

**NHS BLOOD AND TRANSPLANT**

**STANDING FINANCIAL INSTRUCTIONS**

**March 2020**

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## **1. INTRODUCTION**

### **1.1 GENERAL**

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State under the provisions of sections 226(3) and 227(3) of the National Health Service Act 2006, for the regulation of the conduct of the Authority in relation to all financial matters. They shall have the effect as if incorporated in the standing Orders (SOs) of the Authority.
- 1.1.2 Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Authority. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Delegation adopted by the Authority and shall have effect as if incorporated in the Standing Orders (SOs) of the Authority.
- 1.1.3 The Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Authority and its constituent organisations. They do not provide detailed procedural advice. These statements should, therefore, be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Finance Director.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Finance Director must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Authority's Standing Orders and Scheme of Delegation.
- 1.1.5 Failure to comply with standing financial instructions and standing orders is a disciplinary matter which could result in dismissal.
- 1.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Governance and Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Finance Director as soon as possible.

### **1.2 TERMINOLOGY**

- 1.2.1 Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions; and
  - a **“Authority”** means NHS Blood and Transplant (NHSBT)
  - b **“Board”** means the Board of NHSBT

- c **“Budget”** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period any or all of the functions of the Authority
- d **“Budget Manager”** means the director or employee with delegated authority to manage finances (income and Expenditure) for a specific area of the organisation
- e **“Chief Executive”** means the chief officer of the Authority
- f **“DH&SC”** means the Department of Health and Social Care
- g **“Executive Director”** means an officer member of the NHSBT Board
- h **“Executive Team Director”** means an officer of NHSBT that is a member of the NHSBT Executive Team. Executive Directors comprise both officer members of the Board and officers with the title of Director but who are not members of the Board
- i **“Finance Director”** means the chief financial officer of the Authority
- j **“Group Director”** means officers that hold the role of Director within the Authority, as specified by the Chief Executive, but who are not members of the NHSBT Board
- k **“Funds Held on Trust”** shall mean those funds which the Authority holds at 1<sup>st</sup> April 1993, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable
- l **“Associate Director of Procurement”** means the officer delegated by the Chief Executive as responsible for the professional advice on the supply of goods and services
- m **“Legal Adviser”** means the properly qualified person appointed by the Authority to provide legal advice
- n **“Local Counter Fraud Specialist”** means the DHSC accredited officer of the Authority
- o **“NHS Accounting Officer”** means the Chief Executive of the NHS.
- p **“NHSBT Executive Team”** means the senior management team, whose composition is determined by the Chief Executive, that manages the activities and functions of NHSBT.
- q **“NHSBT National Claims Managers”** means those officers nominated to administer the NHSR Schemes and having the power to authorise losses and special payments and DHSC checklists, subject to the limits set out in the Scheme of Delegation and DHSC/Treasury guidelines.
- r **“Nominated officer”** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing

## Financial Instructions

- s** **‘Non-Executive Director’** means a non-officer member of the NHSBT Board
- t** **“Officer”** shall mean employee of the Authority. In certain circumstances, officer may include a person who is employed by another Authority or by Third Party contracted to the Authority who carries out functions on behalf of the Authority
- u** **“Senior employees”** shall mean the groups of staff whose remuneration and terms of service are considered by the Remuneration Committee. These are currently all medical staff, senior scientists and other employees on AfC band 8a and above or equivalent.
- v** **“SFIs”** shall mean Standing Financial Instructions
- w** **“SOs”** shall mean Standing Orders
- x** **“SoD”** shall mean the Scheme of Delegation

1.2.2 Wherever the title Chief Executive, Finance Director, or other nominated officer is used in these instructions, it shall be deemed to include such other director or employees who have been duly authorised to represent them.

1.2.3 Wherever the term “employee” is used and where the context permits it shall be deemed to include employees of third parties contracted to the Authority when acting on behalf of the Authority.

### 1.3 RESPONSIBILITIES AND DELEGATION

1.3.1 The Board exercises financial supervision and control by:

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

1.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Scheme of Delegation.

1.3.3 The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation.

- 1.3.4 The Chief Executive is accountable to the Board for the activities of the Authority and is accountable via the NHS Accounting Officer to Parliament for the stewardship of the resources provided to NHSBT. As the Accounting Officer for NHSBT the Chief Executive has overall executive responsibility for the Authority's activities; is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Authority's system of internal control.
- 1.3.5 The Chair of NHSBT is personally accountable to the Secretary of State for ensuring that the NHSBT's policies are compatible with those of the Secretary of State and for probity in the conduct of the NHSBT's affairs.
- 1.3.6 The Chief Executive and Finance Director will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 1.3.7 It is a duty of the Chief Executive to ensure that existing directors, employees, and all new appointees are notified of and understand their responsibilities within these instructions.
- 1.3.8 The Finance Director is responsible for:
- implementing the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies
  - 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.
  - ensuring that sufficient records are maintained to show and explain the Authority's transactions, in order to disclose, with reasonable accuracy, the financial position of the Authority at any time and, without prejudice to any other functions of Authority Directors, and employees of the Authority, the duties of the Finance Director include:
  - the provision of financial advice to the Authority and its directors and employees;
  - the design, implementation and supervision of systems of internal financial control and
  - the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Authority may require for the purpose of carrying out its statutory duties.
- 1.3.9 All directors and employees, severally and collectively, are responsible for:
- the security of the property of the Authority
  - avoiding loss

- ensuring that spending is consistent with organisational objectives, exercising economy and efficiency in the use of resources;
- conforming with the requirements of Standing Orders, Standing Financial Instructions, and the Scheme of Delegation; and
- ensuring regularity and probity in all financial matters so that NHSBT meets the highest standards of public conduct

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

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

## **2. AUDIT**

### **2.1. GOVERNANCE AND AUDIT COMMITTEE**

2.1.1 In accordance with Standing Orders the Board has established a Governance and Audit Committee with defined terms of reference to advise the Board and provide an independent and objective view of internal control.

2.1.2 The Governance and Audit Committee's responsibilities are to review the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of NHSBT's activities (clinical, financial and operational) and which support the achievement of the organisation's objectives. In particular, the Committee will:

- oversee the development of an integrated governance framework and review the quality and effectiveness of the assurances described by the framework
- review the effectiveness of risk management arrangements
- review policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
- review financial and information systems and monitor the integrity of the financial statements and review significant financial reporting judgments;
- review the policies and procedures for all work related to fraud and corruption as set out in the Secretary of State Directions and as required by the NHS Counter Fraud Authority.
- monitor losses and special payments
- monitor waivers from NHSBT procurement procedures and notices of non-compliance with European procurement law
- monitor compliance with Standing Orders and Standing Financial Instructions
- oversee and approve the selection of internal auditors, oversee their activities and approve the annual audit plan
- review all risk and control related disclosure statements

In carrying out this work, the Committee will utilise the work of Internal Audit, External Audit, Clinical Audit and other assurances as appropriate but will not be limited to these. It will also seek reports and assurances from directors and managers as necessary, concentrating on the governance, risk management and internal control processes together with indicators of their effectiveness.

2.1.3 Where the Governance and Audit Committee considers that there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that they wish to raise, the Chair of the Committee will raise the matter at a full meeting of the Board.



## **2.2 FRAUD AND CORRUPTION**

- 2.2.1 The Chief Executive and the Finance Director shall ensure compliance with the law, and any relevant Directions, with regard to bribery, fraud and corruption.
- 2.2.2 An officer to carry out the duties of the Local Counter Fraud Specialist (LCFS) must be nominated and shall report to the Finance Director. The LCFS shall work with The NHS Counter Fraud Authority and any other counter fraud organisations as required by Treasury and/or Departmental guidance.

## **2.3 FINANCE DIRECTOR**

- 2.3.1 The Finance Director is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control
- ensuring that the provision of internal audit service is adequate and meets the NHS mandatory audit standards
- deciding at what stage to involve the police in cases of misappropriation, and other irregularities
- ensuring that an annual internal audit report is prepared for the consideration of the Governance and Audit Committee and the Board.  
The report must cover:
  - a clear statement on the effectiveness of internal control
  - major internal control weaknesses discovered
  - progress on the implementation of internal audit recommendations
  - progress against plan over the previous year
  - internal audit proposals covering the coming 3 years
  - a detailed internal audit plan for the coming year.

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

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature
- access at all reasonable times to any land, premises or employees of the Authority
- the production of any cash, stores or other property of the Authority under an employee's control; and
- explanations concerning any matter under investigation

- 2.3.3 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 Finance

Director must be notified immediately. All employees must comply with the NHSBT's Counter Fraud Policy.

## **2.4 ROLE OF INTERNAL AUDIT**

2.4.1 The Head of Internal Audit will review, appraise and report upon:

- the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures
- the adequacy and application of financial and other related management controls including risk management and corporate governance
- the suitability of financial and other related management data
- the extent to which the Authority's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences
  - waste, extravagance, inefficient administration
  - poor value for money or other causes

2.4.2 Internal Audit arrangements are established and approved by the Governance & Audit Committee (GAC). The Head of Internal Audit is accountable to the GAC and will normally attend GAC meetings and has a right of access to all GAC members, the Chair and Chief Executive of the Authority. The annual audit plan is approved by the GAC.

2.4.3 The Head of Internal Audit shall report to the Finance Director on a day to day basis. The reporting system for internal audit shall be agreed between the Finance Director, the Governance and 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 NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 years.

2.4.4 Subject to any arrangements that are established in conjunction with the DHSC for shared internal audit services and related Departmental group assurance processes, competitive tenders for external provision of internal audit services should be sought every three years. Any optional contractual extensions to the three-year period must be approved by the Governance and Audit Committee (GAC). The GAC shall oversee the selection process and report to the Board the outcome of any tender exercise.

## **2.5 EXTERNAL AUDIT**

2.5.1 The external auditor is the Comptroller and Auditor General, Head of the National Audit Office. The costs of external audit are paid for by the Authority. The Governance and Audit Committee must endeavour to ensure a cost-efficient service.

### **3 CASH LIMIT CONTROL**

- 3.1 The Authority is required by statutory provisions to manage a balanced income and expenditure position and not to exceed any Capital Cash Limits that are applied to it. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Authority for ensuring that it stays within any limits that apply.
- 3.2 The Finance Director will:
- a provide reports to the DHSC in the form required by the Secretary of State;
  - b ensure that bank accounts are managed with a positive account balance. The Finance Director will additionally ensure that sufficient cash exists to pay for the commitments (accruals and provisions after debtors) that are recorded within the balance sheet at year end.
  - c ensure money drawn from the DHSC against funded programmes (especially the capital limit in the case of NHSBT) is required for approved expenditure only, is drawn down only at the time of need and is used for the purposes specified.
  - d be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility not to exceed Budgets or Capital Cash Limits.

## **4 BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

### **4.1 PREPARATION AND APPROVAL OF BUSINESS PLANS AND BUDGETS**

4.1.1 The Chief Executive will compile and submit to the Board an annual business plan prior to the start of the financial year which takes into account financial targets and forecast limits of available resources. The annual business plan will contain:

- statement of the key assumptions on which the plan is based
- details of major changes in workload, delivery of services or resources required to achieve the plan.

4.1.2 Prior to the start of the financial year the Finance Director will, on behalf of the Chief Executive, prepare and submit an Annual Business plan and associated budgets for approval by the Board. Such plan and budgets will:

- be in accordance with the aims and objectives set out in the strategic plan
- be produced following discussion with appropriate Directors / budget managers
- be prepared within the limits of available funds; and
- identify potential risks.

4.1.3 The Finance Director shall monitor financial performance against budget and business plan, periodically review them, and report to each Board meeting.

4.1.4 All budget managers must provide information as required by the Finance Director to enable budgets to be compiled

4.1.5 The Finance Director will ensure that adequate training is delivered on an on-going basis to budget managers to help them manage their budgets successfully.

### **4.2 BUDGETARY DELEGATION**

4.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must clearly define:

- the amount of the budget
- the purpose(s) of each budget heading
- individual and group responsibilities
- authority to exercise virement between revenue expenditure budgets
- achievement of planned levels of service; and
- regular reporting provision

### **4.3 BUDGETARY CONTROL AND REPORTING**

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

- financial reports to each Board meeting in a form acceptable to the Board containing:
  - income and expenditure to date showing trends and forecast year-end position
  - movements in working capital
  - capital project expenditure and projected outturn against plan
  - explanations of any material variances from plan
  - details of any corrective action where necessary and the Chief Executive's and/or Finance Director's view of whether such actions are sufficient to correct the situation
- the issue of timely, accurate and comprehensible advice and financial reports to each budget manager, covering the areas for which they are responsible
- investigation and reporting of variances from financial, workload and manpower budgets
- monitoring of management action to correct variances; and
- arrangements for the authorisation of budget transfers

4.3.2 Each Budget Manager is responsible for ensuring that:

- any likely overspending or reduction of income which cannot be met by virement is contained within the NHSBT Director's delegated powers
- the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
- no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board in the Annual Business Plan.

4.3.3 The Chief Executive is accountable, via the Executive Directors, for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan and a balanced budget.

#### **4.4 CAPITAL EXPENDITURE**

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

#### **4.5 MONITORING RETURNS**

- 4.5.1 The Chief Executive is accountable for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

## **5. ANNUAL REPORT AND ACCOUNTS**

- 4.6 The Finance Director, on behalf of the Authority, will:
- prepare financial returns in accordance with the accounting policies and guidance given by the DHSC and the Treasury, the Authority's accounting policies, and generally accepted accounting practice
  - prepare and submit annual financial reports to the Secretary of State certified in accordance with current guidelines; and
  - submit financial returns to the Secretary of State for each financial year in accordance with the timetable prescribed by the Department of Health.
- 4.7 The Authority's annual accounts must be audited by an auditor appointed by the Comptroller and Audit General, Head of the National Audit Office, and adopted by the Authority at a public meeting. The NHSBT Scheme of Delegation delegates approval of the annual report and accounts to the Governance and Audit Committee on behalf of the Board.
- 4.8 The Authority will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. This document will comply with the Government Financial Reporting Manual (FReM).

## **6 BANK ACCOUNTS**

### **6.1 GENERAL**

The Finance Director is responsible for managing the Authority's banking arrangements in a manner consistent with, and utilising the banking partner services established under, the Government Banking Service.

- 6.1.1 The Governance and Audit Committee shall approve all banking arrangements that are additional, or at variance, to the arrangements established under the Government Banking Service.

### **6.2 BANK ACCOUNTS**

- 6.2.1 The Finance Director is responsible for:

- bank accounts established under the Government Banking Service
- establishing separate bank accounts for the Authority's non-exchequer funds
- ensuring these accounts are maintained in overall credit except where alternative arrangements have been made

### **6.3 BANKING PROCEDURES**

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

- the conditions under which each bank account is to be operated
- the limit to be applied to any balance; and
- those authorised to make payments on the Authority's accounts.

- 6.3.2 The Finance Director must ensure that the conditions under which each account is operated is in accordance with the SLA/Government Banking Service.

### **6.4 MANAGEMENT OF FOREIGN CURRENCY**

- 6.4.1 The Finance Director is responsible for assessing the need to manage exposure to foreign currency risk and if required draft a policy which must be approved by the Board. Any forward contracts in advance or outside of a policy must be approved by the Board.

- 6.4.2 Any foreign currency losses are considered to be a subset of "losses and special payments" that must be approved annually by the DHSC.



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

### **7.1 INCOME SYSTEMS**

- 7.1.1. The Finance Director is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 7.1.2. The Finance Director is also responsible for the prompt banking of all monies received.

### **7.2 FEES AND CHARGES**

- 7.2.1 The Authority shall follow Treasury and any Departmental guidance in setting prices for its products and services.
- 7.2.2 The Finance Director is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by NHSBT's commissioning plans. Independent professional advice on matters of valuation shall be taken as necessary.
- 7.2.3 All employees must inform the Finance Director promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, royalty agreements, private patient undertakings and other transactions. The Finance Director must approve all terms of credit where these differ from the standard terms of the Authority. All staff entering into contracts to collect income must ensure they are fully aware of the NHSBT credit policy and comply with the associated procedures.

### **7.3. DEBT RECOVERY**

- 7.3.1 The Finance Director is responsible for the appropriate recovery action on all outstanding debts.
- 7.3.2 Income not received should be dealt with in accordance with losses procedures.
- 7.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated. All staff aware of overpayments must report these to the Finance Director promptly.

### **7.4 SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

- 7.4.1 The Finance Director is responsible for prescribing systems and procedures for handling and holding cash and negotiable securities on behalf of the Authority.
- 7.4.2 Official money shall not under any circumstances be used for the encashment of private cheques.
- 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 Finance Director.

- 7.4.4. 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 Authority is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.

## **7.5. MONEY LAUNDERING**

- 7.5.1 The Finance Director is responsible for designing, maintaining and ensuring compliance with systems required under all applicable money laundering regulations.
- 7.5.2 NHSBT will not accept cash payments over £100 (or equivalent in Euros) in any single transaction.

## 8 TENDERING AND CONTRACT PROCEDURE

- 8.1 Duty to comply with Standing Orders** – The procedure for making all contracts by or on behalf of the Authority shall comply with NHSBT Standing Orders (except where Standing Order 3.33 is applied), and Standing Financial Instructions, Chapters 11 and 12.
- 8.2 EU Directives Governing Public Procurement** – Directives by the Council of the European Union, and promulgated by the UK Government, for prescribing the procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Financial Instructions.
- 8.3 Formal Competitive Tendering** – The Authority shall ensure that competitive tenders are invited for the supply of all goods and services (other than specialised services sought from or provided by the DH&SC or Government or NHS (see 8.4)). Exceptions to competitive tenders must have approved waivers and will be reported to GAC.
- 8.4** Where a Government or NHS Framework Agreement exists, which complies with the Public Contracts Regulations (Statutory Instrument 2015, No.102), purchases can be made against such Agreements with prior formal approval from the Associate Director, Procurement that this represents best value to the NHSBT. Where the Associate Director of Procurement does not consider this to be best value, a “mini-competition” must be undertaken in accordance with these Standing Orders and Standing Financial Instructions.
- 8.5** Formal tendering procedure may be waived by the Finance Director as set out below. All cases must be referred to the Associate Director of Procurement for review. Failure to plan the tender process is not a valid justification for a waiver.

The Finance Director has delegated powers to waive tendering procedures to the Associate Director of Procurement for cases **a**, **b** and **g**.

Cases which fall under sections c to f below can only be waived by the Chief Executive after receiving advice from the Associate Director, Procurement.

- a.** the estimated total lifetime expenditure or income does not, or is not reasonably expected to, exceed £50,000; or
- b.** where the supply is proposed under special arrangements negotiated by the DH&SC in which event the said special arrangements must be complied with;
- c.** the timescale genuinely precludes competitive tendering.
- d.** specialist expertise is required, available from only one source;
- e.** the task is essential to complete the project, **and** arises as a consequence of a recently completed assignment, and engaging different consultants for the new task would be inappropriate;
- f.** there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of

such continuity must outweigh any potential financial advantage to be gained by competitive tendering.

- g.** where provided for in capital investment procedures.

The limited application of the single tender rules should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure. Where it is decided that competitive tendering is not applicable and should be waived by virtue of **(c)** to **(f)** above the fact of the waiver and the reasons should be documented, in the form specified by the Associate Director, Procurement, and reported by the Chief Executive to the GAC.

- 8.6** Except where Standing Financial Instruction 8.5, or a requirement under Standing Financial Instruction 8.2, applies, the Authority shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required. Executive Directors have the power to approve invitation to tenders being sent to fewer parties in exceptional circumstances, and with agreement from the Associate Director, Procurement where three are not available/practicable.
- 8.7** The Authority shall ensure that the suppliers of critical goods or services are vetted as part of the tender process (See Annex 1). Where in the opinion of the Finance Director it is desirable to use critical suppliers, who have not been vetted, the reasons shall be recorded in writing to the Chief Executive.
- 8.8** Tendering procedures are set out in Annex 1.
- 8.9** Quotations – are required where formal tendering procedures are waived under Standing Financial Instruction 8.5 (a) or (c) and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000.
- 8.10** Where quotations are required under SFI 8.10 they should be obtained from at least three firms/individuals based on identical specifications or terms of reference prepared by, or on behalf of, the Authority. Competitive quotations are not needed if, under Standing Financial Instruction 8.22, a Purchasing Card is issued.
- 8.11** Quotations should be in writing unless the Finance Director or the Associate Director, Procurement determine that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotation should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 8.12** All quotations should be treated as confidential and should be retained for inspection for a period of three years.
- 8.13** The Associate Director, Procurement should evaluate the quotations and select the one which gives the best value for money. If this is not the lowest then this fact and the reasons why the lowest quotation was not chosen should be in a permanent record.

- 8.14** Non-competitive quotations in writing may be obtained where the goods or services cost less than £10,000, are not on contract, and are not disaggregated, for the following purposes:
- the supply of goods/services of a special character for which it is not, in the opinion of the Finance Director or the Associate Director, Procurement, possible or desirable to obtain competitive quotations;
  - the goods/services are required urgently, and approval has been received from an NHSBT Director.
- 8.15** The Chief Executive shall be responsible for ensuring that best value can be demonstrated for all services provided under contract or in-house. The Authority may also determine from time to time that in-house services should be market tested by competitive tendering (Standing Financial Instruction 8.25). The services and procurement frameworks managed by the Crown Commercial Service should be utilised at all times except where approval to deviate has been provided by the DH&SC.
- 8.16 Private Finance** – When the Authority proposes, or is required, to use finance provided by the private sector the following should apply:
- The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
  - Where the sum exceeds delegated limits of £1m, a business case must be referred to the DHSC for approval or treated as per current guidelines.
  - The proposal must be specifically agreed by the Authority.
  - The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.
- 8.17 Contracts** – The Authority may only enter into contracts within the statutory powers delegated to it by the Secretary of State and shall comply with:
- these Standing Orders;
  - the Authority's Standing Financial Instructions;
  - EU Directives and other statutory provisions;
  - any relevant directions including the Capital Investment Manual and guidance on the Procurement and Management of Consultants;
  - such of the NHS Standard Contract Conditions as are applicable.
  - any spending controls issued by the Cabinet Office and as deployed by way of specific guidance issued by the DHSC

Where appropriate contracts shall embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

- 8.18** In all contracts made by the Authority, the Authority shall endeavour to obtain best value. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Authority.
- 8.19** The contracting of services through a personal service company should be avoided and will require exceptional approval of the People and Finance Directors in advance.
- 8.20** All contracts, with the exception of employee contracts, shall be held by the Associate Director of Procurement

**8.21 Permanent and Temporary Staff Contracts**

Contracts of Employment, staff re-grading and temporary staff service contracts must be authorised by employees within the People Directorate as nominated by the Director of People.

- 8.22** Delegated budget holders are authorised to recruit agency staff within their delegated powers and budgets, subject to:
- procurement tendering procedures,
  - adherence to framework agreements,
  - adherence to delegations limits for high day rates and subject to
  - compliance with taxation rules (especially with regard to IR35).

The Director of People will:

- authorise any exceptions to tendering procedures and frameworks
- ensure arrangements are in place to authorise high day rate agency staff
- ensure taxation compliance testing and reporting is in place (supported by the Finance Director)
- ensure arrangements are in place to review that the extent and tenure of agency staff is appropriate with regard to employment law and any Treasury rules.

The use of temporary staff should be minimised at all times and time limited. The need for temporary or interim staff beyond a 6 month period should be reviewed and agreed with People Business Partners.

- 8.23** The recruitment of all interim or specialist contractors employed to perform time limited roles in support of business transformation will be approved by the Assistant Director, Business Transformation Services (on behalf of the Director of People). All programme and non-programme roles over £900 per day will require Chief Executive and DHSC approval.

As required by HM Treasury all roles over £220 per day will be reviewed by delegates of the Director of People and Finance Director to ensure compliance with taxation reporting rules. In case that such evidence and assurance cannot be obtained then the relevant contracts should be terminated.

**8.24 Purchasing Cards** – The use of Purchasing Cards within the Authority is subject to detailed procedures as agreed by the Finance Director on advice from the Associate Director, Procurement.

- 8.25** On occasions where the Emergency Plan has been activated it may not be possible to comply with Standing Orders and Standing Financial Instructions. Under these circumstances the most Senior Manager available, as identified within the Emergency Planning Manual, is authorised to take necessary steps to ensure that NHSBT's critical services are maintained during the period of the emergency (and as defined by the Emergency Plan).

This direct action should only be undertaken if the Associate Director, Procurement or the National Purchasing Managers are not available to manage supply chain actions. All such actions must be fully recorded. If stock is drawn from stores an exact record must be kept at the time of removal. If it is necessary for the Emergency Planning Manager to instruct suppliers to deliver goods, a full record must be kept to enable the Procurement Department to raise confirmation orders and ensure regularity.

Any actions taken which do not comply with Standing Orders or Standing Financial Instructions will be monitored by the Procurement Department and forwarded to the Governance and Audit Committee in accordance with the standard procedure for waiver of SFIs.

## **8.26 Disposals**

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

- 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 nominated officer;
- obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies and losses policies of the Authority;
- items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed annually;
- items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- land or buildings concerning which DHSC guidance has been issued but subject to compliance with such guidance.

## **8.27 In House Services**

In all cases where the Authority determines that in-house services should be subject to competitive tendering against external providers the following groups shall be set up:

- Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- In-house tender group, comprising a nominee of the Chief Executive and technical support.

- Evaluation team, comprising a procurement officer, a relevant specialist officer and a representative of the Finance Director.

For services having a likely annual expenditure exceeding £1,000,000, a non-officer member should be a member of the evaluation team.

All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

The evaluation team shall make recommendations to the Authority.

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

**8.28 Applicability to funds held in trust** – These instructions also apply to works, services and goods purchased from the Authority's trust funds.



## **9. NHS SERVICE AGREEMENTS FOR PROVISION OF PRODUCTS AND SERVICES**

- 9.1 The Chief Executive is accountable for NHS Service Level Agreements (SLAs) describing the provision of products and services to hospitals in accordance with the Annual Business Plan. In carrying out these functions, the Chief Executive should take into account the advice of the Finance Director regarding:
- costing and pricing of services
  - payment terms and conditions; and
  - amendments to NHS service agreements
- 9.2 Where NHSBT commissions services from other NHS bodies to a value greater than £1,000,000 p.a. the service and related costs must be described within an appropriate commissioning plan approved by the NHSBT Board.
- 9.3 In general SLAs shall be signed by the Finance Director except in the following circumstances where the power is delegated to the indicated nominees:
- For the provision of blood components and specialist services under standard SLAs agreed with the National Commissioning Group for Blood, the Head of Customer Services is able to sign SLAs on behalf of the Authority. Any variation to the standard SLA must be approved by the Director of Clinical Services and the Finance Director
  - R&D contracts that involve projects approved by the R&D Committee, under government funded work streams, may be signed by the Head of R&D. Any variation to standard terms must be approved by the Director of Clinical Services and the Finance Director
  - SLAs for organ retrieval services, as part of the annual commissioning plan approved by the Board, may be signed by the Director of Organ Donation and Transplantation.
- 9.4 NHS service agreements prices shall comply with NHS costing guidelines. Any pricing at marginal cost should be avoided and reported to the Finance Director. Any material pricing at marginal cost (i.e. income contracts > £200k) should be reported by the Finance Director to the Governance and Audit Committee.
- 9.5 The Finance Director shall review and approve invoices from the DHSC regarding capital charges paid over by NHSBT to DHSC.

## **10. TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND EMPLOYEES**

### **10.1 REMUNERATION AND TERMS OF SERVICE**

10.1.1 In accordance with Standing Orders the Board shall establish a Remuneration 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:

- advise the Board about appropriate remuneration and terms of service for the Executive Members and the Group Directors reporting to the Chief Executive including;
  - all aspects of salary (including any performance-related elements/bonuses)
  - provisions for other benefits, including pensions and cars
  - arrangements for termination of employment and other contractual terms
- 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 will:

- make such recommendations to the Board on the remuneration and terms of service of executive directors to ensure they are fairly rewarded for their individual contribution to the Authority – having proper regard to the Authority's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate
- receive reports on the performance of individual Executive Directors and Group Directors from the Chief Executive. The Chairman of the Authority will report on the performance of the Chief Executive
- report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for the decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors and concerning discretionary awards to all senior employees. Minutes of the Board's meetings should record such decisions.

10.1.4 The Authority will remunerate the Chair and non-executive Directors in accordance with instructions issued by the Secretary of State.

### **10.2 FUNDED ESTABLISHMENT**

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

10.2.2 The funded establishment of any Directorate may not be varied without the approval of the Chief Executive.

### **10.3 STAFF APPOINTMENTS**

10.3.1 No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- unless authorised to do so by the Chief Executive; or
- within the limit of his approved budget and funded establishment and conforming to Authority procedures

10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of any commencing pay rates, conditions of service, etc for employees that are not captured by Agenda for Change or any other frameworks that apply to NHSBT.

10.3.3 Appointment of employees or temporary staff must also be in accord with any Cabinet Office or DHSC procedures that apply at the time. Their application to NHSBT will be described in guidance notes and operating procedures issued by Finance/People and must be adhered to at all times.

### **10.4 PROCESSING OF PAYROLL**

10.4.1 The Finance Director is responsible for:

- specifying timetables for submission of properly authorised time record and other notifications  
the final determination of pay  
making payment on agreed dates  
agreeing method of payment
- monitoring the service provided by any external supplier of payroll services

10.4.2 The Finance Director will issue instructions regarding:

- verification and documentation of data
- the timetable for receipt and preparation of payroll data and the payment of employees
- maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay
- security and confidentiality of payroll information
- authority to release payroll data under the provisions of the Data Protection Act
- methods of payment available to various categories of employee
- procedures for payment by bank credit to employees
- procedures for the recall of cheques and bank credits
- pay advances and their recovery
- maintenance of regular and independent reconciliation of pay control accounts
- separation of duties of preparing records and handling cash; and
- a system to ensure the recovery from leavers of sums of money and property due by them to the Authority
- specifying the form of deduction from salary authorities including specifying items to be included on leaver checklists

10.4.3 Appropriately nominated managers have delegated responsibility for:

- approving and ensuring the submission of time records, and other notifications, in accordance with specified timetables
- completing time records and other notifications (including sickness absence, career break and maternity notifications) in accordance with the Finance Director's instructions and in the form prescribed by the Finance Director; and
- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Finance Director must be informed immediately
- ensuring recovery from leavers of all NHSBT property and termination of their access as specified in leavers checklists

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

## **10.5 CONTRACTS OF EMPLOYMENT**

10.5.1 The Board shall delegate responsibility to the Director of People for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation
- dealing with variations to, or termination of, contracts of employment
- ensuring that all managers complete leavers procedures in accordance with specified timetables.

## **11. NON - PAY EXPENDITURE**

### **11.1 DELEGATION OF AUTHORITY**

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

11.1.2 The Chief Executive, via the Associate Director of Procurement, will ensure that a list of managers who are authorised to place requisitions for the supply of goods and services exists.

### **11.2 CHOICE, REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES**

11.2.1 The requisitioner, in choosing the item to be supplied or the service to be performed shall seek to obtain the best value for money for the Authority. In so doing, the Procurement Department shall use their expertise to purchase the item from the supplier who offers best value for money and meets the specification supplied by the requisitioner. Where this advice is not acceptable to the requisitioner, the Finance Director shall be consulted.

11.2.2 The Finance Director shall be responsible for the prompt payment of all approved accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

11.2.3 The Finance Director will:

- advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed
- prepare procedural instructions on the obtaining of goods, works and services incorporating the thresholds
- be responsible for the prompt payment of all properly authorised accounts and claims
- be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - a list of directors/employees authorised to certify invoices, requisitions, time sheets and expense claims (including specimens of their signatures where required)
  - certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where

applicable, the materials used are of the requisite standard and the charges are correct

- in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
    - the account is arithmetically correct
  - the account is in order for payment
- a system for submission to the Finance Director of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment
  - instructions to employees regarding the handling and payment of accounts within the Finance Department
- be responsible for ensuring that payment for goods and services is only made once the goods and services are received (except as below).

11.2.4 Payments in advance of need are only permitted where exceptional circumstances apply. In such instances:

- the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV) and the intention is not to circumvent cash limits
- the appropriate Director 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 Authority if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments.
- the Finance Director will need to be satisfied with the proposed arrangements before contractual arrangements proceed and
- the budget manager is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Executive Director or Chief Executive, and Associate Director, Procurement if problems are encountered.

11.2.5 Official Orders must:

- be consecutively numbered
- be in a form approved by the Finance Director
- state the Authority's terms and conditions of trade
- only be issued to, and used by, those duly authorised by the Finance Director/Associate Director, Procurement
- be raised for all goods, services, or works except works and services executed in accordance with a contract and purchases from petty cash.

Purchases from petty cash are subject to detailed procedures which are issued to all holders of petty cash floats

- if verbal, 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 on an official order by the Procurement Department and clearly marked ‘Confirmation Order’
- not be split or otherwise placed in a manner devised so as to avoid the financial thresholds or change classification of expenditure between revenue and capital.

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

- all contracts (other than for a purchase permitted within the Scheme of Delegation or delegated budget), leases, tenancy agreements, royalty agreements, and other commitments which may result in a liability are to be signed by the Finance Director/ Associate Director, Procurement.
- contracts above specified thresholds are advertised and awarded in accordance with EU and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621)
- where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Cabinet office and DHSC
- no requisition 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:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
  - conventional hospitality, such as lunches in the course of working visits. In this context the Authority’s Policy on Standards of Business Conduct, Hospitality and Sponsorship should be observed
- no requisition is placed for any item or items for which there is no budget provision unless authorised by the Finance Director
- goods are not taken on trial or loan in circumstances that could commit the Authority to a future uncompetitive purchase
- changes to the list of directors/employees authorised to certify invoices, requisitions, time sheets and expense claims are notified to the Finance Director
- purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Finance Director; and
- petty cash records are maintained in a form as determined by the Finance Director.

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

### **11.3 REGISTER OF CONTRACTS**

- 11.3.1 The Associate Director, Procurement is nominated by the Finance Director to maintain a register of all contracts for goods and services. Managers must ensure that all changes/amendments to contracts are notified to the Associate Director, Procurement.

### **11.4 EMERGENCY PLAN**

- 11.4.1 On occasions where the Emergency Plan has been activated, it may not be possible to comply with Standing Orders and Standing Financial Instructions.

Under these circumstances the most senior manager available, as identified within the Emergency Planning Manual, is authorised to take necessary steps to ensure that the full supply of goods required to keep the Authority running during the emergency is maintained.

This direct action should only be undertaken if the Associate Director, Procurement or the National Purchasing Managers are not available to manage supply chain actions. All such actions must be fully recorded. If stock is drawn from stores an exact record must be kept at the time of removal. If it is necessary for the Emergency Planning Manager to instruct suppliers to deliver goods, a full record must be kept to enable the Procurement Department to raise a confirmation order.

Any actions taken which do not comply with Standing Orders or Standing Financial Instructions will be monitored by the Procurement Department and forwarded to the Governance and Audit Committee in accordance with the standard procedure for waiver of SFIs.



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

### **12.1 CAPITAL INVESTMENT**

#### **12.1.1 The Chief Executive:**

- a. shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans.
- b. shall ensure that the capital investment scheme chosen is the most cost effective and represents best value for money.
- c. is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost and
- 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, including capital charges.
- e. shall ensure that the Authority complies with any DH&SC guidance on procedures with regard to capital expenditure.

#### **12.1.2 For every capital expenditure the Chief Executive shall ensure:**

- a. that a business case is produced setting out:
  - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
  - appropriate project management and control arrangements.
  - for larger projects (in excess of £100,000) the business case should be in line with Treasury/DHSC guidance and incorporate an appropriate net present value/payback analysis
- b. The Chief Executive shall also be responsible for reporting to the Board on how capital expenditure is planned and funds allocated and spent, in a timely fashion.
- c. That the Finance Director has satisfied himself as to the costs and revenue consequences detailed in the business case.

#### **12.1.3 For every capital expenditure proposal, an expenditure proposal form must be completed in the format agreed by the Executive.**

#### **12.1.4 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for the management, incorporating the recommendations of 'ESTATECODE.' The Finance Director shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.**

12.1.5 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:

- specific authority to commit expenditure
- authority to proceed to tender
- approval to accept a successful tender

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

## **12.2 PRIVATE FINANCE**

12.2.1 When the Authority proposes to use finance which is to be provided other than through its Capital Cash Limit, the following procedures shall apply:

- The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- Where the sum involved exceeds delegated limits, the business case must be referred to the DHSC.
- The proposal must be specifically agreed by the Board.

## **12.3 ASSET REGISTERS**

12.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Finance Director 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 once a year.

12.3.2 The Authority shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in any relevant capital accounting guidance issued by Treasury.

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

- properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties.
- stores, requisitions and wages records for own materials and labour including appropriate overheads and
- lease agreements in respect of assets held under a finance lease and capitalised.

12.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, or permanently idled budget managers must notify the Finance Director who will remove their value from the accounting records. Budget managers must validate each disposal by reference to authorisation documents and invoices

(where appropriate).

- 12.3.5 The Finance Director shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.3.6 Assets shall be re-valued annually in accordance with guidelines issues by the DH&SC/Treasury.
- 12.3.7 Assets shall be depreciated using methods and rates as specified in the guidelines issued by DH&SC/Treasury.
- 12.3.8 The remaining lives of assets will be reviewed annually, and extended as appropriate, to reflect the estimated economic life remaining at that time.
- 12.3.9 The Finance Director of the Authority shall calculate and pay capital charges in accordance with guidance issued by the Treasury.

## **12.4 SECURITY OF ASSETS**

- 12.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 12.4.2 Any procedures regarding the control of assets (including fixed assets, cash, cheques, negotiable instruments and donated assets) must be approved by the Finance Director. The procedure shall make provision for:
  - recording managerial responsibility for each asset
  - identification and reporting of additions, transfers, and disposals
  - identification of all repairs and maintenance expenses
  - physical security of assets
  - periodic verification of the existence of, condition of, and title to, assets recorded
  - identification and reporting of all costs associated with the retention of an asset and
  - reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 12.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Finance Director. Whilst each employee has a responsibility for the security of property of the Authority, it is the responsibility of all directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.
- 12.4.4 Any damage to the Authority's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by all Directors and employees in accordance with any detailed procedures established for reporting such losses.
- 12.4.5 Where practical, assets should be marked as Authority property.

## **12.5 DISPOSAL OF ASSETS**

- 12.5.1 Before disposing of a capital asset, a budget manager must seek approval from their relevant Director. This will include investigating options to transfer assets to another department within the NHSBT. Where capital assets are disposed of or transferred, budget managers must notify the Finance Director, in the form specified by the Finance Director, who will remove from or transfer within the fixed asset register.
- 12.5.2 Budget managers are responsible for ensuring that value for money is obtained from capital assets under their control, including obtaining the best price on disposal.
- 12.5.3 Where capital assets are condemned due to damage, theft, or loss, budget managers must notify the Finance Director, in the form specified by the Finance Director, who will remove from the fixed asset register and record the loss in the losses and special payments register.
- 12.5.4 Budget managers must ensure that all disposals of capital assets take account of relevant Health and Safety guidance, and statutory requirement.

### **13. STORES AND RECEIPT OF GOODS**

**13.1** Stores (including departmental stores for immediate use) should be:

- kept to a minimum within overall business objectives
- subject to an annual stock take
- valued at the lower of cost or net realisable value value

**13.2** Subject to the responsibility of the Finance Director for the systems of control, and financing, overall responsibility for the control of stores shall be delegated to the Director of Manufacturing & Logistics by the Chief Executive.

**13.3** The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by Director of Manufacturing & Logistics. Wherever practicable, stocks should be marked as NHSBT property.

**13.4** The Director of Manufacturing & Logistics, following agreement with the Finance Director, shall set out procedures and systems to regulate the stores including records for the receipt of goods, issues, and returns to stores, and losses.

**13.5** Stocktaking arrangements shall be agreed with the Finance Director and there shall be a physical check covering all items in store at least once a year.

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

**13.7** The Director of Manufacturing & Logistics shall be responsible for a system approved by the Finance Director for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The relevant senior officer in the warehousing function shall report to the Finance Director any evidence of significant overstocking and of any negligence or malpractice (see also 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow any guidance set out for disposal of all surplus and obsolete goods.

## **14. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **14.1 DISPOSALS AND CONDEMNATIONS**

- 14.1.1 The Finance Director must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 14.1.2 When it is decided to dispose of an Authority asset, the relevant Director or authorised person will determine and advise the Finance Director of the estimated market value of the item, taking account of professional advice where appropriate. Such assets will include stocks of blood and components and goods held in stores and departmental stores. All unserviceable articles shall be:
- a condemned or otherwise disposed of in a safe manner by an employee authorised for that purpose by the Finance Director;
  - b recorded by the officer appointed at (a) above, known as the Condemning Officer, in a form approved by the Finance Director 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 Finance Director.
- 14.1.3 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 Finance Director who will take the appropriate action.

### **14.2 LOSSES AND COUNTER FRAUD MEASURES**

- 14.2.1 The Finance Director must prepare procedural instructions on the recording of and accounting for condemnations, losses and special payments.
- 14.2.2 The Finance Director must prepare a Counter Fraud Policy that sets out the policy of the Board in dealing with proven cases of fraud and provides guidance to employees in reporting cases of suspected fraud.
- 14.2.3 Any employee discovering or suspecting a loss of any kind must follow the guidance issue in the Authority's Counter Fraud Policy. Where a criminal offence is suspected, the Finance Director must immediately inform the police if theft or arson is involved.
- 14.2.4 The Finance Director must notify the NHS Counter Fraud Authority and the External Auditor of all frauds in line with the Authority's Counter Fraud Policy, and any guidance issued by the NHS Counter Fraud Authority.

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

- the Governance and Audit Committee (and the Board if it is material and/or will have a significant impact on operations )
- the External Auditor

and, in all cases where the fraud is estimated to exceed £15,000,

- NHS Protect.

### **14.3 LOSSES AND SPECIAL PAYMENTS, APPROVAL AND REPORTING**

14.3.1 No claims beyond the delegated limits set by the DH&SC shall be made without the prior approval of the DH&SC (as specified in the Scheme of Delegation).

14.3.2 All losses and special payments that are novel, contentious and repercussive require DH&SC/Treasury approval.

14.3.3 All severance and related non-contractual payments shall be approved by the Chief Executive, with delegated limits provided to the Director of People as described in the Scheme of Delegation. The Scheme of Delegation also specifies the authority limits specified by the DH&SC Arm's Length Body Governance and Audit Committee

14.3.4 The Governance and Audit Committee shall review all losses and special payments.

14.3.5 Officers delegated to approve the writing-off of losses or special payments exceeding £1,000 must complete a checklist in the form specified.

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

14.3.7 For any loss, the Director of Clinical Services and Finance Director should consider whether any claim can be made under the NHS Resolution schemes or any relevant insurance policy.

14.3.8 The Finance Director shall maintain a Losses and Special Payments Register in which write-off action is recorded. The Finance Director shall review the cases of loss and special payment and in order to determine whether and how similar future payments can be avoided.

## **15. INFORMATION TECHNOLOGY**

### **15.1 FINANCIAL SYSTEMS**

15.1.1 The Finance Director, who is responsible for the accuracy and security of the financial data of the Authority, shall;

- devise and implement any necessary procedures to ensure adequate protection of the Authority's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Acts and the General Data Protection Regulations.
- ensure that adequate 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.
- ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
- ensure that an adequate audit trail exists and that audit reviews are conducted as necessary.

15.1.2 The Finance Director shall satisfy him/herself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

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

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

15.1.5 Where computer systems have an impact on corporate financial systems the Finance Director shall satisfy himself that:

- systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy.
- data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists.
- Finance Directorate staff have access to such data and



- audit reviews are conducted as necessary.

## **15.2 NON FINANCIAL SYSTEMS**

15.2.1 The Director that is accountable for Information Technology shall have corresponding duties to those outlined in Section 15.1 for all other IT systems operated by the Authority.

## **15.3 INFORMATION GOVERNANCE AND SECURITY**

15.3.1 With regard to the broader issue regarding the risk of loss or theft of personal data, the Director that is accountable for Information Technology is specifically responsible for:

- Identifying and maintaining a register of information assets
- Identifying the risks and risk mitigation activities relevant to each asset or class of assets
- Establishing the appropriate governance procedures
- Developing the appropriate policies that ensure control over information assets
- Developing initiatives designed to raise awareness of information security management across the Authority and developing training programmes as appropriate.

## **16. FUNDS HELD ON TRUST**

- 16.1** Standing Orders identify the Authority's responsibilities as a corporate trustee for the management of funds it holds on trust and define how those responsibilities are to be discharged. They explain that although the management processes may overlap with those of the organisation of the Authority, the trustee responsibilities must be discharged separately and full recognition given to the dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 16.2** The reserved powers of the Board and the Scheme of Delegation make clear where decisions regarding the purposes for which the funds may be used. Directors and officers must take account of that guidance before taking action.
- 16.3** As management processes overlap most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.
- 16.4** The over-riding principle is that the integrity of each trust must be maintained and statutory and trust obligations met. Materiality must be assessed separately from exchequer activities and funds.
- 16.5** The Finance Director shall devise systems of internal financial control which, when approved by the Trust Fund Committee and Governance and Audit Committee, shall be followed by all staff of the Authority.
- 16.6** The Finance Director shall be responsible for all accounting arrangements and for the production of regular financial reports to the Trust Fund Committee covering matters as determined by the Committee. He/she shall produce Annual Accounts for the Regulatory Bodies to comply with the law, formal directions and good accounting practice. He/she shall deal in the first instance with audit as regards their examination of the records and Accounts.
- 16.7** Funds held on Trust will not accept cash payments over £10,000 (15,000 Euros) in any single transaction and will act in accordance with the Money Laundering Regulations 2003.

## **17. RETENTION OF DOCUMENTS**

- 17.1** The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with DHSC guidelines and data protection legislation.
- 17.2** The records held in archives shall be capable of retrieval by authorised persons.
- 17.3** Records held in accordance with DHSC guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

## **18. RISK MANAGEMENT & INSURANCE**

**18.1** The Chief Executive shall ensure that the Authority has a programme of risk management which will be approved and monitored by the Board through the Governance & Audit Committee.

**18.2** The programme of risk management shall include:

- a process for identifying and quantifying risks and potential liabilities
- engendering among all levels of staff a positive attitude towards the control of risk
- 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
- contingency plans to offset the impact of adverse events
- audit arrangements including; internal audit, clinical audit, health and safety review
- arrangements to review the risk management programme.
- insurance arrangements to minimise the cost of clinical negligence claims, and other litigation against the Authority.

**18.3** The Chief Executive shall ensure the Authority has an insurance programme in place that is consistent with the risk management programme. Insurance arrangements shall be approved and monitored by the Board through the Governance and Audit Committee. The procurement of any external insurance requires the approval of the Finance Director and should only be acquired in accordance with Treasury policy and approval.

Where the Board decides to use the risk pooling schemes administered by NHS Resolution (NHSR) the Finance Director shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme.

Where NHSR risk pooling schemes are not used the Finance Director shall ensure that the Governance and Audit Committee is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Finance Director will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Finance Director should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

## **19. MISCELLANEOUS**

### **19.1 Confidentiality Agreements**

All stand-alone confidentiality agreements that are entered into by NHSBT shall be approved by the Finance Director, or to someone to who the Finance Director has delegated responsibility.

### **19.2 Power of Attorney**

All powers of attorney that are granted by NHSBT shall be approved by the Finance Director.

### **19.3 Guarantees / Indemnities**

All guarantees, indemnities and letters of comfort that are granted by NHSBT shall be approved by the Finance Director.

### **19.4 Intellectual Property**

19.4.1 The Director of Clinical Services shall ensure that:

- an audit of the outputs from R&D activity and expenditure is periodically conducted in order to identify the potential creation of Intellectual Property (IP) assets within NHSBT
- processes and systems exist to provide appropriate stewardship of IP assets and to support the optimisation of their value
- both the processes/systems and the risks/reward opportunities inherent within the IP portfolio are reviewed with the Finance Director on an annual basis

19.4.2 All stand-alone agreements regarding IP shall be approved by the Finance Director.

### **19.5 Gifts**

19.5.1 The policy of the Authority is that it shall not provide gifts to employees or members of the public. Small gifts may be appropriate in very exceptional circumstances but these must be approved by the Accounting Officer, registered by the Authority, and reported to the Finance Director to ensure compliance with taxation law.

19.5.2 Any donor recognition schemes that may involve the provision of gifts must be approved by the Board.

### **19.6 Use of NHSBT postal systems**

Employees should not use NHSBT sites, addresses and postal systems for the receipt of personal goods, or to post out items of a personal nature. NHSBT is not liable for any losses incurred by employees utilising NHSBT's mailing systems for personal use.

## **Annex 1**

### **TENDERING PROCEDURE**

#### **1. Invitation to Tender**

- 1.1.** All invitations to tender on a formal competitive basis shall state that no tender will be considered for acceptance unless submitted:
- a** Through the NHSBT e-sourcing portal or
  - b** in a plain, sealed package bearing a pre-printed label supplied by the Authority (or bearing the word 'Tender' followed by the subject to which it relates and the latest date and time for the receipt of such tender) or
  - c** in a special envelope supplied by the Authority to prospective tenderers and the tender envelopes/packages shall not bear any names or marks indicating the sender.
- 1.2.** Every tender for goods, materials, manufactured articles supplied as part of a works contract and services shall embody such of the main contract conditions as may be appropriate in accordance with the contract forms described in Section 1.3 and 1.4 below.
- 1.3.** Every tender for building and engineering works, except for maintenance work only where ESTMANCODE guidance should be followed, shall embody or be in the terms of the current edition of the appropriate Joint Contracts Tribunal (JCT) or department of the Environment (GC/Wks) standard forms of contract amended to comply with CONCODE. When the content of the works is primarily engineering, tenders shall embody or be in the terms of the General Conditions of Contract recommended by the Institutions of Mechanical Engineers and the Association of Consulting Engineers (Form A) or, in the case of civil engineering work, the General Conditions of Contract recommended by the Institution of Civil Engineers. The standard documents should be amended to comply with CONCODE and, in minor respects, to cover special features of individual projects. Tendering based on other forms of contract may be used only after prior consultation with the DoH.
- 1.4.** Every tender for goods, materials, services (including consultancy services) or disposals shall embody such of the NHS Standard Contract Conditions as are applicable. Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.

#### **2. Receipt, Safe Custody and Record of Formal Tenders**

- 2.1.** Where tenders are not submitted through the e-sourcing portal formal competitive tenders shall be addressed to the Tenders Offers Administrator.

- 2.2.** Where tenders are not submitted through the e-sourcing portal the date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package.
- 2.3.** Where tenders are not submitted through the e-sourcing portal the Chief Executive shall designate an independent Tenders Offers Administrator officer, not from the originating department, to receive tenders on his behalf and to be responsible for their endorsement and safe custody until the time appointed for their opening, and for the records maintained in accordance with Section 3.

### **3. Opening Formal Tenders**

- 3.1.** The opening of tenders is controlled through the e-sourcing portal. Where tenders are not submitted through the e-sourcing portal then, as soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened in the presence of the Tenders Offers Administrator and two independent officers designated by the Chief Executive and not from the originating department.
- 3.2.** Where tenders are not submitted through the e-sourcing portal
- a** Every tender received shall be stamped with the date of opening and initialled by two of those present at the opening.
  - b** All schedules quoting prices must be initialled by two of those present at the opening.
- 3.3.** A permanent record shall be maintained to show for each set of competitive tender invitations despatched:
- a** the names of firms/individuals invited
  - b** the names of and the number of firms/individuals from which tenders have been received
  - c** closing date and time
  - d** date and time of opening
- and the record shall be signed by the persons present at the opening.
- 3.4.** Except as in Section 3.5 below, a record shall be maintained of all price alterations on tenders, i.e. where a price has apparently been altered, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialled by two of those present at the opening.
- 3.5.** A report shall be made in the record if, on any one tender, price alterations are so numerous as to render the procedure Section 3.4 unreasonable.
- 3.6.** Where tenders are not submitted through the e-sourcing portal the Tenders Offers Administrator will pass opened tenders to the Associate Director of Procurement in the first instance, with copy records of opening, for evaluation and award.

#### **4. Admissibility and Acceptance of Formal Tenders**

- 4.1.** In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the Authority and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the Associate Director of Procurement.
- 4.2.** Tenders received after the due time and date may be considered only if the Chief Executive or Associate Director of Procurement decides that there are exceptional circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fides of the tenders concerned. The Chief Executive or Associate Director of Procurement shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted the late arrival of the tender should be reported to the Authority at its next meeting.
- 4.3.** Technically late tenders (i.e. those despatched in good time but delayed through no fault of the tenderer) may at the discretion of the Chief Executive or Associate Director of Procurement be regarded as having arrived in due time.
- 4.4.** Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under Section 4.2.
- 4.5.** Where examination of tenders reveals errors which would affect the tender figure, the tenderer is to be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.
- 4.6.** Necessary discussions with a tenderer of the contents of his tender, in order to elucidate technical points etc, before the award of a contract, need not disqualify the tender.
- 4.7.** Under e-sourcing tenders can only be submitted up until the time of tender opening. Where tenders are not submitted through the e-sourcing portal while decisions as to the admissibility of late, incomplete, or amended tenders are under consideration, and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safekeeping by the Tenders Offers Administrator.
- 4.8.** Where only one tender/quotation is received the Authority shall, as far as practicable, ensure that the price to be paid is fair and reasonable.
- 4.9.** A tender other than the lowest (if payment is to be made by the Authority), or other than the highest (if payment is to be received by the Authority) shall not be accepted unless for good and sufficient reason the Authority decides otherwise and records that decision in their minutes and in the record referred to in 3.3 above.
- 4.10.** Where the form of contract includes a fluctuation clause all applications for price variations must be submitted through the e-sourcing portal where used, or in writing by the tenderer and shall be approved by the Chief Executive or the



Associate Director of Procurement.

- 4.11.** All tenders should be treated as confidential. Successful tenders should be retained for the tender period, plus a six year limitation period. Unsuccessful tenders should be retained for six years.

## **5. List of Vetted Firms**

- 5.1** The Authority shall ensure that where goods or services are deemed to be of a critical nature, that contracts are only awarded to suppliers who have been vetted. Tenders shall be invited from companies as provided for in Standing Financial Instruction 8. As part of the tender process suppliers will be vetted so that:

- a** the Finance Director is satisfied that their financial standing is adequate
- b** the relevant Executive Director is satisfied that their capacity, technical ability and expertise meets the requirement of the Service
- c** where deemed appropriate quality questionnaires and/or quality audits are undertaken in accordance with the Service's quality procedures.

- 5.2** A permanent record should be made of the vetting process and kept for a period of three years by the Associate Director of Procurement.

