



Western Health
and Social Care Trust

WESTERN HEALTH & SOCIAL CARE TRUST

STANDING FINANCIAL INSTRUCTIONS

June 2021



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1. INTRODUCTION

KEY POINTS

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

1.1 General

- 1.1.1 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). **They are the “business rules” that Directors and employees (including employees of third parties contracted by the Trust) must follow when acting on behalf of the Trust.**
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Standing Orders, Schedule of Decisions Reserved to the Board and the 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. **SFIs are mandatory on all Directors and Employees of the Trust.**



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- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied, 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 Trust 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 Department of Health

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

1.2.2 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 allocation / 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 document.
- (e) ensuring that it receives and reviews regular financial information concerning the management of the Trust and that it is informed



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on a timely basis about any concerns regarding the activities of the Trust.

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 Standing Orders and Scheme of Reservation & Delegation 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 (DoH). 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;



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- (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 Directors 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

KEY POINTS

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

2.1 Audit Committee

2.1.1 In accordance with Standing Orders and the Code of Conduct and Code of Accountability for Board Members of Health & Social Care bodies (2012), the Board shall formally establish an Audit Committee, with clearly defined terms of reference and follow current Cabinet Office guidance and the Department of Finance Audit and Risk Assurance Committee Handbook NI (April 2018). The Audit Committee will provide an independent and objective view of internal control arrangements by a review of:

- (a) 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 statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;
- (b) the adequacy of the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- (c) the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including the Trust's Standing Orders and Standing Financial Instructions;



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- (d) the adequacy of the policies and procedures for all work related to fraud and corruption as required by relevant legislation, regulation or guidance.
- (e) the annual schedule of losses and compensation payments and will make recommendations to the Board regarding their approval
- (f) All approved Direct Award Contracts in the financial year;
- (g) The Committee's terms of reference on an annual basis and submit to the Board for approval. Any subsequent material changes to the Committee's terms of reference will be reported to the sponsor team (Department of Health).

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

The Committee shall ensure that there is an effective internal audit function established by management that meets the Public Sector Internal Audit Standards (PSIAS) and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:

- (a) consideration of the provision of the Internal Audit service;
- (b) reviewing and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework
- (c) consideration of the Head of Internal Audit's annual report, major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
- (d) ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organization;
- (e) an annual review of the effectiveness of internal audit.

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



- (a) consideration of the performance of the External Auditor;
 - (b) discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan;
 - (c) discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust;
 - (d) review of all External Audit reports, including consideration of the Report to those charged with Governance before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses.
- 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 Chair 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 DoH (to the Director of Finance in the first instance).
- 2.1.3 It is the responsibility of the Director of Finance to ensure an adequate Internal Audit service is provided.

2.2 Director of Finance

- 2.2.1 With respect to the internal audit service 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 DoH guidance detailing internal audit;
 - (c) 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 DoH
 - (ii) verification of the Trust's self-assessed compliance with controls assurance criteria and standards;



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- (iii) major internal control weaknesses discovered;
 - (iv) progress on the implementation of internal audit recommendations;
 - (v) progress against plan over the previous year;
- (d) ensuring that an annual internal audit strategic plan covering the coming three years is produced from which an annual operational plan is derived;
- (e) deciding at what stage to involve the police in cases of misappropriation and other irregularities in accordance with the Trust's Fraud Response Plan.
- 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 directors 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 director 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 effectiveness of the governance and risk management arrangements of the organisation;
- (b) the adequacy and effectiveness of the systems of financial, operational and management controls and their operation in practice in relation to the identified business risks;
- (c) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
- (c) the extent of compliance with policies, standards, plans and procedures established by the organization and the extent of compliance with DoH guidance, laws and regulations, including reporting requirements;



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- (d) the integrity of processes and systems to ensure that controls offer adequate protection against error, fraud and loss of all kinds;
 - (e) Instances of suspected fraud and irregularity (preliminary phase of fraud investigations, in conjunction with Management and the BSO Counter Fraud and Probity Unit);
 - (f) The extent to which the assets and interests of the organisation are acquired economically, accounted for and safeguarded from loss of all kinds;
 - (g) Value for money considerations, where appropriate and relevant;
 - (h) The follow up action taken to remedy weaknesses identified by Internal Audit;
 - (i) Head of Internal Audit is required to provide an annual opinion on risk management, control and governance arrangements. This opinion is based upon and limited to, the internal audit work performed during the year, as approved by the Audit 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



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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 DoH. The cost of such assignments is borne by DoH.
- 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 DoH on fraud, bribery and corruption.
- 2.5.2. The Director of Finance is responsible for:
- a. Assessing, identifying, evaluating and responding to risks of bribery or fraud;
 - 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 Business Services Organisation who will report it to the DoF and C&AG as soon as they are discovered, irrespective of value;
 - e. Complying with all guidance issued by DoH;
 - f. Developing an anti-fraud policy and fraud response plan which is updated at least every five years and sent to Counter Fraud and Probity Services at BSO for review.
- 2.5.3 The Director of Finance shall nominate a suitable person to carry out the duties of the Fraud Liaison Officer as specified by the DoH Counter Fraud Policy and guidance.
- 2.5.4 The Fraud Liaison Officer shall report to the Director of Finance and shall work with staff in the Counter Fraud and Probity Service in the Business Services Organisation in accordance with the DoH 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**

KEY POINTS

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

- 3.1** The Trust's revenue and capital expenditure form part of the DoH Department's Resource Delegated Expenditure Level (DEL) and Capital DEL respectively.
- 3.2** The Trust shall not, without prior written DoH approval, enter into any undertaking to incur any expenditure which falls outside the Trust's delegations or which is not provided for in the Trust's annual budget as approved by the DoH or the HSC Board on its behalf. This reflects the general principles set out in Managing Public Money (NI) (MPMNI) relating to the authority for expenditure, regularity, propriety and value for money which applies to all public expenditure.
- 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;



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

3.4 Where patient, client or staff safety requires expenditure to be incurred beyond the current approved budget, the Directorate is required to prepare a contingency plan to bring expenditure back to within budget limits and within an agreed timeframe. Should that not be possible, then the Trust is required to inform HSCB and DoH Finance Branch where material.

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

Examples include:

- Incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications;
- Making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the sponsor Department
- Unusual financing transactions, especially those with lasting commitments;



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- Making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of the resources required.

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



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

KEY POINTS

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

4.1 Revenue Resource Limit

The Director of Finance will:

- (a) periodically review the basis and assumptions used for distributing the Revenue Resource Limit (RRL) and ensure that this is reasonable and realistic and secure the Trust's entitlement to funds;
- (b) at the start of each financial year, submit to the HSC Board for approval a Financial Plan within the Trust Delivery Plan (TDP) showing the total RRL and other forecast receipts and will include a budget of estimated payments and receipts together with a profile of expected expenditure and draw down of any HSCB/Departmental funding and/or other income over the year
- (c) regularly update the Trust on significant changes to the initial Revenue Resource Limit and the uses of such funds.



4.2 Preparation and Approval of Plans and Budgets

- 4.2.1 The Chief Executive will compile and submit to the 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, taking into account its approved funding provision and any forecast receipts
 - (b) details of the organisations 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 and, where applicable, any control total either approved or for approval by DoH.
 - (e) identify potential risks.
- 4.2.3 The Director of Finance shall monitor financial performance against budget and plan, review them on a monthly basis and report to 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, will be issued by his/her delegated representative 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 / group responsibilities;
 - (d) authority to exercise virement only within total revenue or total capital (non-virement between revenue and capital budgets);
 - (e) the provision of regular reports.
- 4.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total Revenue Resource Limit set by the HSC Board taking account of any approved control total.
- 4.3.3 All Budget Holders must ensure that the necessary business case preparation and approvals have been obtained for expenditure decisions before committing to recurrent revenue expenditure in new service commissioning or to support any other proposed investment. Failure to obtain the required approvals will mean that the expenditure has been incurred without the required authority and is therefore deemed to be irregular. This could lead to a qualification of the audit opinion in the Trust's annual financial statements. Budget Holders should refer to the latest DoH and Trust guidance on business cases and the NI Guide on Expenditure Appraisal and Evaluation and the delegations issued by the DoH in HSC (F) 52/2016 or subsequent revisions. It is recommended that Budget Holders consult with their designated Senior Financial Management Accountant or the Assistant Director of Financial Management for advice before committing to any proposed recurrent investment.
- 4.3.4 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Director of Finance, subject to any authorised use of virement. Where DoH resources allocated for a particular purpose are not required or not required in full for that purpose, approval of the HSC Board / DoH must be obtained before any redistribution within the Trust, coordinated by the Director of Finance.
- 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 devise and maintain systems of budgetary control.

These will include:

(a) monthly financial reports to the Trust Board in a form approved by the Board containing the following:

- i. income and expenditure to date showing trends and forecast year-end position;
- ii. capital project spend and projected out-turn against plan;
- iii. explanations of any material variances from plan;
- iv. monitoring information in relation to savings and recovery 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 Corporate Management Team (CMT);
- (b) the amount provided in the approved budget, is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;



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- (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.

Directorate Senior Financial Management Accountants and the Assistant Director of Financial Management should be consulted for advice and support as required.

- 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**

KEY POINTS

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

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

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

5.2 The Trust's annual accounts and annual report must be audited by the Comptroller and Auditor General to the NI Assembly. The Trust's audited annual accounts 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 DoH 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**

KEY POINTS

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

6.1 General

6.1.1 The Director of Finance is responsible for managing the Trust's banking arrangements, including setting clarity for the interface with the Business Services Organisation where it provides banking services on behalf of the Trust. Accounting Officers are responsible for the credit risk to which public funds are exposed when held in commercial banks. The Director of Finance is also responsible for advising the Trust Board on the provision of banking services and operation of accounts. This advice will take into account guidance and directions issued from time to time by the DoH. The 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 DoH guidance on the level of cleared funds;



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- (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 three to five years or extended period as agreed by the Trust. 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

KEY POINTS

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

7.1 Income Systems

- 7.1.1 The Director of Finance is responsible for ensuring that there is compliance with agreed systems for the proper recording, invoicing, collection and coding of all monies due including, via the Service Level Agreement, income administered by the BSO.
- 7.1.2 The Director of Finance is also responsible for the prompt banking of all monies received whether by Trust cash offices or by BSO on its behalf
- 7.1.3 The Director of Finance will seek annual assurance from the BSO on the reliability of the information processed by BSO for accounting purposes on behalf of the Trust.
- 7.1.4 The Director of Finance will ensure that the BSO systems, controls and processes are subject to audit on an annual basis and that the Trust formally advised of any assurance levels that are categorised as less than satisfactory.
- 7.1.5 The Director of Finance is responsible for designing, maintaining and training Trust staff in appropriate financial procedures regarding the above.



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- 7.1.6 The Director of Finance will ensure that the Trust receives regular reports in an agreed format in relation to all areas of income, debt and banking that are managed by BSO on the Trust's behalf.

7.2 Fees and Charges

- 7.2.1 All fees or charges for any services supplied by the Trust, including services provided between HSC bodies shall be determined in accordance with MPMNI and should be based on a full cost recovery basis. Where it is decided to charge less than full costs, this will require DoH approval and there should be an agreed plan to achieve full cost recovery within a reasonable period. If the subsidy is intended to last the decision should be documented and periodically reviewed.

- 7.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DoH or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

- 7.2.3 Charges for commercial services should be set at a commercial rate in line with market practice and reflect fair competition with private sector providers. The requirements of competition law and State Aid must be considered. Decisions to set rates at below market practice must have DoH approval.

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 or chargeable 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 Trust will follow all relevant DoH guidance including Commercial Sponsorship – Ethical standards in the HSC as well as the Trust's policy on Standards of Business Conduct; and the Trust's Endowment and Gift Funds procedures.

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

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

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



7.3 Debt Recovery

- 7.3.1 The Director of Finance is responsible for ensuring that the BSO undertakes the appropriate recovery action on all outstanding debts. For those debts not managed by the BSO, the Director of Finance is responsible for ensuring appropriate procedures are in place for recovery action.
- 7.3.2 Income not received should be dealt with in accordance with the DoH 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 DoH guidance, BSO Payroll Shared Services and Trust Policies and 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 Accounts Receivable Shared Services Centre.
- 7.4.2 Funds managed by the Trust shall not under any circumstances be used for the encashment of private cheques or IOUs.



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- 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 as soon as it is discovered.



8. PROCUREMENT AND CONTRACTING PROCEDURE

KEY POINTS

- **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.”
- The Trust must use the existing Centres of Procurement Expertise for the procurement of works, goods and services.
- The Director of Finance is responsible for ensuring that the Trust has appropriate systems in place for controlling risks associated with purchasing activities.
- **Trust managers and officers must:**
 - Ensure they comply fully with Trust guidance on procurement (including Direct Award Contracts) and contract management;
 - Complete a declaration of objectivity and interest if participating in an evaluation process;
 - 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.

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, DoH Mini-Code Guidance, DoH HSC(F) circulars and other professional Estates guidance

8.2.1 Northern Ireland Public Procurement Policy 2002 (as amended), Procurement Guidance Notes and any other guidelines or guidance issued by DoH, Central Procurement Directorate (CPD) and the Procurement Board prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions. The Trust shall ensure that it complies with any relevant and applicable UK and EU or other international procurement rules and within its delegated limits.



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 Centres of Procurement Expertise (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 (CoPE)

8.4.1 The Trust’s procurement activity will be carried out by means of a Service Level Agreement (SLA) with a recognized and approved CoPE. The relevant CoPEs are:

- Business Services Organisation – Procurement and Logistics service (BSO PALS) for Goods and Services including Social Care and Independent Sector Healthcare
- Central Procurement Directorate - Health Projects (CPD HP) for Construction Works/Services.

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

8.4.2. 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 Pharmaceutical Procurement

- 8.5.1 The Trust shall use the Regional Pharmaceutical Procurement Service, which is a regional shared service operated by the Northern Health and Social Care Trust in collaboration with BSO PaLS. The Regional Pharmaceutical Contracting Executive Group (RPCEG) is responsible for approving the award of contracts for pharmaceuticals and dressings across HSCNI.
- 8.5.2 The Trust's Assistant Director for Pharmaceutical Services 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.
- 8.5.3 Pharmaceutical procurement shall be carried out in line with the relevant DoH policies.

8.6 Procurement Arrangements

8.6.1. 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. Local implementation of actions arising from the HSC Regional Procurement Strategy;
- 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.



- 8.6.2 The Director of Finance acts as a Trust representative on a HSC Regional Procurement Board and will oversee the implementation of key strategic procurement requirements to deliver efficient and effective procurement and in line with regional priorities.
- 8.6.6 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.
- 8.6.7 The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
- 8.6.8 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. This report will be presented to the Audit Committee. This report will be sent to DoH when requested.
- 8.6.9 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 must accept tenders from suppliers who provide the best value for money overall. This is defined as the most advantageous combination of costs, quality and sustainability to meet patient / client and Trust requirements. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to meet customer's requirements; and sustainability means economic, social and environmental benefits. Finding value for money involves an appropriate allocation of risk.

8.7 Use of Centres of Procurement Expertise

- 8.7.1 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)



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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 DoH.

8.7.2 The Director of Performance and Service Improvement is responsible for managing the procurement of construction works and design services with the Central Procurement Directorate within 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 DoH and CPD. The Director of Strategic Capital Development carries the above responsibilities in relation to major capital schemes being undertaken within the Trust.

8.7.3 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;
- (h) The service is subject to audit to ensure that an appropriate and effective system of managing purchasing is in place and the necessary levels of controls and monitoring are implemented.

8.8 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



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Manual, DoH Mini-code and other relevant guidance as appropriate and for ensuring appropriate monitoring procedures are in place.

8.9 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.

8.10 Contracting / Tendering Arrangements

8.10.1 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

8.11 Competition

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

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

8.11.3 Where a contract is awarded to an economic operator without competition, this is deemed a Direct Award Contract (DAC). In light of their exceptional nature, all DACs should be dealt with in accordance with the advice, requirements and delegations set out in DoH and DoF guidance and in accordance with SLA or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying



with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations).

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 CMT or 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 Director of Finance (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 DoH, CPD Health Projects and the Department of Finance in relation to the process to be followed.



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

- The use of private finance offers better value for money for the public sector compared with other forms of procurement; and
- The public sector partner is able to predict the nature and level of its long term service requirements with a reasonable degree of certainty.

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

8.14 Shared Services

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

The Trust should always use BSO in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO services then Enterprise Shared Services (ESS) should always be considered as a viable alternative and must be appraised in the business case.

8.15 Health and Social Care Service Agreements

Service agreements between HSC organisations shall not be regarded for any purpose as giving rise to contractual rights or liabilities, but if any dispute arises with respect to such an arrangement, either party may refer the matter to the DoH for determination.

8.16 In-house Services

8.16.1 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.

8.16.2 Appropriate groups shall be established within the Trust to manage the tender process and to present an in-house bid. Should that be required specific procedures will be established. All groups shall work independently of each other. No member of the in-house tender group



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shall be permitted to participate in the evaluation of tenders.

- 8.16.3 The evaluation team shall make recommendations to the Trust Board.
- 8.16.4 The Trust Board shall decide on the tender award and the decision shall be recorded in the minutes of the relevant Board meeting.
- 8.16.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

8.17 Applicability of SFIs on Procurement and Contracting to Endowment and Gifts Funds and Patients' Property monies

These instructions shall not only apply to expenditure from Public funds but also to works, services and goods purchased from the Trust's endowments and gifts funds, from Patients' Property monies and from funds provided to the Trust by other organisations.



9. **HSC SERVICE AND BUDGET AGREEMENTS FOR PROVISION OF SERVICES**

KEY POINTS

- The Chief Executive 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. The objective should be to implement the agreed priorities contained in the Trust Delivery Plan.

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



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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 performance against the SBA.



10. **TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF DIRECTORS AND EMPLOYEES**

KEY POINTS

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

10.1 Remuneration and Terms of Service

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);



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(ii) provisions for other benefits;

(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 Directors 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 staff where appropriate and within the regulations as laid down by DoH;
- (c) monitor and evaluate the performance, and where appropriate, the development of the Chief Executive and Directors who are remunerated on a senior executive pay scale;
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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 Directors not already directed by the DoH. Any change to the remuneration of Senior Executives will be in line with guidance provided in relevant circulars from the DoH or with the prior approval of the Permanent Secretary of the DoH where the circumstances are out with the terms of extant circulars. Minutes of the Board's meetings shall record such decisions.

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

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

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

10.2 Funded Establishment



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- 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 It is the budget-holders responsibility to ensure that the funded establishment is not exceeded without the prior approval of the Chief Executive or Director of Finance. The Director of Finance will regularly report to Trust Board and CMT on any material over-commitment against the funded establishment. Where patient, client or staff safety requires expenditure to be incurred beyond the current approved budget, the Directorate is required to prepare a contingency plan to bring expenditure back to within budget limits and within an agreed timeframe. Should that not be possible, then the Trust is required to inform HSCB and DoH Finance Branch where material.

10.3 Staff Appointments

- 10.3.1 No Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary 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 Trust will administer Agenda for Change Terms and Conditions as adopted by DoH and in accordance with our Management Statement / Financial Memorandum.
- 10.3.3 Any proposal by the Trust to move from existing pension arrangements, or to pay redundancy, or compensation for loss of office, requires the approval of the DoH and DoF. Proposals on severance payments must comply with MPMNI and any related DoF/DoH guidance.

10.4 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.



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- 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 payroll processing 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;
 - (l) procedures for the recall of cheques and bank credits;



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- (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.
- (n) a system to ensure all statutory returns, e.g. HMRC are completed.

10.4.6 Appropriately nominated managers have delegated responsibility for:

- (a) approving and 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) approving and 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.
- (c) Submitting manual or electronic claims for reimbursement of travel and subsistence expenses or other allowances in the prescribed form and in accordance with agreed timetables.

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

10.5 Contracts of Employment

- 10.5.1 The Trust Board shall delegate responsibility to the Director of HR for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Trust 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**

KEY POINTS

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



11.1 Delegation of Authority

- 11.1.1 The Board will approve the level of non-pay expenditure on an annual basis 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.
 - (c) the list of managers who are authorized to use the Government purchasing card.
- 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, DoH 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 is responsible for designing, maintaining and training Trust staff in appropriate financial procedures regarding the above.



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

11.1.10 The Director of Finance shall:

- (a) Inform CMT should there be a material change in the procurement limits above which quotations (competitive or otherwise) or formal tenders must be obtained; the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance that reflect the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims in accordance with applicable terms, MPMNI and any guidance issued by DoH
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) a list of those senior employees who are authorised to certify invoices 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;



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- 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.
- (e) 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; only be approved by those with delegated authority.



11.2.3 System of Payment and Payment Verification

- a. The Director of Finance shall be responsible for the prompt payment of valid accounts and claims once appropriately authorised by Trust Officers.
- b. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with Government Accounting Guidance.
- c. 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.
- d. The Director of Finance will ensure that this outsourced service is subject to annual audit.
- e. The Director of Finance shall ensure that all appropriate steps are taken to approve and release invoices for payment without unnecessary delay.

11.2.4 Prepayments

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

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



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immediately inform the appropriate Director or Chief Executive if problems are encountered.

Any proposal for deferred payments is considered novel and contentious and must have DoF approval.

11.2.5 Duties of Managers and Officers

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

- (a) they must apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, following Trust issued guidance in this regard. Appraisal must be applied irrespective of whether the relevant public expenditure or resources involve capital or revenue, is large or small and is above or below Trust delegated limits;
- (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. Property leases will require the approval of DoH.
- (c) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (d) 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 DoH guidance.
- (e) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the DoH;
- (f) no order shall be issued for any item or items to any 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;



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(iii) arrangements as part of a formal contract, such as social clauses.

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the Trust's policy on Gifts and Hospitality)

- (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.
- (o) purchases using the Government purchasing card are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance.

11.2.6 The 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.

11.2.7 Lending, Guarantees, Indemnities: Contingent Liabilities; Letters of Comfort



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

11.2.8 Gifts

DoH and Department of Finance approval is needed for any gifts above delegated limits. Gifts include the transfer of assets or leases at below market value. Public money must not be used to make gifts to staff.

Gifts must be noted in the annual report and accounts.

11.2.9 Use of consultants

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

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



12. **GRANTS AND OTHER BODIES**

KEY POINTS

- Payments to community and voluntary organisations shall comply with procedures laid down by the Director of Finance and in accordance with DoH guidance.

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 DoH 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 DoH Guidance.

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

- Regularity – funds should be used for the 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.

The Trust shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract with or to give a grant or grant in aid (GIA) of material sums.

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



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The Trust will adopt a contract management approach to ensuring quality / quantity and value of service is maintained where applicable to grants in certain circumstances.

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

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

12.4 Duties of Managers and Officers

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



13. CASH MANAGEMENT

KEY POINTS

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

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

13.2 The Director of Finance is responsible for submitting a written application to the DoH forecasting cash requirements and for drawing down grant-in-aid according to need as detailed in Managing Public Money (NI). This includes setting clarity for the BSO where it provides these cash management services on behalf of the Trust. The grant-in-aid included in DoH spring supplementary estimates should not be exceeded.

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

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

13.5 The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

13.6 Normally the Trust will not be allowed to borrow. Where the Trust proposes to borrow funds, the Director of Finance shall seek the approval of the DoH and where appropriate the Department of Finance (DoF) to ensure that it has the necessary authority and budgetary cover for any borrowing or the expenditure to be financed by such borrowing.



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Any expenditure by the Trust that is financed by borrowing shall count towards the DEL.

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



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

KEY POINTS

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

14.1 Capital Investment

14.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate economic appraisal of capital expenditure proposals in line with the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), HM Treasury guidance and DoH circulars.
- (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;



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- (d) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences

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

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

14.1.5 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.



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

- 14.1.6 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 DoH.

14.2 Private Finance

- 14.2.1 The Trust should follow DoH guidance with regard to testing for PFI when considering procurement of major capital schemes where the capital threshold is £50 million or above. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers appropriate risk to the private sector.
- (b) The Director of Finance will consult with the DoH over the accounting and budgeting treatment for a PFI. Where judgement over the level of control is difficult, the DoH will consult with the Department of Finance.
- (c) The proposal must be specifically agreed by the Trust Board and other relevant bodies.

14.3 Leasing

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

14.4 Asset Registers

- 14.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance



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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* and any other DoH guidance.
- 14.4.3 Additions to the asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
 - (c) lease agreements in respect of assets held on the Trust's Statement of Financial Position and capitalised.
- 14.4.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to 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 DoH 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 DoH.
- 14.4.7 The value of each asset shall be depreciated and/or impaired using methods and rates as specified in the *Capital Accounting Manual* issued by the DoH.
- 14.4.8 Transfers of assets between government departments should generally be at full current market value; assets transferred under a transfer of functions order to implement a machinery of government change are generally made at no charge.

14.5 Security of Assets



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- 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 in line with arrangements agreed by the Director of Finance. See SFI No. 7 for the control of cash, cheques and negotiable instruments. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset;
 - (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 Directors 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**

KEY POINTS

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

15.1 General position

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

- (a) kept to a minimum;
- (b) subjected to annual stock take;
- (c) valued at the lower of cost and net realisable value in accordance with relevant DoH circulars and any other relevant guidance.

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. In some cases, responsibility may be delegated to BSO PaLS.

The areas of delegation include:

- Pharmacy
- Laboratory
- Community Aids and appliances
- Fuel
- Estates maintenance.



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- Ward stocks
- Linen stores
- Catering Stores
- PPE

- 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**

KEY POINTS

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

16.1 Disposals and Condemnations

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

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 in accordance with DoH guidance by the Director of Finance.

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the 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;
- (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 DoH 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.

16.1.6 Other than at public auction, no article shall pass into the possession of any member of Trust staff or Director without approval of the DoH.

16.2 Losses and Special Payments

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

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

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



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16.2.3 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Director of Finance or 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 Policy and Response Plan.

16.2.4 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.

16.2.5 Within limits delegated to it by the DoH, the Board shall approve the writing-off of losses.

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

16.2.7 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, proved unsuccessful and there is no feasible alternative.

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

16.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the DoH.

16.2.10 All losses and special payments must be reported to the Audit Committee at least once per year.



17. **INFORMATION & COMMUNICATION TECHNOLOGY**

KEY POINTS

- The Director of Finance is responsible for the accuracy and security of the computerised financial data of the Trust;
- The Director of Finance will ensure that contracts for computer services for financial applications with another health organization or other agency clearly define the responsibilities of all parties;
- The Director with responsibility for ICT will ensure that risks to the Trust arising from the use of ICT are effectively identified and considered;
- Where computer systems have an impact on corporate financial systems, the Director of Finance will need to be satisfied across a range of measures.

17.1 Responsibilities and duties of the Director responsible for ICT

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

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

17.1.2 The Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled



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manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

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

17.2.2 Where other health organisations (e.g. BSO) 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.

17.3 Risk Assessment

The Director responsible for ICT shall ensure that risks to the Trust arising from the use of ICT 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.

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

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an ICT 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**

KEY POINTS

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

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

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

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

- notices and information booklets;
- 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



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administer, in any way, the property of patients or clients. Due care should be exercised in the management of a patient's/client's money in order to maximise the benefits to the patient.

- 18.4** Where DoH instructions require the opening of separate accounts for patients' or clients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 18.5** The Trust shall take cognisance of the provisions of the Enduring Powers of Attorney (NI) Order 1987 to provide for a patient or client to choose for someone other than a member of Trust staff to deal with his/her property and affairs.
- 18.6** Where patients'/clients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient/client in writing.
- 18.7** A patient's / client's property record, in a form determined by the Director of Finance, shall be completed in respect of the following:
- (a) property handed in for safe custody by any patient or client (or guardian or next-of-kin as appropriate)
 - (b) property taken into safe custody having been found in the possession of patients or clients who are:
 - mentally disordered
 - confused or disorientated
 - unconscious
 - dying in a Trust facility
 - severely incapacitated for any reason

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

- 18.8** The record shall be completed by a member of staff in the hospital or facility concerned in the presence of a second member of staff and in the presence of the patient/client or his/her personal representative where practicable. It shall then be signed by both members of staff and the patient / client, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signatures 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 DoH Regulations.
- 18.11** Refunds of cash handed in for safe custody shall be dealt with in accordance with the written instructions issued by the Director of Finance. Property other than cash which has been handed in for safe custody shall be returned to the patient or client by the officer who has responsibility for its security. The return shall be receipted by the patient or client (or guardian or next-of-kin if appropriate) and witnessed.
- 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 £10,000 or less forms of indemnity shall be obtained.
- 18.14** In respect of a deceased patient's or client's property, if there is no will and no identified lawful kin, the property vests in the Crown, and the details shall be notified to the Crown Solicitor for Northern Ireland.
- 18.15** Any funeral expenses necessarily borne by the Trust are a first charge on the deceased's estate. Where it is deemed necessary for the Trust to make appropriate arrangements for burial or cremation, any cash of the estate held by the Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance. No other expenses or debts shall be discharged out of the estate of a deceased patient or client.
- 18.16** The Director of Finance shall be responsible for investing patients' and clients' monies in accordance with DoH guidance so as to ensure a reasonable return associated with a minimum level of risk. Individual accounts shall be maintained within the Trust's Patients' Property System and interest earned shall be apportioned regularly to those accounts on an equitable basis.



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- 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.
- 18.18** The Director of Finance will be responsible for seeking consent from RQIA to hold monies in excess of the limit set by the DOH on behalf of patients/clients who have been deemed incapable of managing their monies and property under Article 116(4) of the Mental Health Order (NI) 1986.



19. **ENDOWMENT & GIFTS FUNDS**

KEY POINTS

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

19.1 Trust responsibilities for endowment and gifts 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 fund is managed appropriately with regard to its purpose and requirements.

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

19.3 Existing funds

The Director of Finance should arrange for the administration of all existing funds. They should ensure that a governing instrument exists for every fund and should produce detailed codes of procedure covering every aspect of the financial management of funds, for the guidance of directors and employees. Such guidelines should identify the restricted nature of certain funds.

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

19.5 New funds



The Director of Finance should arrange for the creation of a new fund where funds and/or other assets, received in accordance with policies, cannot adequately be managed as part of an existing Charitable Trust fund and where it is cost effective to do so.

- 19.6** The governing document for each new 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 fund to another fund contingent upon certain conditions, e.g., discharge of original objects.

19.7 Sources of funds

19.7.1 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 in line with the structure of Trust funds available; where possible, the avoidance of new endowments and gifts funds;
 - (iii) the avoidance of impossible, undesirable or administratively difficult objects;
 - (iv) sources of immediate further advice; and
 - (iv) treatment of offers of personal gifts
 - (v) Promotion of gift aid where conditions allow.
- (b) provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into funds and that the donor's intentions have been noted and accepted.

19.7.2 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;



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- (b) where necessary, obtain grant of probate, or make application for grant of letters of administration, where the endowment and gifts 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.

19.8 Fund Raising / Sponsorship

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 Chief Executive and Director of Finance shall be the only officer empowered to give approval for such fund-raising subject to the overriding direction of the Trust Board;
- (c) be responsible for alerting the Trust Board to any irregularities regarding the use of the fund's name or its registration numbers; and
- (d) be responsible for the appropriate treatment of all funds received from this source.

19.9 Investment Income

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.

19.10 Investment Management

The Director of Finance shall be responsible for all aspects of the management of the investment of endowment and gifts funds. The issues on which he/she should be required to provide advice to the Endowments and Gifts Committee should include:

- (a) the formulation of investment policy within the powers of the 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



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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 DoH for them to make a scheme;
- (d) the participation in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- (e) that the use of Trust investments shall be appropriately authorised in writing and charges raised within policy guidelines;
- (f) the review of the performance of brokers and fund managers;
- (g) the reporting of investment performance.

19.11 Disposition Management

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 fund;
- (c) the powers of delegation available to commit resources;
- (d) the avoidance of the use of Exchequer funds to discharge fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by endowment and gifts funds at the earliest possible time;
- (e) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the endowment and gifts fund; and
- (f) the definitions of “charitable purposes” as agreed by the DoH.

19.12 Banking Services

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

19.13 Asset Management



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Assets in the ownership of or used by the 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 endowments and gifts funds which are intended to be retained within the endowments and gifts funds are appropriately accounted for, and that all other assets so acquired are brought to account in the name of the Trust.

19.14 Reporting

The Director of Finance shall ensure that regular reports are made to the Endowments and Gifts Committee with regard to, inter alia, the receipt of funds, investments, and the disposition of resources.

- 19.15** The Director of Finance shall prepare annual Charitable Trust fund accounts in the required manner which shall be submitted to the Board and DoH within agreed timescales.

19.16 Accounting and Audit

The Director of Finance shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.

- 19.17** 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.

- 19.18** 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.

19.19 Administration Costs

The Director of Finance shall identify all costs directly incurred in the administration of endowments and gifts funds and, in agreement with



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the Board, shall charge such costs to the appropriate Charitable Trust funds accounts.

19.20 Taxation and Excise Duty

The Director of Finance shall ensure that any 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

KEY POINTS

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

20.1 The Director of Finance shall ensure that all staff are made aware of the Trust Gifts and Hospitality policy on acceptance of gifts and other benefits-in-kind by staff. This policy follows DoH guidance

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

KEY POINTS

- The Chief Executive is responsible for maintaining records in accordance with DoH guidelines, Good Management Good Records (GMGR).

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

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

21.3 Records held in accordance with latest DoH guidance shall only be destroyed in accordance with the provisions of GMGR. 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 DoH assurance framework requirements, which must be approved and monitored by the Governance Committee on behalf of the Board. This programme of risk management, in accordance with the relevant aspects of best practice in corporate governance, will ensure arrangements for the management of risks in the Trust and will include the development of a

risk management strategy in accordance with DoH/ HM Treasury guidance and MPMNI.

22.1.1 The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities which may threaten objectives;
- b) engendering among all levels of staff a positive attitude towards identification management and control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk (risk appetite);
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including Internal Audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured (see 22.2);
- g) on-going arrangements to review the Risk Management programme and to assess the effectiveness of existing arrangements.

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 Mid-year Assurance Statement and Governance Statement as required by current DoH guidance.

22.2 Insurance arrangements with commercial insurers

22.1.1 There is a general prohibition on entering into insurance arrangements with commercial insurers other than insurance which is a statutory obligation or which is permitted under MPMNI. There are, however,



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three exceptions when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trusts 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 with DoH.

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

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

23. HSC TRUST FINANCIAL GUIDANCE

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