recovery must be initiated in line with DHSSPS guidance and trust procedures. .
- 7.3.4 The Director of Finance shall ensure that regular reports in the agreed format are provided to the Trust by the BSO in relation to those debts managed by the BSO on the Trust's behalf.

7.4 Security of Cash, Cheques and other Negotiable Instruments

- 7.4.1 The Director of Finance is responsible for:
- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - (b) ordering and securely controlling any such stationery;
 - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
 - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust;
 - (e) obtaining assurance from BSO that suitable arrangements for the above exist where relevant within the Income Shared Services Centre.
- 7.4.2 Funds managed by the Trust shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.



- 7.4.4 All unused cheques and other orders will be subject to the same security precautions as are applied to cash.
- 7.4.5 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 7.4.6 Any shortfall in cash, cheques or other negotiable instruments, however occasioned, must be reported immediately to the Director of Finance or the Trust's Fraud Liaison Officer.

8. PROCUREMENT AND CONTRACTING PROCEDURE

8.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with all relevant legislation, Northern Ireland Public Procurement Policy and these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

8.2 Northern Ireland Public Procurement Policy, EU Directives Governing Public Procurement, DHSSPS Mini-Code Guidance, DHSSPS HSC(F) circulars and other professional Estates guidance.

- 8.2.1 Northern Ireland Public Procurement Policy 2002 (as amended), Directives by the Council of the European Union, UK Public Contracts Regulations and Guidance on procurement matters promulgated by the DHSSPS prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.
- 8.2.2 When carrying out procurements within its delegated limits of authority, the Trust must comply with the requirements of public accountability, the law (i.e. key principles of the Treaty for the Functioning of the European Union (TFEU), current EU Public Procurement Directives and current UK Public Contracts Regulations) and best practice (as contained in Departmental Policies and Northern Ireland Public Procurement Policy).

8.3 Scope of Procurement

- 8.3.1 As per the Northern Ireland Public Procurement Policy 2002 (as amended), Public Procurement is defined as “the process of

acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public service”.

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

8.3.3 It does not cover:

- The supply of services provided internally within the HSC e.g. commissioning of care services from HSC bodies, supply of administration, finance, personnel, IT support and arrangements with CoPEs;
- Expenditure which is regulated by Departmental directive, such as personal and social services expenditure on boarded-out adults, patient travelling expenses, or others, such as business rates and water and sewerage.

8.4 Procurement through a Centre of Procurement Expertise

8.4.1 Services and Supplies

The Trust should endeavor to use the Centre of Procurement Expertise (CoPE) within the DHSSPS, the Business Services Organisation's Procurement and Logistics Service (BSO PaLS) for the majority of its goods and services procurements. It provides strategic and operational procurement services covering both contracting for goods and services and where no contract exists, negotiating prices and placing orders on behalf of the Trust.

8.4.2 Construction

8.4.2.1 For construction related services under the Trust delegated limit, procurement must be in compliance with the Procurement Guidance Manual issued by Central Procurement Directorate (CPD) and this shall be subject to CPD scrutiny.

8.4.2.2 In circumstances where the value is projected to be above the Trust delegated limit, the Trust must seek on a case-by-case basis the direction of the Central Procurement Directorate. In some cases CPD will permit the Trust to procure as per paragraph 8.4.2.1 above and in other cases procurement will be managed via CPD.

8.5 Procurement of Social Care and Independent Healthcare

The Trust shall work with the Social Care Procurement Unit within BSO PaLS to ensure that procurement in this area is conducted in accordance with extant legislation and guidance and meets the guiding principles of the NI Public Procurement Policy.

8.6 Pharmaceutical Procurement

8.6.1 The Trust shall use the Regional Pharmaceutical Procurement Service, which is a regional shared service operated by the Northern Health and Social Care Trust in collaboration with BSO PaLS. The Regional Pharmaceutical Contracting Executive Group (RPCEG) is responsible for approving the award of contracts for pharmaceuticals and dressings across HSCNI.

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

8.6.3 Pharmaceutical procurement shall be carried out in line with the Trust's Pharmaceutical Procurement Policy 2012 and Purchasing for Safety Policy 2012.

8.7 Procurement Arrangements

8.7.1. General

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

- i. Establishing and documenting accountability, ensuring appropriate top level commitment;
- ii. Implementing a procurement strategy and work plan;
- iii. Demonstrating legal compliance;
- iv. Pursuing best practice and demonstrating best value for money;
- v. Managing effective relationships with key suppliers, customers and other stakeholders;
- vi. Following an appropriate, documented procurement process;
- vii. Managing contracts and contractor performance ;

- viii. Professional competence;
 - ix. Monitoring and review of overall performance management;
 - x. Audit.
- 8.7.2 The Director of Finance will compile and submit to the Board, or its nominated Committee, a Trust Procurement Strategy and annual Procurement Plan which take into account key strategic procurement requirements to deliver efficient and effective procurement.
- 8.7.3 The annual Procurement Plan will:
- (a) be in accordance with the aims and objectives set out in the Trust Procurement Strategy;
 - (b) be produced following discussion with appropriate CoPEs and other stakeholders;
 - (c) identify potential risks;
 - (d) cover all areas of externally sourced expenditure on works, equipment, goods, supplies, service and personnel;
- 8.7.4 The Director of Finance shall monitor performance against the work plan with key stakeholders, review it on a quarterly basis and report to the Board or its nominated Committee.
- 8.7.5 Staff from all key areas involved in procurement shall provide information as required by the Director of Finance to enable a plan to be compiled and progress monitored.
- 8.7.6 The Director of Finance has a responsibility to ensure that adequate training and documented procedures are available to Trust employees commensurate with their roles and responsibilities. These procedures will include appropriate guidance on procurement, the management of contracts and management of contractor performance.
- 8.7.7 The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
- 8.7.8 The Director of Finance will maintain, and submit to each meeting of the Trust's Audit Committee, a register of any instances where contracts were awarded above £5,000 for which the appropriate competitive tendering or quotations process was not employed.



8.7.9 Duties of Managers and Officers

- a. Managers and officers acting on behalf of the Trust must ensure that they comply fully with the Trust guidance on procurement (including Direct Award Contracts) and contract management.
- b. Prior to participation in an evaluation process, those Officers participating in the evaluation will be required to complete a Declaration of Objectivity and Interests.
- c. Officers participating in an evaluation shall accept tenders from suppliers who provide the lowest cost or the best value for money, being the optimum combination of whole life cost and quality (or fitness for purpose).

8.8 Use of Centres of Procurement Expertise

8.8.1 The Director of Finance is responsible for managing the procurement and logistics service with the Business Services Organisation, including setting clarity for the BSO within the Service Level Agreement (SLA) and for advising the Trust Board on the provision of procurement and logistics services. This advice will take into account guidance and directions issued from time to time by the DHSSPS.

8.8.2 The Director of Performance and Service Improvement is responsible for managing the procurement of construction works and design services with the Central Procurement Directorate below the Trust delegated limit, adherence to the Estates Procedure Manual by the Trust and for advising Trust Board on the provision of construction works and design services. This advice will take into account guidance and directions issued from time to time by the DHSSPS. The Director of Strategic Capital Development carries the above responsibilities in relation to major capital schemes being undertaken within the Trust.

8.8.3 The Director of Finance, the Director of Performance and Service Improvement and the Director of Strategic Capital Development are responsible for ensuring the following are in place within the CoPEs:

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



combination of cost, quality and sustainability to meet customer requirements”;

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

8.9 Trust Estates Procurement and Contract Management

The Director of Performance and Service Improvement is responsible for ensuring compliance by the Trust with the Estates Procedure Manual, DHSSPS Mini-code and other relevant guidance as appropriate and for ensuring appropriate monitoring procedures are in place.

8.10 Pharmacy Procurement and Contract Management

The Director of Acute Services is responsible for ensuring Trust participation in the Regional Pharmaceutical Contracting Executive Group. The Trust shall have a service level agreement in place with the Regional Pharmaceutical Procurement Service (RPPS). Senior Trust Pharmacy staff shall review performance with the Regional Procurement Pharmacist at least annually. The Director of Acute Services is responsible for reporting on the activities of RPPS to the Director of Finance.

8.11 Contracting / Tendering Procedure

8.11.1 The Trust shall obtain and follow the advice of the relevant CoPE(s) in relation to the following processes:

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



8.12 Authorisation of Tenders and Competitive Quotations

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

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

8.12.3 Where the contract to be awarded is a multi-Trust or regional contract then the Chief Executive shall nominate in advance a Trust employee(s) to participate in the tender evaluation and adjudicate the contract on behalf of the Trust. In doing so the Chief Executive shall delegate authority to that officer(s) to award the contract on behalf of the Trust.

8.12.4 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 used which subsequently prove to have a value above such limits shall be reported to the Chief Executive (or appropriate delegated Trust Officer), and be recorded in an appropriate Trust record.

8.12.5 Quotations to be within financial limits

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

8.13 Private finance for capital procurement

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

8.13.2 Any proposal to utilize private sector finance must be specifically agreed by the Trust Board and the decision recorded in the minutes of the relevant meeting.

8.14 Health Service Agreements

Service agreements between HSC providers for the supply of healthcare services shall be drawn up in accordance with the NHS



and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with an NHS Foundation Trust is a legal document and is enforceable in law.

8.15 In-house Services

- 8.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 8.15.2 Appropriate groups shall be established within the Trust to manage the tender process and to present an in-house bid. All groups shall work independently of each other. No member of the in-house tender group shall be permitted to participate in the evaluation of tenders.
- 8.15.3 The evaluation team shall make recommendations to the Trust Board.
- 8.15.4 The Trust Board shall decide on the tender award and the decision shall be recorded in the minutes of the relevant Board meeting.

8.16 Applicability of SFIs on Procurement and Contracting of Endowment & Gift Funds and Patients' Property monies

These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's Endowment & Gift Funds, from Patients' Property monies and from funds provided to the Trust by other organisations.

9. HSC SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 8)

9.1 Service and Budget Agreements (SBA's)

- 9.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable Service and Budget Agreements (SBA) with service commissioners for the provision of health and social care services.
- 9.1.2 All SBAs should aim to implement the agreed priorities contained within the Trust Delivery Plan (TDP) and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:
 - the standards of service quality expected;
 - the relevant service framework (if any);

- the provision of reliable information on cost and volume of services;
- the Performance Assessment Framework;
- that SBAs build where appropriate on existing investment plans; and
- that SBA's are based on integrated care pathways.

9.2 Involving Partners and jointly managing risk

Where possible, SBAs will be developed in conjunction with clinicians, social workers, nurses, users, carers, public health professionals, allied health professions staff and managers. They will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The SBA will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

9.3 Reports to Trust Board on SBAs

The Chief Executive, as the Accounting Officer, shall ensure that regular reports are provided to the Trust Board detailing actual and forecast income from the SBA.

10. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD, SENIOR EXECUTIVES AND EMPLOYEES

10.1 Remuneration and Terms of Service (see overlap with SO No. 4)

10.1.1 In accordance with Standing Orders, the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

10.1.2 The Committee will:

- (a) make recommendations to the Board about appropriate remuneration and terms of service for the Chief Executive and other senior executives 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) make such recommendations to the Board on the remuneration, allowances and terms of service of the Chief Executive and other senior executives to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any local or national arrangements for such members and staff where appropriate;
 - (c) monitor and evaluate the performance, and where appropriate, the development of the Chief Executive and individual senior employees who are remunerated on a senior executive payscale;
 - (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.
- 10.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board members shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members in matters not already directed by the DHSSPS. Minutes of the Board's meetings shall record such decisions.
- 10.1.4 The Board will consider and need to approve proposals presented by the Chief Executive or by the Committee for the setting of remuneration and conditions of service for any employees or officers not covered by DHSSPS direction.
- 10.1.5 The Trust will pay allowances to the Chairman and non-executive members of the Board in accordance with the instructions issued by the Minister for Health, Social Services and Public Safety in line with DHSSPS guidance.
- 10.2 Funded Establishment**
- 10.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 10.2.2 The funded establishment of any department may not be varied without the approval of the Director of Finance.



- 10.2.3 The Director of Finance shall put appropriate controls in place to ensure that the funded establishment is not exceeded without the prior authority of the Chief Executive.

10.3 Staff Appointments

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

- (a) unless authorised to do so by the Chief Executive or his/her nominated officer (as noted in the Schedule of Delegated Authority); and
- (b) within the limit of their approved budget and funded establishment as confirmed by the Director of Finance.

- 10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

10.4 Payroll Processing

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

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

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

- 10.4.4 The Director of Finance is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances, including travel and subsistence;
- (c) making arrangements for ensuring payment on agreed dates;



(d) agreeing method of payment.

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

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of pay and allowances, including travel and subsistence to employees and non-executive appointees
- (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 or bank credit to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those in and leaving the employment of the Trust of sums of money and property due by them to the Trust.

10.4.6 Appropriately nominated managers have delegated responsibility for:

- (a) submitting manual or electronic time records, and other notifications in accordance with agreed timetables and in a form prescribed by the Director of Finance;



- (b) submitting manual or electronic termination/contract amendment forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination, retirement or other contractual change. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

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

10.5 Contracts of Employment

10.5.1 The Board shall delegate responsibility to an officer for:

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

11. NON-PAY EXPENDITURE

11.1 Delegation of Authority

11.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.

11.1.2 The Chief Executive will set out:

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

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

11.1.4 Non-pay expenditure should be committed in accordance with the Northern Ireland Public Procurement Policy, Procurement Guidance



Notes, DHSSPS circulars and other relevant guidance.

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

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

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

11.1.8 The Director of Finance shall:

- (a) prepare procedural instructions or guidance that reflect the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (b) be responsible for the prompt payment of all properly authorised accounts and claims;
- (c) 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 those senior employees who are authorised to certify invoices (including specimens of their signatures) and to authorise expenditure.
 - (ii) Certification, either manually or electronically that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are

in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;

- where appropriate, the expenditure is in accordance with regulations including taxation and all necessary authorisations have been obtained;
- the account is arithmetically correct;
- the account is in order for payment.

(iii) A timetable and process for submission of accounts to the BSO 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 processes for requesting payments of invoices/accounts by the Accounts Payable Shared Service Centre.

- (d) be responsible for ensuring that payment for goods and services is only made by BSO once the goods and services are received.

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

11.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust; namely the optimum combination of whole life cost and quality (or fitness for purpose). In so doing, the advice of the CoPE on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted. Requisitions should be placed using the FPL E-Procurement system for goods and services.

11.2.2 Official Orders

Official Orders, either manual or electronic must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Director of Finance;
- (c) state the Trust's terms and conditions of trade;



(d) only be issued to, and used by, those duly authorised by the Chief Executive.

11.2.3 **System of Payment and Payment Verification**

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

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

The Director of Finance will ensure that this outsourced service is subject to annual audit.

Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with the Public Sector Prompt Payment Policy.

11.2.4 **Timeliness in payment of bills**

The Trust or nominated service provider, will pay all matured and properly authorised invoices.

- All public authorities are required to pay suppliers within 30 calendar days of receipt on an undisputed invoice.
- The Trust shall comply with the requirements of the Late Payment of Commercial Debts and Interest Act in relation to the payment of compensation and costs associated with late payment of suppliers.
- Responsibility for approving such payments shall be delegated to an appropriate officer(s) by the Chief executive and this shall be recorded in the Trust's Schedule of Delegated Authority. No other Trust officer is permitted to approve these payments.
- The Trust should pay suppliers, whenever possible, within 10 working days. The Director of Finance shall ensure that all appropriate steps are taken to approve and release invoices for payment without unnecessary delay.

11.2.5 Prepayments

Prepayments are only permitted where exceptional circumstances apply. This excludes normal regular expenditure such as rates, telephone rentals, insurance or other rental agreements. In such instances:

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

11.2.6 Duties of Managers and Officers

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

- (a) they must apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending;
- (b) all contracts (except as otherwise provided for in the Schedule of Delegated Authority), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (c) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (d) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DHSSPS;



- (e) contracts awarded without competition must be supported by a Single Tender Action/Direct Award Contract approved by the Trust's Accounting Officer in line with DHSSPS guidance.
- (f) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits.

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the Trust's policy on "Standards of Business Conduct for Staff")

- (g) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (h) 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 or low value purchase card;
- (i) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed the next working day by an official order and clearly marked "Confirmation Order";
- (j) orders must not be split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (k) goods must not be taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (l) changes to the list of employees and officers authorised to certify invoices shall be notified to the Director of Finance;
- (m) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (n) petty cash records shall be maintained in a form prescribed by the Director of Finance.

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

12. GRANTS AND OTHER BODIES

12.1 Payments to community and voluntary organisations shall comply with procedures laid down by the Director of Finance which shall be in accordance with DHSSPS guidance.

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

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

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

12.4 Duties of Managers and Officers

Managers and officers acting or on behalf of the Trust must ensure that they comply fully with the guidance.

13. CASH MANAGEMENT

- 13.1 Grant-in-aid will be paid to the Trust in instalments on the basis of need.
- 13.2 The Director of Finance is responsible for submitting a written application to the DHSSPS forecasting cash requirements and for drawing down grant-in-aid according to need.
- 13.3 The Director of Finance is responsible for ensuring that cash balances are kept at a minimum level consistent with the efficient operation of the Trust. Any interest earned on overnight deposits may have to be returned to DHSSPS.
- 13.4 Temporary cash surpluses must be held only in such public or private sector investments as authorised by the Board.
- 13.5 The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board, or delegated sub-committee, concerning the performance of investments held.
- 13.6 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 13.7 Where the Trust proposes to borrow funds, the Director of Finance shall seek the approval of the DHSSPS and where appropriate the Department of Finance & Personnel to ensure that it has the necessary authority and budgetary cover for any borrowing or the expenditure to be financed by such borrowing. Any expenditure by the Trust that is financed by borrowing shall count towards the DEL.

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

14.1 Capital Investment

- 14.1.1 The Chief Executive:
- (a) shall ensure that there is an adequate economic appraisal of capital expenditure proposals in line with the Northern Ireland Guide to Expenditure Appraisal and evaluation (NIGEAE), HM Treasury guidance and the NHS Capital Investment Manual;
 - (b) shall ensure that there is an approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;



- (c) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (d) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) and the availability of resources to finance all revenue consequences.

14.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the *Capital Investment Manual and other relevant DHSSPS guidance*) is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) the involvement of appropriate Trust personnel and external agencies;
 - (iii) appropriate project management and control arrangements, including post-project evaluation;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case;
- (c) that DHSSPS approval is obtained for projects costing more than the Trust's delegated limit for capital schemes.

14.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Land Transactions Handbook.

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

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

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



The Chief Executive shall issue to the manager responsible for any scheme:

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

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

- 14.1.7 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 as issued by DHSSPS.

14.2 Private Finance

- 14.2.1 The Trust should follow DHSSPS guidance with regard to testing for PFI when considering procurement of major capital schemes. When the Trust proposes to use finance which is to be provided other than through its allocations, the following procedures shall apply:

- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers appropriate risk to the private sector;
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the DHSSPS or in line with any current guidelines;
- (c) The proposal must be specifically agreed by the Board.

14.3 Leasing

- 14.3.1 The Chief Executive must obtain DHSSPS approval for all property and finance leases.
- 14.3.2 Before entering into a lease, the Director of Finance shall demonstrate that the lease offers better value for money than an outright purchase.

14.4 Asset Registers

- 14.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and



arranging for a physical check of assets against the asset register to be conducted on a rotational basis.

- 14.4.2 The Trust shall maintain an asset register recording non-current assets. The minimum data set to be held within this register shall be as specified in the Capital Accounting Manual as issued by the DHSSPS.
- 14.4.3 Additions to the asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
 - (c) lease agreements in respect of assets held on the Trust's Statement of Financial Position and capitalised.
- 14.4.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Attention is drawn to the guidance on limiting the holdings of land and buildings to the minimum required for the performance of present and clearly foreseen responsibilities as per DHSSPS guidance.
- 14.4.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on asset registers.
- 14.4.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the DHSSPS.
- 14.4.7 The value of each asset shall be depreciated and/or impaired using methods and rates as specified in the Capital Accounting Manual issued by the DHSSPS.

14.5 Security of Assets

- 14.5.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 14.5.2 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.

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

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

14.5.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.

14.5.6 Where practical, assets should be marked as Trust property.

15. STORES AND RECEIPT OF GOODS

15.1 General position

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

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



15.2 Control of Stores, Stocktaking, Condemnations and Disposal

15.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.

The areas of delegation include:

- Pharmacy
- Laboratory
- Community Aids and appliances
- Fuel
- Estates maintenance.
- Ward stocks
- Linen stores

15.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/ officer. Wherever practicable, stocks should be marked as health service property.

15.2.3 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.

15.2.4 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.

15.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.

15.2.6 The designated Manager/ Officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.3 Goods supplied by Centres of Procurement Expertise

15.3.1 For goods supplied via central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery



note and notify the Centre of Procurement Expertise of any shortages or discrepancies using established Trust procedures.

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

16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 Disposals and Condemnations

16.1.1 Procedures

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

- 16.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender. All receipts derived from the sale of assets must be declared to the DHSSPS by the Director of Finance. Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his/her nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with an estimated sale value of less than £20,000 (this figure to be reviewed on a periodic basis);
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DHSSPS guidance has been issued but subject to compliance with such guidance.

16.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
- (b) recorded by the Condemning Officer 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.

16.1.4 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.

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

16.2 Losses and Special Payments

16.2.1 Procedures

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

16.2.2 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 PSNI if theft or arson is involved. In cases of fraud or corruption, the Director of Finance will determine when to inform the PSNI in accordance with the Trust's Fraud Response Plan.

16.2.3 The Director of Finance or other nominated officer must notify the BSO Counter Fraud and Probity Services Team on discovery of a loss or suspected loss to public funds or property as a result of fraud, misappropriation or malicious damage..

16.2.4 Within limits delegated to it by the DHSSPS, the Board or the Chief Executive shall approve the writing-off of losses. These delegated limits are noted in the Trust's Scheme of Delegation document.



- 16.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.2.6 For any loss, the Director of Finance should consider whether any insurance claim can be made. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful
- 16.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the DHSSPS.
- 16.2.9 All losses and special payments must be reported to the Audit Committee at least once per year.

17. INFORMATION TECHNOLOGY

17.1 Responsibilities and duties of the Director of Performance & Service Improvement

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



17.1.2 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

17.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application

17.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which HSC bodies wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:

- (a) details of the outline design of the system;
- (b) in the case of packages acquired either from a commercial organisation, from the HSC, or from another public sector organisation, the operational requirement.

17.3 Contracts for Computer Services with other health bodies or outside agencies

17.3.1 The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

17.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.

17.4 Risk Assessment

The Director of Performance and Service Improvement 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.

17.5 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 such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (c) Finance staff have access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

18. PATIENTS AND CLIENTS' PROPERTY

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

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

18.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- notices and information booklets;
- hospital admission documentation and property records;
- the oral advice of administrative, nursing and other professional staff responsible for admissions,

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

18.3 The Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' or clients' property (including instructions on the disposal of the property of deceased patients or clients and of patients or clients transferred to other premises) for all staff whose duty it is to administer, in any way, the property of patients or clients. Due care should be exercised in the management of a patient's/client's money in order to maximise the benefits to the patient.

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



- 18.5 The Trust shall take cognisance of the provisions of the Enduring Powers of Attorney (NI) Order 1987 to provide for a patient or client to choose for someone other than a member of Trust staff to deal with his/her property and affairs.
- 18.6 Where patients'/clients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient/client in writing.
- 18.7 A patient's / client's property record, in a form determined by the Director of Finance, shall be completed in respect of the following:
- (a) property handed in for safe custody by any patient or client (or guardian or next-of-kin as appropriate)
 - (b) property taken into safe custody having been found in the possession of patients or clients who are:
 - mentally disordered
 - confused or disorientated
 - unconscious
 - dying in a Trust facility
 - severely incapacitated for any reason
- A record shall be completed in respect of all persons in category (b) above.
- 18.8 The record shall be completed by a member of staff in the hospital or facility concerned in the presence of a second member of staff and in the presence of the patient/client or his/her personal representative where practicable. It shall then be signed by both members of staff and the patient / client, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signatures as required for the original entry on the record.
- 18.9 Property handed over for safe custody shall be placed into the care of the officer responsible for the custody of patients' / clients' property, except where there are no administrative staff present, in which case the property shall be placed into the care of the most senior member of staff on duty.
- 18.10 Patients' and clients' income from pensions and associated allowances shall be dealt with in accordance with current DHSS Regulations.
- 18.11 Refunds of cash handed in for safe custody shall be dealt with in accordance with the written instructions issued by the Director of



Finance. Property other than cash which has been handed in for safe custody shall be returned to the patient or client by the officer who has responsibility for its security. The return shall be receipted by the patient or client (or guardian or next-of-kin if appropriate) and witnessed.

- 18.12 The disposal of property of deceased patients / clients shall be effected by the officer who has responsibility for its security. Such disposal shall be in accordance with the written instructions of the Director of Finance. Where cash or valuables have been deposited for safe custody, they shall only be released after written authority has been given by an officer delegated by the Director of Finance. Such authority shall include details of the lawful kin or other person entitled to the cash and valuables in question.
- 18.13 In all cases where property of a deceased patient is of a total value in excess of the amount prescribed by any amendment to the Administration of Estates (Small Payments) Act (NI) 1967, as amended by S.R. 1985 No 9), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is equal to or less than that amount, forms of indemnity shall be obtained.
- 18.14 In respect of a deceased patient's or client's property, if there is no will and no identified lawful kin, the property vests in the Crown, and the details shall be notified to the Crown Solicitor for Northern Ireland.
- 18.15 Any funeral expenses necessarily borne by the Trust are a first charge on the deceased's estate. Where it is deemed necessary for the Trust to make appropriate arrangements for burial or cremation, any cash of the estate held by the Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance. No other expenses or debts shall be discharged out of the estate of a deceased patient or client.
- 18.16 The Director of Finance shall be responsible for investing patients' and clients' monies so as to ensure a reasonable return associated with a minimum level of risk. Individual accounts shall be maintained within the Trust's Patients' Property System and interest earned shall be apportioned regularly to those accounts on an equitable basis.
- 18.17 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

19. ENDOWMENT AND GIFT (E&G) FUNDS

- 19.1 Trust responsibilities for E&G funds are distinct from responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding



general principles of financial regularity, prudence and propriety. The Director of Finance should ensure that each E&G fund is managed appropriately with regard to its purpose and requirements.

- 19.2 This section of the SFIs should be interpreted and applied in conjunction with the rest of these instructions, subject to modifications contained herein.
- 19.3 The Director of Finance has primary responsibility to the Board, and E&G Committee for ensuring that these SFI's are applied and for compliance with the requirements of the Charities Commission for Northern Ireland (CCNI)

Existing E&G Funds

- 19.4 The Director of Finance should arrange for the administration of all existing E&G funds. He/she should ensure that a governing instrument exists for every E&G fund and should produce detailed codes of procedure covering every aspect of the financial management of E&G funds, for the guidance of directors and employees. Such guidelines should identify the restricted nature of certain funds.
- 19.5 The Director of Finance should periodically review the E&G funds in existence and should make recommendations to the E&G Committee regarding the potential for rationalisation of such funds within statutory guidelines.

New E&G Funds

- 19.6 The Director of Finance should arrange for the creation of a new E&G fund where funds and/or other assets, received in accordance with policies, cannot adequately be managed as part of an existing E&G fund.
- 19.7 The governing document for each new E&G fund should clearly identify, inter alia, the objectives of the new fund, the capacity to delegate powers to manage and the power to assign the residue of the E&G fund to another fund contingent upon certain conditions, eg, discharge of original objects.

19.8 Sources of New Trust Funds

19.8.1 Donations

In respect of donations, the Director of Finance should:

- (a) provide guidelines to officers of the Trust as to how to proceed when offered funds. These include:

- (i) the identification of the donor's intention;
 - (ii) where possible, the avoidance of new E&G funds;
 - (iii) the avoidance of impossible, undesirable or administratively difficult objects;
 - (iv) sources of immediate further advice; and
 - (v) treatment of offers of personal gifts.
- (b) provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into E&G funds and that the donor's intentions have been noted and accepted.

19.8.2 Legacies and Bequests

In respect of legacies and bequests, the Director of Finance should:

- (a) provide guidelines to officers covering any approach regarding:
 - (i) the wording of wills;
 - (ii) the receipt of funds/other assets from executors;
- (b) where necessary, obtain grant of probate, or make application for grant of letters of administration, where the E&G fund is the beneficiary;
- (c) be empowered to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- (d) be directly responsible for the appropriate treatment of all legacies and bequests.

19.9 Fund Raising

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

- (a) deal with all arrangements for fund-raising by and/or on their behalf and ensure compliance with all statutes and regulations;
- (b) be empowered to liaise with other organisations/persons raising funds and provide them with an adequate discharge. The Director of Finance shall be the only officer empowered to give



approval for such fund-raising subject to the overriding direction of the Board;

- (c) be responsible for alerting the Board to any irregularities regarding the use of the E&G fund's name or its registration numbers; and
- (d) be responsible for the appropriate treatment of all funds received from this source.

19.10 Trading Income

In respect of trading income, the Director of Finance shall:

- (a) be primarily responsible for any trading undertaken; and
- (b) be primarily responsible for the appropriate treatment of all funds received from this source.

Investment Income

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

Investment Management

- 19.12 The Director of Finance shall be responsible for all aspects of the management of the investment of E&G funds. The issues on which he/she should be required to provide advice to the Board should include:
- (a) the formulation of investment policy within the powers of the E&G fund under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
 - (b) the appointment of advisers, brokers, and where appropriate, fund managers. The Director of Finance should agree the terms of such appointments and for such appointments written agreements should be signed by the Chief Executive;
 - (c) pooling of investment resources and the preparation of a submission to the DHSSPS for them to make a scheme;
 - (d) the participation in common investment funds and the agreement of terms of entry and withdrawal from such funds;



- (e) that the use of Trust investments shall be appropriately authorised in writing and charges raised within policy guidelines;
- (f) the review of the performance of brokers and fund managers;
- (g) the reporting of investment performance.

Disposition Management

19.13 The exercise of dispositive discretion shall be managed by the Director of Finance in conjunction with the Board. In so doing he/she shall be aware of the following;

- (a) the objects of various funds and the designated objectives;
- (b) the availability of liquid funds within each E&G fund;
- (c) the powers of delegation available to commit resources;
- (d) the avoidance of the use of Exchequer funds to discharge E&G fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by E&G funds at the earliest possible time;
- (e) that E&G funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the E&G fund; and
- (f) the definitions of “charitable purposes” as agreed by the DHSSPS.

Banking Services

19.14 The Director of Finance should advise the Board and, with its approval, should ensure that appropriate banking services are available to the E&G fund. These bank accounts should permit the separate identification of liquid funds to each fund where this is deemed necessary by the DHSSPS.

Asset Management

19.15 Assets in the ownership of or used by the E&G fund, shall be maintained along with the general estate and inventory of assets. The Director of Finance shall ensure:

- (a) in conjunction with the legal adviser, that appropriate records of all assets owned are maintained, and that all assets, at agreed valuations, are brought to account;



- (b) that appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;
- (c) that donated assets received on trust rather than into the ownership of the Trust shall be accounted for appropriately;
- (d) that all assets acquired from E&G funds which are intended to be retained within the E&G funds are appropriately accounted for, and that all other assets so acquired are brought to account in the name of the Trust.

Reporting

- 19.16 The Director of Finance shall ensure that regular reports are made to the Board with regard to, inter alia, the receipt of funds, investments, and the disposition of resources.
- 19.17 The Director of Finance shall prepare annual E&G fund accounts in the required manner which shall be submitted to the Board and DHSSPS within agreed timescales.

Accounting and Audit

- 19.18 The Director of Finance shall maintain all financial records to enable the production of E&G fund reports as above and to the satisfaction of internal and external audit.
- 19.19 The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. He/she will liaise with external audit and provide them with all necessary information.
- 19.20 The Board shall be advised by the Director of Finance on the outcome of the annual audit. The Chief Executive shall submit the Report To Those Charged With Governance to the Board.

Administration Costs

- 19.21 The Director of Finance shall identify all costs directly incurred in the administration of E&G funds and, in agreement with the Board, shall charge such costs to the appropriate E&G accounts.

Taxation and Excise Duty

- 19.22 The Director of Finance shall ensure that any E&G fund liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions, through the maintenance of



appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

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

20.1 The Director of Finance shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits-in-kind by staff. This policy follows the guidance contained in the DHSSPS circular HSS(PDD) 8/94 “Codes of Conduct and Accountability” and is also deemed to be an integral part of the Standing Orders and these Standing Financial Instructions.

20.2 The Chief Executive shall ensure a written record is maintained of any such gifts, bequests or donations and of their estimated value and whether they are disposed of or retained.

21. RETENTION OF RECORDS

21.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with DHSSPS guidelines as set out in Good Management Good Records..

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

21.3 Records held in accordance with latest DHSSPS guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

22. RISK MANAGEMENT AND INSURANCE

22.1 Programme of Risk Management

The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current DHSSPS assurance framework requirements, which must be approved and monitored by the Governance Committee on behalf of the Board. The Chief Executive shall ensure that the risks the Trust faces are dealt in an appropriate manner, in accordance with the relevant aspects of best practice in corporate governance and shall develop a risk management strategy in accordance with DHSSPS/ HM Treasury guidance.

22.1.1 The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;



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

22.1.2 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control within the Governance Statement in the Annual Report and Accounts as required by current DHSSPS guidance.

22.2 Insurance arrangements with commercial insurers

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

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



23. HSC TRUST FINANCIAL GUIDANCE

- 23.1 The Director of Finance shall ensure that members of the Board are aware of the extant finance guidance issued by DHSSPS and that this direction and guidance are followed by the Trust.