

CAMBRIDGESHIRE PRIMARY CARE TRUST

STANDING ORDERS, RESERVATION AND DELEGATION of POWERS and STANDING FINANCIAL INSTRUCTIONS

Version 5

Approved by the Audit Committee on behalf of the PCT Board – 19.04.2011

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SECTION A

1. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the PCT shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Secretary to the Board).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the PCT. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this PCT it shall be the Chief Executive.
- 1.2.2 "**PCT**" means the Cambridgeshire Primary Care Trust.
- 1.2.3 "**Board**" means the Chairman, officer and non-officer members of the PCT collectively as a body.
- 1.2.4 "**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 PCT.
- 1.2.5 "**Budget holder**" means the Director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 1.2.6 "**Chairman of the Board (or PCT)**" is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the PCT as a whole. The expression "the Chairman of the PCT" shall be deemed to include the Vice-Chairman of the PCT if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.7 "**Chairman of the Professional Executive Committee**" means the person elected by the members of the Professional Executive Committee to be Chairman in accordance with the Primary Care Trust Executive Committees (Membership) Directions 2003. Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. A GP Senate Chairman and Vice-Chairman have been appointed to the Board (one voting, one non-voting).
- 1.2.8 "**Chief Executive**" means the chief officer of the PCT.
- 1.2.9 "**Quality & Patient Safety Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality and patient safety of healthcare for which Cambridgeshire PCT has responsibility.
- 1.2.10 "**Commissioning**" means the process for determining the need for and for obtaining the supply of healthcare and related services by the PCT within available resources.
- 1.2.11 "**Committee**" means a committee or sub-committee created and appointed by the PCT.
- 1.2.12 "**Committee members**" means persons formally appointed by the Board to sit on or to chair specific committees.

- 1.2.13 "**Contracting and procuring**" means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 1.2.14 "**Director of Finance**" means the Chief Financial Officer of the PCT.
- 1.2.15 "**Director of Public Health**" means a health care professional who is a specialist in Public Health or a consultant in Public Health medicine who may hold the post of Director of Public Health.
- 1.2.16 "**Professional Executive Committee**" means the committee appointed in accordance with regulation 9(1) of the Primary Care Trust (Membership, Procedure and Administration Arrangements) Regulations 2000 as amended by the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002 (SI 2002 No. 557) and the Primary Care Trust (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003 (SI 2003 No. 1616) to exercise such functions of the PCT as are specified in directions given by the Secretary of State. Directions for membership of the Executive Committee are set out in the Primary Care Trust Executive Committees (Membership) Directions 2003.

Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. A GP Senate Chairman and Vice-Chairman have been appointed to the Board (one voting, one non-voting).

- 1.2.17 "**Funds held on trust**" shall mean those funds which the PCT holds on date of incorporation, 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.
- 1.2.18 "**Healthcare Professional member**" means a member of the Executive Committee, who is a member of a regulated healthcare profession as defined by the NHS Reform and Healthcare Professions Act 2002.

Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. A GP Senate Chairman and Vice-Chairman have been appointed to the Board (one voting, one non-voting).

- 1.2.19 "**Member**" means officer or non officer member of the Board or a Sub-Committee as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.20 "**Associate Member**" means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the PCT Board for them to perform and these duties have been recorded in an appropriate PCT Board minute or other suitable record.
- 1.2.21 "**Membership, Procedure and Administration Arrangements Regulations**" means the Primary Care Trusts (Membership, procedure and Administration Arrangements) Regulations 2000 [(SI (2000)89)], as amended by the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002 (SI 2002 No. 557) and the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003 (SI 2003 No. 1616).
- 1.2.22 "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.

- 1.2.23 **"Non-officer member"** means a member of the PCT who is not an officer of the PCT and is not to be treated as an officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.
- 1.2.24 **"Officer"** means employee of the PCT or any other person holding a paid appointment or office with the PCT.
- 1.2.25 **"Officer member"** means a member of the PCT who is either an officer of the PCT or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the PCT Executive Committee or any person nominated by such a Committee for appointment as a PCT member).
- 1.2.26 **"Part II services"** means General Medical Services, General Dental Services, General Ophthalmic Services or Pharmaceutical Services under the NHS Act 1977.
- 1.2.27 **"Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the PCT's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.28 **"SFIs"** means Standing Financial Instructions.
- 1.2.29 **"SOs"** means Standing Orders.
- 1.2.30 **"Vice-Chairman"** means the non-officer member appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

SECTION B – STANDING ORDERS

1. INTRODUCTION

1.1 Statutory Framework

- (1) Cambridgeshire Primary Care Trust (the Primary Care Trust) is a statutory body which came into existence on 1st October 2006 under Cambridgeshire Primary Care Trust (Establishment) Order 2006 No [2072], (the Establishment Order).
- (2) The principal place of business of the Primary Care Trust is Lockton House, Clarendon Road, Cambridge CB2 8FH.
- (3) Primary Care Trusts (PCTs) are governed by Act of Parliament, mainly the National Health Service Act 1977 (NHS Act 1977), the National Health Service and Community Care Act 1990 (NHS & CC Act 1990) as amended by the Health Authorities Act 1995 and the Health Act 1999 and the Health and Social Care Act 2001.
- (4) The PCTs (Membership, Procedure and Administration Arrangements) Regulations 2000 [SI 2000/89], amended by the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002 [SI 2002 No. 557] and the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003 [SI 2003 No. 1616] ,the Primary Care Trust Executive Committees (Membership) Directions 2003 and the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administration Arrangements) (England) Regulations 2002 [SI 2002/2375] set out in broad terms the functions exercisable by Strategic Health Authorities and PCTs. These Regulations set out the functions which a Strategic Health Authority must direct a PCT to perform, and those functions which they must not direct a PCT to perform. Other functions are left to the SHA's discretion. In addition the National Health Service Act 1977 (Schedule 5a, paragraph 12) as inserted by the Health Act 1999 confers a general power directly on PCTs to do certain things ancillary to their main functions, such as the power to acquire land, make contracts and accept gifts.
- (5) As a statutory body, the PCT has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health. The PCT also has statutory powers under Section 28A of the NHS Act 1977 including to fund projects jointly planned with local authorities, voluntary organisations and other bodies.
- (6) The Primary Care Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 No 89, the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No 2) (England) Regulations 2002 [SI 20002/557] and the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003 [SI 2003 No. 1616] require the PCT to adopt Standing Orders for the regulation of its proceedings and business. Such Standing Orders should take account of the National Health Service Reform and Health Care Professions Act 2002. In accordance with the Corporate Governance Framework the PCT must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- (7) The PCT will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

1.2 NHS Framework

- (1) In addition to the statutory requirements the Secretary of State through the Department of Health issues further directions and guidance. These are normally issued under cover of a circular or letter.
- (2) The Code of Accountability requires that, inter alia, Boards draw up a Schedule of Decisions Reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to the Sub-Committees of the Board and to senior executives (a scheme of delegation). The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members.
- (3) The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.

1.3 Delegation of Powers

- (1) The National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administration Arrangements) (England) Regulations 2002 [SI 2002 / 2375] confer on the PCT powers to delegate and make arrangements for delegation. The PCT Standing Orders set out the detail of these arrangements. Under Standing Order No. 5 relating to the 'Arrangements for the Exercise of Functions', the PCT is given powers to "make arrangements for the exercise, on behalf of the PCT of any of their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order No. 5 or by an officer of the PCT, in each case subject to such restrictions and conditions as the PCT thinks fit or as the Secretary of State may direct'.

Delegated Powers are covered in a separate document entitled – 'Schedule of Matters Reserved to the Board and Scheme of Delegation' (See Section 1.8 and Appendix 2 of the Corporate Governance Framework Manual). This document has effect as if incorporated into the Standing Orders and Standing Financial Instructions.

1.4 Integrated Governance

PCT Boards are now encouraged to move away from silo governance and develop integrated governance that will lead to good governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information and research governance. Guidance from the Department of Health on the move toward and implementation of integrated governance has been issued and will be incorporated in the PCT's Governance Strategy (see Integrated Governance Handbook 2006). Integrated governance will better enable the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives resulting in a more cost effective service and more efficient information processes.

2. THE PRIMARY CARE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS

2.1 Composition of the Board: The Primary Care Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 (SI (2000) 89)), were amended by the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002 (SI 2002 No. 557), so that the composition of the Board may be varied without the requirement for Parliament to amend individual Establishment Orders. In accordance with the Membership, Procedure and Administration Arrangements regulations the composition of the Board shall be:-

- (1) The Chairman of the PCT (appointed by the NHS Appointments Commission);
- (2) Up to 7 non-officer members (appointed by the NHS Appointments Commission);
- (3) Up to 7 officer members (but not exceeding the number of non-officer members) including:
 - the Chief Executive;
 - the Director of Finance;
 - GP Senate Chair
(Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. A GP Senate Chairman and Vice-Chairman have been appointed to the Board (one voting, one non-voting).
 - the Director of Public Health
 - at least one person, but not more than 3, appointed by the Chairman of the PCT following nomination by see above.
 - officers of the PCT, other than the Chief Executive and Director of Finance, appointed by the Chairman and non-officer members of the PCT.
- (4) The PCT shall have not more than 14 members (excluding the Chair).

2.2 Appointment of Chairman and Members of the PCT

- (1) Appointment of the Chairman and Members of the PCT - Paragraph 4 of Schedule 5A to the 1977 Act, as inserted by the Health Act 1999, provides that the Chairman is appointed by the Secretary of State, as advised by the Independent Appointments Commission. Otherwise the appointment and tenure of office of the Chairman and members are set out in the Membership, Procedure and Administration Arrangements Regulations. Disqualification from holding office is defined in The Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003 (SI 2003 No.1616).

2.3 Terms of Office of the Chairman and Members

- (1) The regulations setting out the period of tenure of office of the Chairman and members and for the termination or suspension of office of the Chairman and members are contained in Sections 2 to 4 of the Membership, Procedure and Administration Arrangements and Administration Regulations.

2.4 Appointment and Powers of Vice-Chairman

- (1) Subject to Standing Order 2.4 (2) below, the Chairman and members of the PCT may appoint one of their number, who is not also an officer member, to be Vice-Chairman, for such period, not exceeding the remainder of his/her term as a member of the PCT, as they may specify on appointing him/her.
- (2) Any member so appointed may at any time resign from the office of Vice-Chairman by giving notice in writing to the Chairman. The Chairman and members may thereupon appoint another member as Vice-Chairman in accordance with the provisions of Standing Order 2.4 (1).
- (3) Where the Chairman of the PCT has died or has ceased to hold office, or where they have been unable to perform their duties as Chairman owing to illness or any other cause, the Vice-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes their duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Vice-Chairman.

2.5 Joint Members

- (1) Where more than one person is appointed jointly to a post mentioned in regulation 2(4)(a) of the Membership, Procedure and Administration Arrangements Regulations those persons shall count for the purpose of Standing Order 2.1 as one person.
- (2) Where the office of a member of the Board is shared jointly by more than one person:
 - (a) Either or both of those persons may attend or take part in meetings of the Board;
 - (b) If both are present at a meeting they should cast one vote if they agree;
 - (c) In the case of disagreements no vote should be cast;
 - (d) The presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order 3.11 Quorum.

2.6 Officer Members appointed by the Chairman of the (See note 1.2.7 above)

The Chair has appointed the Chair of the GP Senate as a member of the Board. The Vice-Chairman of the GP Senate will be a Non-Voting Member of the Board.

2.7 Successor to Patients Forum – *Section 242 of the National Health Service Act 2006 requires Local Authorities to establish LINKs for every Local Authority area. Section 242 of the Act imposes a duty on Strategic Health Authorities, PCTs, NHS Trusts and NHS Foundation Trusts to make arrangements with a view to securing that the public are, directly or through representatives, involved in and consulted on the planning of health services, the development and consideration of proposals for service changes, and decisions affecting the operation of health services.*

2.8 Role of Members

The Board will function as a corporate decision-making body, Officer and Non-Officer Members will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the PCT in carrying out its statutory and other functions.

(1) **Executive Members**

Executive Members shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

(2) **Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the PCT. He/she is the **Accountable Officer** for the PCT and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for PCT Chief Executives.

(3) **Director of Finance**

The Director of Finance shall be responsible for the provision of financial advice to the PCT and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

(4) **Chairman**

The Chairman shall be responsible for the operation of the Board and chair all Board Meetings when present. The Chairman has certain delegated executive powers. The Chairman must comply with the terms of appointment and with these Standing Orders.

The Chairman shall liaise with the NHS Appointments Commission over the appointment of Non-Executive Directors and once appointed shall take responsibility either directly or indirectly for their induction, their portfolios of interests and assignments, and their performance.

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

(5) **Non-Executive Members**

The Non-Executive Members shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the PCT. They may however, exercise collective authority when acting as members of or when chairing a committee of the PCT which has delegated powers.

Non-Executive Directors will meet at least annually without the Chair to monitor the effective operation of the Board and that the Chair is operating within their delegated executive powers.

2.9 Corporate role of the Board

- (1) All business shall be conducted in the name of the PCT.
- (2) All funds received in trust shall be held in the name of the PCT as corporate trustee.
- (3) The powers of the PCT established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 3.
- (4) The Board shall define and regularly review the functions it exercises on behalf of the Strategic Health Authority and the Secretary of State.

2.10 Schedule of Matters reserved to the Board and Scheme of Delegation

- (1) The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.

3. MEETINGS OF THE PCT

3.1 Calling meetings

- (1) Ordinary meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.
- (2) The Chairman of the PCT may call a meeting of the Board at any time.
- (3) One-third or more members of the Board may requisition a meeting in writing. If the Chairman refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

3.2 Notice of Meetings and the Business to be transacted

- (1) Before each meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member, or sent by post to the usual place of residence of each member, so as to be available to members at least three clear days before the meeting. The notice shall be signed by the Chairman or by an officer authorised by the Chairman to sign on their behalf. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) In the case of a meeting called by members in default of the Chairman calling the meeting, the notice shall be signed by those members.
- (3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.
- (4) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman at least [15] clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than [15] days before a meeting may be included on the agenda at the discretion of the Chairman.
- (5) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the PCT's principal offices at least three clear days before the meeting, (required by the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a)).

3.3 Agenda and Supporting Papers

The Agenda will be sent to members [6] days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency. The Board may determine that certain matters shall appear on every agenda for a meeting and shall be addressed prior to any other business being conducted. (Such matters may be identified within these Standing Orders or following subsequent resolution shall be listed in an Appendix to the Standing Orders.)

3.4 Petitions

Where a petition has been received by the PCT the Chairman shall include the petition as an item for the agenda of the next meeting.

3.5 Notice of Motion

- (1) Subject to the provision of Standing Orders 3.7 'Motions: Procedure at and during a meeting' and 3.8 'Motions to Rescind a Resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.
- (2) The notice shall be delivered at least [15] clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

3.6 Emergency Motions

Subject to the agreement of the Chairman, and subject also to the provision of Standing Order 3.7 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the PCT Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include the item shall be final.

3.7 Motions: Procedure at and during a meeting

- (1) Who may propose

A motion may be proposed by the Chairman of the meeting or any member present. It must also be seconded by another member.

- (2) Contents of motions

The Chairman may exclude from the debate at their discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

- the reception of a report;
- consideration of any item of business before the PCT Board;
- the accuracy of minutes;
- that the Board proceed to next business;
- that the Board adjourn;
- that the question be now put.

- (3) Amendments to motions

A motion for amendment shall not be discussed unless it has been proposed and seconded.

Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.

If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

(4) Rights of reply to motions

a) Amendments

The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.

b) Substantive/original motion

The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

(5) Withdrawing a motion

A motion, or an amendment to a motion, may be withdrawn.

(6) Motions once under debate

When a motion is under debate, no motion may be moved other than:

- an amendment to the motion;
- the adjournment of the discussion, or the meeting;
- that the meeting proceed to the next business;
- that the question should be now put;
- the appointment of an 'ad hoc' committee to deal with a specific item of business;
- that a member/director be not further heard;
- a motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see Standing Order 3.17).

In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board who has not taken part in the debate and who is eligible to vote.

If a motion to proceed to the next business or that the question be now put, is carried, the Chairman should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

3.8 Motion to Rescind a Resolution

- (1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the PCT Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.
- (2) When any such motion has been dealt with by the PCT Board it shall not be competent for any director/member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

3.9 Chairman of meeting

- (1) At any meeting of the PCT Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Vice-Chairman (if the Board has appointed one), if present, shall preside.
- (2) If the Chairman is absent temporarily on the grounds of a declared conflict of interest the Vice-Chairman, if present, shall preside. If the Chairman and Vice-Chairman are absent, or are disqualified from participating, such non-executive member as the members present shall choose shall preside.

3.10 Chairman's ruling

The decision of the Chairman of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

3.11 Quorum

- (1) No business shall be transacted at a meeting unless at least one-third of the whole number of the Chairman and members (including at least one member who is also an Officer Member of the PCT and one member who is not) is present.
- (2) An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status may not count towards the quorum.
- (3) If the Chairman or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

3.12 Voting

- (1) Save as provided in Standing Orders 3.13 - Suspension of Standing Orders and 3.14 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (ie: the Chairman of the meeting shall have a second, and casting vote.
- (2) At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- (3) If at least one-third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- (4) If a member so requests, their vote shall be recorded by name.
- (5) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- (6) A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.

- (7) A manager attending the PCT Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.
- (8) For the voting rules relating to joint members see Standing Order 2.5.

3.13 Suspension of Standing Orders

- (1) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one member who is an Officer Member of the PCT and one member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the PCT Board's minutes.
- (2) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the PCT.
- (3) No formal business may be transacted while Standing Orders are suspended.
- (4) The Audit Committee shall review every decision to suspend Standing Orders.

3.14 Variation and amendment of Standing Orders

These Standing Orders shall not be varied except in the following circumstances:

- Upon a notice of motion under Standing Order 3.5;
- Upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting;
- That two-thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the PCT's Non-Officer Members vote in favour of the amendment;
- Providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

3.15 Record of Attendance

The names of the Chairman and Directors/Members present at the meeting shall be recorded.

3.16 Minutes

- (1) The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at it.
- (2) No discussion shall take place upon the minutes except upon their accuracy or where the Chairman considers discussion appropriate.
- (3) Minutes shall be circulated in accordance with members' wishes. Where providing a record of a public meeting the minutes shall be made available to the public as required by Code of Practice on Openness in the NHS.

3.17 Admission of public and the press

- (1) Admission and exclusion on grounds of confidentiality of business to be transacted

The public and representatives of the press may attend all meetings of the PCT, but shall be required to withdraw upon the PCT Board as follows:

- 'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 (2), Public Bodies (Admission to Meetings) Act 1960
- *Guidance should be sought from the PCT's Freedom of Information Lead to ensure correct procedure is followed on matters to be included in the exclusion.*

(2) General disturbances

The Chairman (or Vice-Chairman if one has been appointed) or the person presiding over the meeting shall give such directions as he/she thinks fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the PCT's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the PCT Board resolving as follows:

- 'That in the interests of public order the meeting adjourn for (the period to be specified) to enable the PCT Board to complete its business without the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.

(3) Business proposed to be transacted when the press and public have been excluded from a meeting

Matters to be dealt with by the PCT Board following the exclusion of representatives of the press, and other members of the public, as provided in (i) and (ii) above, shall be confidential to the members of the Board.

Members and Officers or any employee of the PCT in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' outside of the PCT, without the express permission of the PCT. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

(4) Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings

Nothing in these Standing Orders shall be construed as permitting the introduction by the public, or press representatives, of recording, transmitting, video or similar apparatus into meetings of the PCT or Committee thereof. Such permission shall be granted only upon resolution of the PCT.

3.18 Observers at PCT meetings

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

4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES

4.1 Appointment of Committees

Subject to such directions as may be given by the Secretary of State for Health, the PCT Board may appoint committees of the PCT.

The PCT shall determine the membership and terms of reference of committees and sub-committees and shall if it requires to, receive and consider reports of such committees.

4.2 Professional Executive Committee (Note: This needs to be reviewed to reflect the role of the new Clinical Senate which is being established)

See note 1.2.7 - Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. Members of the GP Senate have been appointed following elections led by the Local Medical Centre and are drawn from the Cluster areas designated by the PCT.

(2) Amended to read:-

The GP Senate shall elect one member of the GP Senate to be Chairman of the GP Senate and one member to be Vice Chairman. Tenure will be on an annual basis. The Chairman of the Board shall invite the Chairman of the GP Senate to be a member of the PCT Board. The Chairman of the Board shall invited the Vice-Chairman of the GP Senate to be a non-Voting member of the PCT Board.

4.3 Joint Committees

- (1) Joint committees may be appointed by the PCT by joining together with one or more other health service bodies consisting of, wholly or partly of the Chairman and members of the PCT or other health service bodies, or wholly of persons who are not members of the PCT or other health service bodies in question.
- (2) Any committee or joint committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the PCT or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or not they are members of the PCT or health bodies in question) or wholly of persons who are not members of the PCT or health bodies in question or the committee of the PCT or health bodies in question.

(3) East of England Strategic Commissioning Group

The SCG is a joint sub-committee of each of the Boards of the Members and the Member representatives can: -

- commit resources within delegated responsibilities and agreed resource limits;
- decide commissioning policy;
- commission research / reviews to inform decisions;
- agree, review and update action plans;
- act as an agent for the SCG;
- commission and monitor service level agreements / contracts between Members and between the SCG and other service providers.

Each Member's representative on the SCG will be able to commit resources on behalf of their Member within the limits set out in their own Standing Financial Instructions.

The Establishment Agreement endorsed by the NHS Cambridgeshire Board each of the Members confirms that its Standing Financial Instructions and Standing Orders are consistent with this Agreement and empowers their representative to commit resources.

- (4) Joint Committee for the purposes of formal public consultation and decision making about the provision of paediatric cardiac surgery services in England (Agreed by Board – September 2010)

The role of the Committee shall be to carry out the following functions as the formal consulting body in respect to the provision of paediatric cardiac services in England:

- Approve the method and scope of the consultation.
- Approve the text of and issue the consultation document.
- Act as the formal body in relation to the Joint Overview and Scrutiny Committees established for this Consultation by the relevant Local Authorities.
- Take decisions on issues which are the subject of the Consultation.

4.4 Applicability of Standing Orders and Standing Financial Instructions to Committees

The Standing Orders and Standing Financial Instructions of the PCT, as far as they are applicable, shall as appropriate apply to meetings any Sub-Committee established by the PCT. In which case the term "Chairman" is to be read as a reference to Chairman of all Sub-Committees as the context permits, and the term "member" is to be read as a reference to a member all Sub-Committees also as the context permits. (There is no requirement to hold meetings of committees, established by the PCT in public.)

4.5 Terms of Reference

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

4.6 Delegation of powers by Committees to Sub-Committees

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

4.7 Approval of Appointments to Committees

The Board shall approve the appointments to each of the committees which it has formally constituted. Where the Board determines, and regulations permit, that persons, who are neither members nor officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board as defined by the Secretary of State. The Board shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

4.8 Appointments for Statutory functions

Where the Board is required to appoint persons to a committee and/or to undertake statutory functions as required by the Secretary of State, and where such appointments are to operate independently of the Board such appointment shall be made in accordance with the regulations and directions made by the Secretary of State.

4.9 Committees established by the PCT Board

The committees, sub-committees, and joint-committees established by the Board are:

4.9.1 Professional Executive Committee (Note this requires review to reflect the Clinical Senate)

In accordance with the Primary Care Trust Executive Committees (Membership) Directions 2003 the Board will, in line with those directions establish an Executive Committee.

Please note that the Professional Executive Committee was dissolved by NHS Cambridgeshire in December 2010. In its place, a GP Senate has been established to take into consideration the transition to NHS Cambridgeshire's New Commissioning Model, and the draft Health and Social Care Bill. See Section 4.9.5.

4.9.2 Audit Committee

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit Committee will be established and constituted to provide the PCT Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The Terms of Reference will be approved by the PCT Board and reviewed on an annual basis.

The Higgs report recommends a minimum of three Non-Executive Directors be appointed, unless the Board decides otherwise, of which one must have significant, recent and relevant financial experience.

The chair of the Audit Committee is appointed in line with current approved practice.

4.9.3 Remuneration and Terms of Service Committee

In line with the requirements of the NHS Codes of Conduct and Accountability, and more recently the Higgs report, a Terms of Service and Remuneration Committee will be established and constituted. The Higgs report recommends the Committee be comprised exclusively of Non-Executive Directors, a minimum of three, who are independent of management. The purpose of the Committee will be to advise the PCT Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors 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.

4.9.4 Trust and Charitable Funds Committee (Note this needs to be amended – we are still awaiting the transfer of the Charity to CCS)

Funds held on trust for the NHS can, with a few exceptions, be managed by any NHS body provided the terms of the trust are adhered to. This includes separate bodies of trustees, created in certain circumstances by legislation or the Secretary of State. Where the PCT has responsibility for managing funds held on trust, either as charitable funds or non charitable funds, the Board will establish a Trust and Charitable funds Committee to administer those funds in accordance with any statutory or other legal requirements and best practice required by the Charities Commission. In doing so, the Board will recognise that the establishment of a Trust and Charitable funds Committee does not alter the responsibilities of the Board, which remains the trustee as a corporate body.

The provisions of this Standing Order must be read in conjunction with Standing Order 2.9 and Standing Financial Instructions No. 28.

4.9.5 Other Committees

The Board may also establish such other committees as required to discharge the PCT's responsibilities. The following Committees have been established by Cambridgeshire PCT:-

Finance and Performance Sub-Committee

The Finance & Performance Sub-Committee will be chaired by a Non-Executive Director. Further details of membership are set out in the Committee's Terms of Reference. The objectives of the Finance and Performance Sub-Committee will be:-

- To ensure the PCT's Financial and Performance Plan is achieved and ensuring it is consistent with and complementary to the Five-Year Strategic Plan..
- To monitor delivery against QIPP and Financial Savings Plan.
- To monitor delivery against Strategic Plan Priorities.
- To receive progress reports from the Programme Management Office/ project and operational work streams.
- To receive and validate corrective action plans for projects/activities not currently achieving, or projected not to achieve against planned budgets/milestones.
- To monitor that appropriate contractual levers are utilised to remediate the above.
- To ensure a robust internal and external communications strategy on finance and performance is implemented.
- To report to the Trust Board on the overall status of the Financial and Operational Performance, assess potential shortfalls and risk, and recommend Board level actions to address them.
- To oversee development and implementation of the PCT's Estates Strategy.

Quality & Patient Safety Committee

The Quality & Patient Safety Committee will be chaired by a Non-Executive Director. Further details of membership are set out in the Committee's Terms of Reference. The objectives of the Quality & Patient Safety Committee will be:-

- To oversee the development and implementation of a *Quality Strategy*, including the setting of goals for continuous quality improvement of commissioned services, and delivering of strategic commitments around quality.
- To monitor the quality and safety of commissioned services, and identify early on areas for improvement, through data review and triangulation.
- To require action, where needed, and to escalate matters of concern to the Board where appropriate.
- To provide leadership on quality improvement, including developing capabilities in this area within the organisation.
- To engage clinicians from across the organisation, as well as from commissioned services and independent contractors as part of confidence-building and intelligence gathering.
- To provide assurance to the Board via regular reports, and also to the Audit Committee by way of membership representation and system performance reports.

Governance & Compliance Committee

The Governance & Compliance Committee will be chaired by a Non-Executive Director. Further details of membership are set out in the Committee's Terms of Reference. The objectives of the Governance & Compliance Committee will be:-

- To co-ordinate and prioritise all risk management issues for the organisation (non clinical and corporate, through monitoring of the Assurance Framework and Risk Register and other performance management systems and by making recommendations to Directors and the Board about appropriate systems of control.
- To lead on governance and compliance issues across the Trust.
- To ensure that the PCT has effective and robust governance and risk management systems in place and that these systems are complete and complementary..
- To direct and support senior managers to develop projects, working groups and action plans relating to specific pieces of work.
- To form working groups where required and to monitor their progress
- To ensure that working groups support the delivery of agreed strategic objectives.
- To report on progress to the Board and other high level committees as appropriate.
- To receive regular reports from and oversee the work of sub-groups reporting to the Governance & Compliance Committee.
- To ratify policies and procedures developed by working groups, forwarding relevant and appropriate policies and procedures to the Board.
- To ensure that requirements relating to Care Quality Commission and other mandatory reviews are acted upon.
- To provide assurance to the Audit Committee by way of membership representation and system performance reports.

GP Senate

- GP Senate Members will be elected by local GPs, defined as those on the Cambridgeshire PCT Performers List to act as their representative with a mandate to take decisions on their behalf. The Senate Chair shall be elected by GP Commissioning Senate members by means of an election process agreed in advance by all GP members
- Provide GP leadership at the heart of the PCT with the aim of achieving a smooth transition to GP Commissioning by beginning to build key elements of the new system well before 2013
- Make decisions on issues which cannot appropriately be taken at GP commissioning locality level
- Ensure that local GP commissioning groups are properly supported by PCT staff through the prioritisation of PCT work plans and the allocation of resources
- Develop consensus on GP Consortium configuration
- Oversee the development of possible future commissioning support services
- Engage with other elements of the transition, for example, the shadow Health and Well Being Board and joint commissioning with Cambridgeshire County Council

5. ARRANGEMENTS FOR THE EXERCISE OF PCT FUNCTIONS BY DELEGATION

5.1 Delegation of Functions to Committees, Officers or other bodies

- 5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order No. 4, or by an officer of the PCT, or by another body as defined in Standing Order 5.1.2 below, in each case subject to such restrictions and conditions as the PCT thinks fit.
- 5.1.2 Section 16B of the NHS Act 1977 allows for regulations to provide for the functions of PCTs to be carried out by third parties. In accordance with The Primary Care Trusts (Membership, Procedure and Administration Arrangements) Regulations 2003 the functions of the PCT may also be carried out in the following ways:
- (1) by another PCT;
 - (2) jointly with any one or more of the following: Strategic Health Authorities, NHS trusts and other PCTs;
 - (3) by a Special Health Authority (SpHA) or by a committee, sub-committee or officer of a SpHA;
 - (4) by arrangement with the appropriate Strategic Health Authority or PCT, by a joint committee or joint sub-committee of the PCT and one or more other health service bodies;
 - (5) in relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more Strategic Health Authorities, SpHAs, NHS Trusts or other PCTs.
- 5.1.3 Where a function is delegated by these Regulations to another PCT or SpHA, then that PCT or SpHA exercises the function in its own right; the receiving PCT has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to committees, sub committees or officers, the PCT delegating the function retains full responsibility.

5.2 Emergency Powers and urgent decisions

The powers which the Board has reserved to itself within these Standing Orders (see Standing Order 2.9) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two non-officer members. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the PCT Board in public session for formal ratification.

5.3 Delegation to Committees

- 5.3.1 The Board shall agree from time to time to the delegation of executive powers to be exercised by sub-committees, or joint-committees, which it has formally constituted in accordance with directions issued by the Secretary of State or the Strategic Health Authority. The constitution and terms of reference of these committees, or sub-committees, or joint committees, and their specific executive powers shall be approved by the Board.
- 5.3.2 When the Board is not meeting as the PCT in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the PCT in public session.

5.4 Delegation to Officers

- 5.4.1 Those functions of the PCT which have not been retained as reserved by the Board or delegated to the sub-committee or joint-committee shall be exercised on behalf of the PCT by the Chief Executive. The Chief Executive shall determine which functions he/she will perform personally and shall nominate officers to undertake the remaining functions for which he/she will still retain accountability to the PCT.
- 5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.
- 5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Director of Finance shall be accountable to the Chief Executive for operational matters.

5.5 Schedule of Matters Reserved to the PCT and Scheme of Delegation of powers

- 5.5.1 The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of powers shall have effect as if incorporated in these Standing Orders.

5.6 Duty to report non-compliance with Standing Orders and Standing Financial Instructions

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

6. OVERLAP WITH OTHER PCT POLICY STATEMENTS/PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS

6.1 Policy statements: general principles

The PCT Board will from time to time agree and approve Policy statements/ procedures which will apply to all or specific groups of staff employed by Cambridgeshire Primary Care Trust. The decisions to approve such policies and procedures will be recorded in an appropriate PCT Board minute and will be deemed where appropriate to be an integral part of the PCT's Standing Orders and Standing Financial Instructions.

6.2 Specific Policy statements

Notwithstanding the application of SO No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:

- The Standards of Business Conduct and Conflicts of Interest Policy for Cambridgeshire Primary Care Trust staff;
- Code of Conduct for NHS Managers 2002;
- ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry;
- The staff Disciplinary and Appeals Procedures adopted by the PCT both of which shall have effect as if incorporated in these Standing Orders.

6.3 Standing Financial Instructions

Standing Financial Instructions adopted by the PCT Board in accordance with the Financial Regulations shall have effect as if incorporated in these Standing Orders.

6.4 Specific guidance

Notwithstanding the application of SO No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

- Caldicott Guardian 1997;
- Human Rights Act 1998;
- Freedom of Information Act 2000.

7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS

7.1 Declaration of Interests

7.1.1 Requirements for Declaring Interests and applicability to Board and Executive Committee Members

- i) The NHS Code of Accountability requires PCT Board members and Sub-Committee members to declare interests which are relevant and material to the NHS Board of which they are a member. All existing Board members should declare such interests. Any Board members appointed subsequently should do so on appointment. References here to Board members shall mean both PCT Board members and Sub-Committee members.

7.1.2 Interests which are relevant and material

- (1) Interests which should be regarded as "relevant and material" are:
 - a) Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies);
 - b) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;
 - c) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;
 - d) A position of authority in a charity or voluntary organisation in the field of health and social care;
 - e) Any connection with a voluntary or other organisation contracting for NHS services.
 - f) Research funding/grants that may be received by an individual or their department;
 - g) Interests in pooled funds that are under separate management (any relevant company included in this fund that has a potential relationship with the PCT must be declared);
 - h) Practice Based Commissioning (see 18.3).
- (2) Any Member of the PCT Board or Sub-Committee who comes to know that the PCT has entered into or proposes to enter into a contract in which he or any person connected with him (as defined in Standing Order 7.3 below and elsewhere) has any pecuniary interest, direct or indirect, the Board member or Sub-Committee member shall declare his/her interest by giving notice in writing of such fact to the PCT as soon as practicable.

7.1.3 Advice on Interests

If Board or Sub-Committee members have any doubt about the relevance of an interest, this should be discussed with the Chairman of the PCT or with the PCT's Company Secretary.

Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

7.1.4 Recording of Interests in PCT Board and Sub-Committee minutes

Cambridgeshire Primary Care Trust ~ Corporate Governance Documents - (Original October 2006 – Version 2 Revised March 2008 – Approved by Board April 2008
Version 3 – Approved by Board on 25.03.09
Version 4 (Final Draft) – Audit Committee on 19 April 2011
Version 5 – Approved by Audit Committee on behalf of the PCT Board on 19 April 2011

At the time Board members' interests are declared, they should be recorded in the PCT Board minutes or Sub-Committee's minutes. Where interests are declared to the Sub-Committee these should be formally reported to the PCT Board at the earliest opportunity.

Any changes in interests should be declared at the next PCT Board meeting or Sub-Committee meeting following the change occurring and recorded in the minutes of that meeting.

7.1.5 Publication of declared interests in Annual Report

Board members' and Sub-Committee Members, Directorships of companies likely or possibly seeking to do business with the NHS should be published in the PCT's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

7.1.6 Conflicts of interest which arise during the course of a meeting

During the course of a PCT Board meeting or Sub-Committee meeting, if a conflict of interest is established, the Board or Sub-Committee Member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 7.3)

7.2 Register of Interests

7.2.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Sub-Committee members. In particular the Register will include details of all Directorships and other relevant and material interests (as defined in SO 7.1.2) which have been declared by both executive and non-executive PCT Board Members and Sub-Committee members.

7.2.2. These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.

7.2.3 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicise arrangements for viewing it.

7.3 Exclusion of Chairman and Members in proceedings on account of pecuniary interest

7.3.1 Interpretation of 'Pecuniary' interest

For the sake of clarity in interpreting this Standing Order:

- (1) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);
- (2) "contract" shall include any proposed contract or other course of dealing;
- (3) subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract if:-
 - a) he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or
 - b) he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.

(4) a person shall not be regarded as having a pecuniary interest in any contract if:-

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- a) neither he/she or any person connected with him/her has any beneficial interest in the securities of a company of which he/she or such person appears as a member, or
- b) any interest that he/she or any person connected with him/her may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him/her in relation to considering or voting on that contract, or
- c) those securities of any company in which he/her (or any person connected with him/her) has a beneficial interest do not exceed £10,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.

Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with Standing Order 7.1.2 (ii).

7.3.2 Exclusion in proceedings of the PCT Board or Sub-Committee

- (1) Subject to the following provisions of this Standing Order, if the Chairman or a member of the PCT Board, or Sub-Committee Member has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the PCT Board or Sub-Committee at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (2) The Secretary of State may, subject to such conditions as he/she may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him/her in the interests of the National Health Service that the disability should be removed. (See SO 7.3.3 on the 'Waiver' which has been approved by the Secretary of State for Health).
- (3) The PCT Board may exclude the Chairman or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he/she has a pecuniary interest is under consideration. A Sub-Committee may take the same action in relation to a Member of that Committee
- (4) Any remuneration, compensation or allowance payable to the Chairman or a member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this Standing Order.
- (5) This Standing Order applies to all committee sub-committee and to a joint committee or sub-committee as it applies to the PCT and applies to a member of any such committee or sub-committee (whether or not he is also a member of the PCT) as it applies to a Member of the PCT.

7.3.3 Waiver of Standing Orders made by the Secretary of State of Health

- (1) Power of the Secretary of State to make waivers

Under regulation 11(2) (repeated in SO 7.2 above) of the *Primary Care Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000* ("the Regulations") as amended by the *Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002*, and the *Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (England) Regulations 2003* it appears to the Secretary

of State in the interests of the health service that the disability in regulation 11 (which prevents a chairman or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.

(2) Definition of 'Chairman' for the purpose of interpreting this waiver

For the purposes of paragraph 7.3.3. (3) (below), the "relevant chairman" is–

- (a) at a meeting of the PCT, the Chairman of that PCT;
- (b) at a meeting of a Sub-Committee
 - (i) in a case where the member in question is the Chairman of that Committee, the Chairman of the PCT;
 - (ii) in the case of any other member, the Chairman of that Committee.

(3) Application of waiver

A waiver will apply in relation to the disability to participate in the proceedings of the PCT or its Sub-Committee on account of a pecuniary interest.

It will apply to:

- (i) A member of the Cambridgeshire PCT ("the PCT"), or the Professional Executive Committee of the PCT, who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of–
 - (a) services under the National Health Service Act 1977; or
 - (b) services in connection with a pilot scheme under the National Health Service (Primary Care) Act 1997;for the benefit of persons for whom the PCT is responsible.
 - (ii) Where the pecuniary interest of the member in the matter which is the subject of consideration at a meeting at which he is present:-
 - (a) arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
 - (b) has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:–
 - (i) are members of the same profession as the member in question;
 - (ii) are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the PCT is responsible.
- (4) Conditions which apply to the waiver and the removal of having a pecuniary interest

The removal is subject to the following conditions:

- (a) the member must disclose his interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) the relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (2) (b) above, except where that member is the Chief Executive;
- (c) in the case of a meeting of the PCT:
 - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded; but
 - (ii) may not vote on any question with respect to it.
- (d) in the case of a meeting of the Sub-Committee:
 - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded; and
 - (ii) may vote on any question with respect to it; but
 - (iii) the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the PCT Board.

7.4 Standards of Business Conduct

7.4.1 PCT Policy and National Guidance

All PCT staff and members of the Board must comply with the PCT's Standards of Business Conduct and Conflicts of Interest Policy and the national guidance contained in HSG (93) 5 on 'Standards of Business Conduct for NHS staff' (see SO 6.2), the Code of Conduct for NHS Managers 2002 and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

7.4.2 Interest of Officers in Contracts

- (1) Any officer or employee of the PCT who comes to know that the PCT has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or PCT's Company Secretary as soon as practicable.
- (2) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the PCT.
- (3) The PCT will require interests, employment or relationships so declared to be entered in a register of interests of staff.

7.4.3 Canvassing of and Recommendations by Members in Relation to Appointments

- (1) Canvassing of members of the PCT or of any Committee of the PCT directly or indirectly for any appointment under the PCT shall disqualify the candidate for such appointment. The

contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.

- (2) Members of the PCT or Sub-Committee shall not solicit for any person any appointment under the PCT or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the PCT.
- (3) Informal discussions outside appointments panels or committees, whether solicited or unsolicited, should be declared to the panel or committee.

7.4.4 Relatives of Members or Officers

- (1) Candidates for any staff appointment under the PCT shall, when making an application, disclose in writing to the PCT whether they are related to any member or the holder of any office under the PCT. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him/herself liable to instant dismissal.
- (2) The Chairman and every member and officer of the PCT shall disclose to the PCT Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the PCT Board any such disclosure made.
- (3) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the PCT whether they are related to any other member or holder of any office under the PCT.
- (4) Where the relationship to a member of the PCT is disclosed, the Standing Order headed 'Disability of Chairman and members in proceedings on account of pecuniary interest' (SO 7) shall apply.

8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS

8.1 Custody of Seal

The common seal of the PCT shall be kept by the Chief Executive or a nominated Manager by him in a secure place.

8.2 Sealing of Documents

Where it is necessary that a document shall be sealed, the seal shall be affixed in the presence of two senior managers duly authorised by the Chief Executive, and not also from the originating department, and shall be attested by them.

8.3 Register of Sealing

The Chief Executive shall keep a register in which he/she, or another manager of the PCT authorised by him/her, shall enter a record of the sealing of every document.

8.4 Use of Seal – General guide

- All contracts for the purchase/lease of land and/or building
- All contracts for capital works exceeding £100,000
- All lease agreements where the annual lease charge exceeds £10,000 per annum and the period of the lease exceeds beyond five years
- Any other lease agreement where the total payable under the lease exceeds £100,000
- Any contract or agreement with organisations other than NHS or other government bodies including local authorities where the annual costs exceed or are expected to exceed £100,000.

8.5 Signature of documents

- (1) Where any document will be a necessary step in legal proceedings on behalf of the PCT, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director.
- (2) In land transactions, the signing of certain supporting documents will be delegated to Managers and set out clearly in the Scheme of Delegation but will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed).

9. MISCELLANEOUS (see overlap with SFI No. 21.3)

9.1 Joint Finance Arrangements

The Board may confirm contracts to purchase from a voluntary organisation or a local authority using its powers under Section 28A of the NHS Act 1977. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health related functions of local authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 28A of the NHS Act 1977, as amended by section 29 of the Health Act 1999.

See overlap with Standing Financial Instruction No. 21.3.

SECTION C - SCHEME OF RESERVATION AND DELEGATION -PART 1

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
C1.1	THE BOARD	<p>General Enabling Provision</p> <p>1. The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
C1.2	THE BOARD	<p>Regulations and Control</p> <p>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions (SFIs) for the regulation of its proceedings and business.</p> <p>2. Suspend SOs.</p> <p>3. Vary or amend the SOs.</p> <p>4. Approve a scheme of delegation of powers from the Board to the Executive Committee and other committees.</p> <p>5. Require and receive the declaration of Board members' interests which may conflict with those of the PCT and, taking account of any waiver which the Secretary of State for Health may have made in any case, determining the extent to which that member may remain involved with the matter under consideration.</p> <p>6. Require and receive the declaration of officers' interests that may conflict with those of the PCT.</p> <p>7. Approve arrangements for dealing with complaints.</p> <p>8. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the PCT and to agree modifications thereto.</p> <p>9. Receive reports from Committees including those that the PCT is required by the Secretary of State or other regulation to establish and to action appropriately.</p> <p>10. Confirm the recommendations of the PCT's committees where the committees do not have executive powers.</p> <p>11. Approve arrangements relating to the discharge of the PCT's responsibilities as a corporate trustee for funds held on trust.</p> <p>12. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.</p> <p>13. Approve arrangements relating to the discharge of the PCT's responsibilities as a bailee for patients' property.</p> <p>14. Authorise use of the seal.</p> <p>15. Discipline members of the Board or Sub-Committee or employees who are in breach of statutory requirements or SOs.</p> <p>16. Approve any urgent decisions taken by the Chairman of the PCT and Chief Executive for ratification by the PCT in public session in accordance with SO 5.2.</p>
C1.3	THE BOARD	<p>Appointments/ Dismissal</p> <p>1. See note 1.2.7</p> <p>2. Appoint the Vice Chairman of the Board.</p> <p>3. Appoint and dismiss other committees (and individual members) that are directly accountable to the Board.</p> <p>4. Appoint, appraise, discipline and dismiss officer members (subject to SO 2.2).</p> <p>5. Confirm appointment of members of any committee of the PCT as representatives on outside bodies.</p> <p>6. Appoint appraise, discipline and dismiss the Secretary (if the appointment of a Secretary is required under Standing Orders).</p> <p>7. Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the CE for staff not covered by the Remuneration Committee.</p>

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
C1.4	THE BOARD	<p>Strategy, Local Delivery Plan and Budgets</p> <ol style="list-style-type: none"> 1. Define the strategic aims and objectives of the PCT. 2. Identify the key strategic risks, evaluate them and ensure adequate responses are in place and are monitored. 3. Approve plans in respect of the application of available financial resources to support the agreed Local Delivery Plan (LDP). 4. Approve proposals for ensuring quality and developing clinical governance in services provided by the PCT or its constituent practices, having regard to any guidance issued by the Secretary of State. 5. Approve (with any necessary appropriate modification) the PCT annual commissioning strategy or plan. 6. Approve annually (with any necessary appropriate modification) the PCT Local Delivery Plan (LDP). 7. Approve the PCT's policies and procedures for the management of risk. 8. Approve Outline and Final Business Cases for Capital Investment if this represents a variation from the Plan. 9. Approve budgets. 10. Approve annually PCT's proposed organisational development proposals. 11. Approve contracts with the PCT to provide PMS or PDS, or have contracts with PMS providers to provide services to some or all of the PCT's population. 12. Ratify proposals for primary care development, including the draft Primary Care Improvement Plan, proposed GMS Local Development Scheme, proposed practice incentive schemes and proposed new or changes in existing GMS infrastructure reimbursement payments to GP practices. 13. Ratify proposals for acquisition, disposal or change of use of land and/or buildings. 14. Approve PFI proposals. 15. Approve the opening of bank accounts. 16. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £100,000 over a 3 year period or the period of the contract if longer. 17. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board. 18. Approve individual compensation payments. 19. Approve proposals for action on litigation against or on behalf of the PCT. 20. Approve proposals for PCT or practice incentive schemes, having regard to guidance by the Secretary of State.
C1.5	THE BOARD	<p>Policy Determination</p> <p>Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</p> <p>Policies so adopted shall be listed and appended to this document [by the Secretary].</p>
C1.6	THE BOARD	<p>Audit</p> <ol style="list-style-type: none"> 1. Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on the appointment (and where necessary change/removal) of External Auditors including arrangements for the separate audit of funds held on trust, and to receive reports of the Audit Committee meetings and take appropriate action. 2. Receive the annual management letter received from the External Auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee. 3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit

		Committee.
C1.7	THE BOARD	Annual Reports and Accounts 1. Receipt and approval of the PCT's Annual Report and Annual Accounts. 2. Receipt and approval of the Annual Report and Accounts for funds held on trust. 3. Receipt of the Annual Report of NHS Cambridgeshire
C1.8	THE BOARD	Monitoring 1. Receipt of such reports as the Board sees fit from the following Sub-Committees:- <ul style="list-style-type: none"> ▪ Audit Committee ▪ Remuneration & Terms of Service Committee ▪ Governance & Compliance Sub-Committee ▪ Quality & Patient Safety Committee ▪ Finance & Performance Sub-Committee ▪ Charitable Funds Committee ▪ GP Senate

DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES AND BY THE EXECUTIVE COMMITTEE TO ITS AND SUB COMMITTEES

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES AND BY THE EXECUTIVE COMMITTEE TO ITS SUB COMMITTEES
<p>C2.1</p> <p>Corporate Governance Manual section 1.4</p> <p>SFI 11.1.1</p>	<p>AUDIT COMMITTEE</p>	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Board on internal and external audit services; 2. The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives; 3. Monitor compliance with Standing Orders and Standing Financial Instructions; 4. Review schedules of losses and compensations and making recommendations to the Board; 5. Review the annual financial statements prior to submission to the Board. 6. Produce an Overview Report to the Board following each meeting. 7. Produce an Annual Report of the Committee outlining its achievements over the year. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p>
<p>C2.2</p> <p>Corporate Governance Manual section 1.5</p> <p>SFI 20.1.2</p>	<p>REMUNERATION AND TERMS OF SERVICE COMMITTEE</p>	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other executive directors and other senior employees including: <ul style="list-style-type: none"> • 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; 2. Make recommendations to the Board on any proposed remuneration for individual Executive Committee Members for specific work in addition to their corporate PCTE role, so as to ensure that the individual is fairly rewarded for their individual contribution to the PCT while having proper regard to the PCT's circumstances and performance, and to the requirements of fair and open tendering or recruitment policies; 3. Make recommendations to the Board on the remuneration and terms of service of senior employees to ensure they are fairly rewarded for their individual contribution to the PCT - having proper regard to the PCT's circumstances and performance and to the provisions of any national arrangements for such staff; 4. Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advise on and oversee appropriate contractual arrangements for such staff; 5. Report in writing to the Board the basis for its recommendations. 6. Produce an Overview Report to the Board following each meeting. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES AND BY THE EXECUTIVE COMMITTEE TO ITS SUB COMMITTEES
<p>C2.3</p> <p>HSC 1999/065</p> <p>HSC 1998/70</p> <p>HSC 1999/123</p>	<p>QUALITY & PATIENT SAFETY COMMITTEE</p>	<p>The Committee will:-</p> <ol style="list-style-type: none"> 1. Oversee the development and implementation of a Quality Strategy, including the setting of goals for continuous quality improvement of commissioned services, and delivering of strategic commitments around quality. 2. Monitor the quality and safety of commissioned services, and identify early on areas for improvement, through data review and triangulation. 3. Require action, where needed, and to escalate matters of concern to the Board where appropriate. 4. Provide leadership on quality improvement, including developing capabilities in this area within the organisation. 5. Engage clinicians from across the organisation, as well as from commissioned services and independent contractors as part of confidence-building and intelligence gathering. 6. Provide assurance to the Board via regular overview reports, and also to the Audit Committee by way of membership representation and system performance reports. 7. Produce an Annual Report outlining the Committee's achievements over the year. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p>
<p>C2.4</p>	<p>FINANCE AND PERFORMANCE SUB-COMMITTEE</p>	<p>The Committee will:-</p> <ol style="list-style-type: none"> 1. ensure the PCT's Financial and Performance Plan is achieved and ensuring it is consistent with and complementary to the Five-Year Strategic Plan.. 2. monitor delivery against QIPP and Financial Savings Plan. 3. monitor delivery against Strategic Plan Priorities. 4. receive progress reports from the Programme Management Office/ project and operational work streams. 5. receive and validate corrective action plans for projects/activities not currently achieving, or projected not to achieve against planned budgets/milestones. 6. monitor that appropriate contractual levers are utilised to remediate the above. 7. ensure a robust internal and external communications strategy on finance and performance is implemented. 8. report to the Trust Board on the overall status of the Financial and Operational Performance, assess potential shortfalls and risk, and recommend Board level actions to address them. 9. oversee development and implementation of the PCT's Estates Strategy. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES AND BY THE EXECUTIVE COMMITTEE TO ITS SUB COMMITTEES
C2.5	GOVERNANCE & COMPLIANCE COMMITTEE	<p>The Committee will:-</p> <ol style="list-style-type: none"> 1. co-ordinate and prioritise all risk management issues for the organisation (non clinical and corporate, through monitoring of the Assurance Framework and Risk Register and other performance management systems and by making recommendations to Directors and the Board about appropriate systems of control. 2. lead on governance and compliance issues across the Trust. 3. ensure that the PCT has effective and robust governance and risk management systems in place and that these systems are complete and complementary.. 4. direct and support senior managers to develop projects, working groups and action plans relating to specific pieces of work. 5. form working groups where required and to monitor their progress 6. ensure that working groups support the delivery of agreed strategic objectives. 7. report on progress to the Board and other high level committees as appropriate. 8. receive regular reports from and oversee the work of sub-groups reporting to the Governance & Compliance Committee. 9. ratify policies and procedures developed by working groups, forwarding relevant and appropriate policies and procedures to the Board. 10. ensure that requirements relating to Care Quality Commission and other mandatory reviews are acted upon. 11. provide assurance to the Audit Committee by way of membership representation and system performance reports. 12. produce an Annual Report outlining the Committee's achievements over the year. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p>
C2.6	CHARITABLE FUNDS COMMITTEE (NOTE THIS COMMITTEE CAN BE DISBANDED ONCE CHARITY HAS TRANSFERRED)	<p>The Committee will:-</p> <ol style="list-style-type: none"> 1. Responsibility for the investment of Charitable Funds rests entirely with the Board of Directors who act as Trustees. The Board of Directors will retain overall control of investment policy. The Board of Directors will set out its investment policy in writing. 2. meet at intervals to review investments in accordance with the following objectives; <ul style="list-style-type: none"> • Ensuring that funds are properly protected and that as far as possible capital is not put at risk and will be protected against inflation • Obtaining best income from the investments with which to carry out the purposes of the various individual funds. 3. Determine the organisation's strategy for Charitable Funds, however this is subject to the approval of the Trust Board. The Committee, as part of the strategy, consider the approach to fundraising, the investment of funds, the approach to expenditure and the approval of procedures associated with the use of charitable funds.

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES AND BY THE EXECUTIVE COMMITTEE TO ITS SUB COMMITTEES
C2.7	EAST OF ENGLAND STRATEGIC COMMISSIONING GROUP	<p>The East of England Specialist Commissioning Group (SCG) is a joint sub-committee of each of the Boards of the Members and the Member representatives can: -</p> <ul style="list-style-type: none"> • commit resources within delegated responsibilities and agreed resource limits; • decide commissioning policy; • commission research / reviews to inform decisions; • agree, review and update action plans; • act as an agent for the SCG; • commission and monitor service level agreements / contracts between Members and between the SCG and other service providers. <p>Each Member's representative on the SCG will be able to commit resources on behalf of their Member within the limits set out in their own Standing Financial Instructions.</p> <p>The Establishment Agreement endorsed by the PCT Board confirms that its Standing Financial Instructions and Standing Orders are consistent with this Agreement and empowers their representative to commit resources.</p> <p>The SCG will attend a meeting of the PCT Board on an annual basis.</p> <p>Reporting to the Board will be via the Finance & Performance Sub-Committee</p>
C2.7	JOINT COMMITTEE FOR THE PURPOSES OF FORMAL PUBLIC CONSULTATION AND DECISION MAKING ABOUT THE PROVISION OF PAEDIATRIC CARDIAC SURGERY SERVICES IN ENGLAND (AGREED BY BOARD – SEPTEMBER 2010)	<p>The Committee shall be to carry out the following functions as the formal consulting body in respect to the provision of paediatric cardiac services in England:</p> <ol style="list-style-type: none"> 1. Approve the method and scope of the consultation. 2. Approve the text of and issue the consultation document. 3. Act as the formal body in relation to the Joint Overview and Scrutiny Committees established for this Consultation by the relevant Local Authorities. 4. Take decisions on issues which are the subject of the Consultation.

C2.8	GP SENATE	<p>The purpose of the Cambridgeshire GP Commissioning Senate, which is a sub-committee of NHS Cambridgeshire Board is to:</p> <ol style="list-style-type: none"> 1. Provide GP leadership at the heart of the PCT with the aim of achieving a smooth transition to GP Commissioning by beginning to build key elements of the new system well before 2013 2. Make decisions on issues which cannot appropriately be taken at GP commissioning locality level 3. Ensure that local GP commissioning groups are properly supported by PCT staff through the prioritisation of PCT work plans and the allocation of resources 4. Develop consensus on GP Consortium configuration 5. Oversee the development of possible future commissioning support services 6. Engage with other elements of the transition, for example, the shadow Health and Well Being Board and joint commissioning with Cambridgeshire County Council 7. Provide assurance to the Board via regular overview reports, and also to the Audit Committee by way of membership representation and system performance reports. 8. Produce an Annual Report outlining the Committee's achievements over the year. <p>Note: Terms of Reference are reviewed annually and are available from the Trust Board Secretary</p> <p>The Objectives of the GP Senate are set out below:-</p> <p>Clinical Leadership Fulfill the clinical leadership role as the key decision-making group for GP commissioning in Cambridgeshire, taking into account the principle of subsidiary. Manage the transition to the new commissioning architecture (local White Paper implementation). Provide strategic direction and management of GP Commissioning support functions within the PCT, including oversight of related organisational development, and prioritisation of work. Agree the QIPP & Reform Plan and associated local delivery plans and oversee and ensure their delivery whilst achieving maximum GP engagement. Ensure that the risks associated with different local commissioning approaches are managed effectively. Ensure that agreed clinical policy is implemented across Cambridgeshire. Ensure that decisions made by the Senate and/or NHS Cambridgeshire Board are communicated to local GP commissioning groups and, through close working with local GP commissioning groups, implemented.</p> <p>Managing Strategic Relationships Manage the strategic relationship between GP Commissioners, the NHS Cambridgeshire Board, NHS East of England, Cambridgeshire County Council and other partners, where a countywide approach is necessary.</p> <p>Knowledge Management and Communication Ensure that there is effective communication between GP commissioning groups / consortia, practices and other key stakeholders regarding issues within the Senate's remit. Ensure that knowledge and best practice is disseminated across Cambridgeshire.</p> <p>Education and Training Provide strategic direction for development / coordination of education and training programmes to develop GP commissioning and leadership.</p>
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SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

PART 2

REF	DELEGATED TO	DUTIES DELEGATED
10	CHIEF EXECUTIVE (CE)	Accountable through NHS Accountable Officer Memorandum to Parliament for stewardship of PCT resources.
12	CE AND DIRECTOR OF FINANCE (DOF)	Ensure the accounts of the PCT are prepared under principles and in a format directed by the Secretary of State. Accounts must disclose a true and fair view of the PCT's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.
13	CE	Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control.
15 & 16	CE	Ensure effective management systems that safeguard public funds and assist PCT Chairman to implement requirements of integrated governance including ensuring managers: <ul style="list-style-type: none"> • have a clear view of their objectives and the means to assess achievements in relation to those objectives; • be assigned well defined responsibilities for making best use of resources; • have the information, training and access to the expert advice they need to exercise their responsibilities effectively.
15	CHAIRMAN	Implement requirements of corporate governance
18	CE	Achieve value for money from the resources available to the PCT and avoid waste and extravagance in the organisation's activities. Follow through the implementation of any recommendations affecting good practice as set out in reports from such bodies as the Audit Commission and the National Audit Office (NAO). Use to best effect the funds available for commissioning healthcare, developing services and promoting health to meet the needs of the local population.
20	DoF	Operational responsibility for effective and sound financial management and information.
20	CE	Primary duty to see that DoF discharges this function.
21	CE	Ensuring that expenditure by the PCT complies with Parliamentary requirements
22	CE	The Codes of Conduct and Accountability incorporated in the Corporate Governance Framework issued to NHS Boards by the Secretary of State are fundamental in exercising their responsibilities for regularity and probity. As a Board member they have explicitly subscribed to the Codes; and should promote observance by all staff.
23	CE and DoF	CE, supported by Director of Finance, to ensure appropriate advice is given to the Board and Executive Committee on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
24	CE	If CE considers the Board, Chairman or Executive Committee is doing something that might infringe probity or regularity, he/she should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary the SHA and Department of Health.
26	CE	If the Board or Executive Committee is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board and Executive Committee. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the SHA and the DH. In such cases,

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REF	DELEGATED TO	DUTIES DELEGATED
		and in those described in reference 24, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.

SCHEME OF DELEGATION DERIVED FROM THE CODES OF CONDUCT AND ACCOUNTABILITY

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.3.1.7	BOARD	Approve procedure for declaration of hospitality and sponsorship
1.3.1.8	BOARD	Ensure proper and widely publicised procedures for voicing complaints, concerns about maladministration, breaches of Code of Conduct, and other ethical concerns.
1.31.9 & 1.3.2.2	ALL BOARD MEMBERS AND EXECUTIVE COMMITTEE MEMBERS	Subscribe to Code of Conduct
1.3.2.4	BOARD	Board members share corporate responsibility for all decisions of the Board.
1.3.2.4	CHAIR AND NON-OFFICER MEMBERS	Chair and non-officer members are responsible for monitoring the executive management of the organisation and are responsible to the SofS for the discharge of those responsibilities.
1.3.2.4	BOARD	The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State: <ol style="list-style-type: none"> 1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy; 2. to ensure that high standards of integrated governance and personal behaviour are maintained in the conduct of the business of the whole organisation; 3. to appoint, appraise and remunerate senior executives; 4. on the recommendation of the Executive Committee, to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them; 5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary; 6. to ensure that the Executive Committee leads an effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.
1.3.24	BOARD	It is the Board's duty to: <ol style="list-style-type: none"> 1. act within statutory financial and other constraints; 2. for PCTs (and PCTs designated as Care Trusts), establish the Executive Committee; 3. be clear what decisions and information are appropriate to the Board and draw up SOs, a Schedule of Decisions Reserved to the Board or Executive Committee and SFIs to reflect these; 4. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account; 5. establish performance and quality measures that maintain the effective use of resources and provide value for money; 6. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities; 7. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference which set out the

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REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.
1.3.2.5	CHAIRMAN	<p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> 1. provide leadership to the Board; 2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team; 3. ensure that key and appropriate issues are discussed by the Board in a timely manner; 4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions; 5. lead non-executive Board members through a formally-appointed Remuneration Committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other executive Board members; 6. appoint non-executive Board members to an Audit Committee of the main Board; 7. advise the Secretary of State through the regional member of the Policy Board on the performance of non-executive Board members.
1.3.2.5	CHIEF EXECUTIVE	<p>The Chief Executive is accountable to the Chairman and non-executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship.</p> <p>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.</p>
1.3.2.6	NON OFFICER MEMBERS	Non-officer Board members are appointed by or on behalf of the Secretary of State to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.
1.3.2.8	CHAIR AND BOARD MEMBERS	Declaration of conflict of interests.
1.3.2.9	BOARD	NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.

SCHEME OF DELEGATION DERIVED FROM STANDING ORDERS

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.1	CHAIRMAN	Final authority in interpretation of Standing Orders.
2.4	BOARD	Appointment of Vice-Chairman.
3.1	CHAIRMAN	Calling meetings.
3.9	CHAIRMAN	Chair all Board meetings and associated responsibilities.
3.10	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
3.12	CHAIRMAN	Having a second or casting vote.
3.13	BOARD	Suspension of Standing Orders.
3.13	AUDIT COMMITTEE	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board).
3.14	BOARD	Variation or amendment of Standing Orders
4.2	CHAIRMAN	Invite the Chairman of the GP Senate to be a voting member of the PCT Board and invite the Vice-Chairman of the GP Senate to be a non-voting member.
4.7	THE BOARD	The Board shall approve the appointments to each of the committees which it has formally constituted
5.2	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two non-officer members
5.3	BOARD	Formal delegation of powers to other committees, sub-committees or joint committees and approval of their constitution and terms of reference. (The Chief Executive may approve Constitution and terms of reference of sub-committees.)
5.4	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals, which shall be considered and <u>approved by the Board</u> , subject to any amendment agreed during the discussion.
5.6	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
7.1	ALL BOARD AND EXECUTIVE COMMITTEE MEMBERS	Declare relevant and material interests.
7.2	CHIEF EXECUTIVE	Maintain Register(s) of Interests.
7.1	CHAIRMAN OF A MEETING	Making a declaration on a declared interest.
7.4	ALL STAFF	Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff" and the Code of Conduct for NHS Managers 2002.
7.4	ALL	Disclose of relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board/Executive Committee).
8.1/8.3	CHIEF EXECUTIVE	Keep seal in safe place and maintain a register of sealing.
8.4	CHIEF EXECUTIVE/ EXECUTIVE DIRECTOR	Approve and sign all documents which will be necessary in legal proceedings.

* Nominated officers and the areas for which they are responsible should be incorporated into the PCT's Scheme of Delegation document.

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SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
10.1.3	DIRECTOR OF FINANCE	Approval of all financial procedures.
10.1.4	DIRECTOR OF FINANCE	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Performance and Finance as soon as possible.
10.2.4	CHIEF EXECUTIVE	Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.4	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10.2.5	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
10.2.6	DIRECTOR OF FINANCE	Responsible for: a) Implementing the PCT's financial policies and co-coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain PCT's transactions and financial position; d) Providing financial advice to members of Board, staff and Sub-Committees; e) Maintaining such accounts, certificates etc as are required for the PCT to carry out its statutory duties; f) The design, implementation and supervision of systems of internal control.
10.2.7	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the PCT's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures.
10.2.8	CHIEF EXECUTIVE	Ensure that any contractor or employee of a contractor who is empowered by the PCT to commit the PCT to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.
11.1.1	AUDIT COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.3	CHAIR	Raise the matter at the Board meeting where Chair of Audit Committee considers there is evidence of ultra vires transactions or improper acts.
11.2.1	DIRECTOR OF FINANCE	a) Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.) b) Ensure the annual audit report is prepared for consideration by the Audit Committee.
11.2.1	DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
11.3	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Standards and best practice.
11.4	AUDIT COMMITTEE	Ensure cost-effective External Audit.
11.5	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
11.6	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
12.1.1	CHIEF EXECUTIVE	Has overall responsibility for the PCT's activities and ensuring the PCT stays within its resource limit.
12.1.4	DIRECTOR OF FINANCE	Will provide monthly reports to the SofS, ensure draw down is for approved expenditure and timely and follows best practice in Cash Management.
12.1.4	DIRECTOR OF FINANCE	Ensure monitoring systems are in place to enable the PCT not to exceed its limits.
13.1.1	DIRECTOR OF FINANCE	Periodically review assumptions, submit a report to the PCT annually showing total allocations received and their proposed distribution.
13.1.1	DIRECTOR OF FINANCE	Regularly update the PCT on significant changes to the initial allocation and the uses of such funds 13.2.1.
13.2.1	CHIEF EXECUTIVE	Compile and submit to the Board a local delivery plan which takes into account financial targets and forecast limits of available resources. The plan will contain: <ul style="list-style-type: none"> • a statement of the significant assumptions on which the plan is based; • details of major changes in workload, delivery of services or resources required to achieve the plan.
13.2.2 & 13.2.3	DIRECTOR OF FINANCE	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
13.2.5	DIRECTOR OF FINANCE	Ensure adequate training is delivered on an ongoing basis to budget holders.
13.3.1	CHIEF EXECUTIVE	Delegate budget to budget holders.
13.3.2	CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.
13.4.1	DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
13.4.2	BUDGET HOLDERS	Ensure that: <ol style="list-style-type: none"> a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of the Board; b) approved budget is not used for any other than specified purpose subject to rules of virement; c) no permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment.
13.4.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the plan.
13.6.1	CHIEF EXECUTIVE	Submit monitoring returns.
14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
15.1	DIRECTOR OF FINANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.)
15.4	DIRECTOR OF FINANCE	<ol style="list-style-type: none"> a) review the banking arrangements of the PCT at regular intervals to ensure they reflect best practice and represent best value for money. b) ensure competitive tenders are sought at least every 5 years.
16.	DIRECTOR OF FINANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
16.2.3	ALL EMPLOYEES	Duty to inform DoF of money due from transactions which they initiate/deal with.
17.	CHIEF EXECUTIVE	Tendering and contracting procedure.
17.5.3	CHIEF EXECUTIVE	Waive formal tendering procedures.
17.5.3	CHIEF EXECUTIVE	Report waivers of tendering procedures to the Audit Committee.
17.5.5	DIRECTOR OF FINANCE	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CE or Executive Committee.
17.6.2	CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.3	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
17.6.4	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
17.6.5	CHIEF EXECUTIVE	Responsible for treatment of 'late tenders'.
17.6.6	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the PCT and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.6.8	CHIEF EXECUTIVE	Will appoint a manager to maintain a list of approved firms.
17.6.8	CHIEF EXECUTIVE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
17.7.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
17.7.4	CHIEF EXECUTIVE or DIRECTOR OF FINANCE	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the PCT and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.10	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
17.10	BOARD	All PFI proposals must be agreed by the Board.
17.11	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the PCT.
17.12	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
17.13	CHIEF EXECUTIVE	The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.
17.15	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
17.15.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the PCT.
18.1.1	CHIEF EXECUTIVE	Must ensure the PCT enters into suitable Service Level Agreements (SLAs) with service providers for the provision of NHS services.
18.4	CHIEF EXECUTIVE	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		expenditure against the SLA.
19.2.1	CHIEF EXECUTIVE	As the Accountable Officer, ensure secondary services are commissioned in line with the LDP and reach the required standards.
19.2.3	CHIEF EXECUTIVE	As the Accountable Officer, ensure regular reports are provided to the Board detailing actual and forecast expenditure for each SLA.
19.2.4	CHIEF EXECUTIVE	As the Accountable Officer, ensure that all agreements for provision of services with non-NHS providers achieve quality and are cost effective.
19.3.1	DIRECTOR OF FINANCE	Will maintain a system of control to ensure effective accounting of expenditure against SLAs.
19.3.2	DIRECTOR OF FINANCE	Must account for Out of Area Treatments/Non Contract Activity in accordance with national guidelines.
20.1.1	BOARD	Establish a Remuneration & Terms of Service Committee.
20.1.2	REMUNERATION COMMITTEE	Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the PCT's circumstances and any national agreements. Monitor and evaluate the performance of individual senior employees. Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.
20.1.3	REMUNERATION COMMITTEE	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
20.1.4	BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
20.2.2	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
20.3	CHIEF EXECUTIVE	Approval of appointment of staff, including agency staff, appointments and re-grading within approved budget and funded establishment.
20.4.1 and 20.4.2	DIRECTOR OF FINANCE	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
20.4.3	NOMINATED MANAGERS*	Submit time records in line with timetable; Complete time records and other notifications in required form; Submitting termination forms in prescribed form and on time.
20.4.4	DIRECTOR OF FINANCE	Ensure that the chosen method for payroll processing 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.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
20.5	DIRECTOR OF CORPORATE DEVELOPMENT & PERFORMANCE	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; Deal with variations to, or termination of, contracts of employment.
21.1	BOARD	The Board will approve the level of non-pay expenditure on an annual basis.
21.1	CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level. [It is good practice to append such lists to the Scheme of Delegation document.]
21.1.3	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
21.2.1	REQUISITIONER*	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the PCT. In so doing, the advice of the PCT's adviser on supply shall be sought.
21.2.2	DIRECTOR OF FINANCE	Shall be responsible for the prompt payment of accounts and claims.
21.2.3	DIRECTOR OF FINANCE	a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds; c) Be responsible for the prompt payment of all properly authorised accounts and claims; d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable; e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received.
21.2.4	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a pre-payment.
21.2.4	DIRECTOR OF FINANCE	Approve proposed pre-payment arrangements.
21.2.4	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).
21.2.5	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
21.2.6	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.
21.2.7	CHIEF EXECUTIVE DIRECTOR OF FINANCE	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
21.3	DIRECTOR OF FINANCE	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
22	DIRECTOR OF FINANCE	Ensure that Board members are aware of the Financial Framework and ensure compliance
23.1.1 & 2	CHIEF EXECUTIVE	Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans;

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) ensure that a business case is produced for each proposal.
23.1.2	DIRECTOR OF FINANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
23.1.3	CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments.
23.1.3	DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
23.1.4	CHIEF EXECUTIVE	Shall issue to the manager responsible for any scheme specific authority to commit expenditure, proceed to tender and accept a successful tender.
23.1.4	CHIEF EXECUTIVE	Issue a scheme of delegation for capital investment management in accordance with Estatecode and Standing Orders.
23.1.5	DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
23.2.1	DIRECTOR OF FINANCE	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
23.2.1	BOARD	Proposal to use PFI must be specifically agreed by the Board.
23.3.1	CHIEF EXECUTIVE	Maintenance of asset registers (on advice from DoF).
23.3.5	DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
23.3.8	DIRECTOR OF FINANCE	Calculate and pay capital charges in accordance with Department of Health requirements.
23.4.1	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
23.4.2	DIRECTOR OF FINANCE	Approval of fixed asset control procedures.
23.4.4	BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of PCT assets including notifying discrepancies to DoF, and reporting losses in accordance with PCT procedure.
24.2	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document.)
24.2	DIRECTOR OF FINANCE	Responsible for systems of control over stores and receipt of goods.
24.2	DESIGNATED PHARMACEUTICAL OFFICER	Responsible for controls of pharmaceutical stocks.
24.2	DESIGNATED ESTATES OFFICER	Responsible for control of stocks of fuel oil and coal.
24.2	NOMINATED OFFICERS*	Security arrangements and custody of keys.
24.2	DIRECTOR OF FINANCE	Set out procedures and systems to regulate the stores.
24.2	DIRECTOR OF FINANCE	Agree stocktaking arrangements.
24.2	DIRECTOR OF FINANCE	Approve alternative arrangements where a complete system of stores control is not justified.
24.2	DIRECTOR OF FINANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
24.2	NOMINATED OFFICERS*	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.

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24.3.1	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
25.1.1	DIRECTOR OF FINANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
25.2.1	DIRECTOR OF FINANCE	Prepare procedures for recording and accounting for losses, special payments.
25.2.2	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and DoF.
25.2.2	DIRECTOR OF FINANCE	Where a criminal offence is suspected DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform the relevant Local Counter Fraud Specialist (LCFS) and NHS Counter Fraud Service (NHS CFS) Operational Fraud Team in line with SofS directions.
25.2.3	DIRECTOR OF FINANCE	Notify CFSMS, LCFS and External Audit of all frauds.
25.2.4	DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
25.2.5	BOARD	Approve write off of losses (within limits delegated by DH).
25.2.6	DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.
25.2.8	DIRECTOR OF FINANCE	Maintain losses and special payments register.
26.1	DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised financial data.
26.1	DIRECTOR OF FINANCE	Satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
26.1.3	DIRECTOR OF CORPORATE DEVELOPMENT & PERFORMANCE	Shall publish and maintain a Freedom of Information Scheme.
26.2.1	RELEVANT OFFICERS	Send proposals for general computer systems to DoF.
26.3	DIRECTOR OF FINANCE	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review. Seek periodic assurances from the provider that adequate controls are in operation.
26.4	DIRECTOR OF FINANCE	Where computer systems have in impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) DoF and staff have access to such data; Such computer audit reviews are being carried out as are considered necessary.
27.2	CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
27.3	DIRECTOR OF FINANCE	Provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of

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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients.
27.6	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.
28.1	DIRECTOR OF FINANCE	Shall ensure that each trust fund which the PCT is responsible for managing is managed appropriately.
29	DIRECTOR OF FINANCE	Ensure all staff are made aware of the PCT policy on the acceptance of gifts and other benefits in kind by staff.
30.2	CHIEF EXECUTIVE	Ensure lists of all contractors are maintained up to date and systems are in place to deal with applications, resignations, inspection of premises etc. within contractors' terms of service.
30.3	DIRECTOR OF FINANCE	Ensure only contractors included on the PCT lists receive payments; maintain a system of control to ensure prompt and accurate payments and validation of same.
31	CHIEF EXECUTIVE	Retention of document procedures in accordance with Department of Health guidance.
32.1	CHIEF EXECUTIVE	Risk management programme.
32.1	BOARD	Approve and monitor risk management programme.
32.2	BOARD	Decide whether the PCT will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
32.4	DIRECTOR OF FINANCE	<p>Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.</p> <p>Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.</p>

* Nominated officers and the areas for which they are responsible should be incorporated into the PCT's Scheme of Delegation document.

**DECISIONS, AUTHORITIES AND DUTIES DELEGATED TO OFFICERS OF THE PCT
PART 3**

REF	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO (LEVEL)	APPROVAL RANGE	NOTES/DETAILS OF FURTHER GUIDANCE
1.	Payroll - staff appointments, authorisation of contracts terminations and additional payments	1 & 2 3 4 5	Level 3 and below Level 4 and below Level 5 and below Level 6 and below	Further guidance set out in Standing Financial Instructions and Financial Procedures.
2.	Removal Expenses	1 1-2	> £4,500 ≤ £4,500	Level 3 may authorise payments that have received initial written approval from levels 1 and 2. See PCT policy.
3	Lease Cars	2	Authorisation for Level 2 Authorisation for Level 3 Authorisation for all other staff Director / Head of Service	
4	Authority to handle patients monies	1-2 3-4 5	> £1,000 ≤ £1,000 ≤ £50	See Patient's Monies Procedures available from Finance Department.
5	Petty Cash Reimbursement General signing petty cash claims Petty Cash Community – homes provisions	3-4 5 3 4-5	≥£40 <£40 > £200 < £200	See Petty Cash Procedure available from the Finance Department.
6	Charitable Funds	PCT Board DoF, Audit Committee Chair & D Med DoF 3 – 4	> £20,000 > £5,000 > £1,000 < £1,000	Expenditure between £1K and £5K requires approval of the Director of Finance. Above this to £20K requires the approval of the Audit Committee Chair and Medical Director of the PCT. Above £20K requires approval from PCT Board.

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Ref	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO (level)	APPROVAL RANGE	Notes/Details of further guidance
7	Non stock requisitions	1-2 3 4 5 6	No defined limit ≤ £50,000 ≤ £5,000 ≤ £1,000 < £500	The financial limit is per order or per month for standing orders.
8.	Payment of Invoices	1-2 3 4 5 6	No defined limit ≤ £50,000 ≤ £5,000 ≤ £1,000 ≤ £500	
9	Losses and special payments	1 2	< £50,000 < £500	For sums over £50,000 or in the case of all extra statutory or extra regulation payments approval of the NHS Executive may be required. See PCT procedure.
10	Capital	PCT Board PCT Executive Capital Management Group	> £250,000 £25,000 - 250,000 < £25,000	The Project / Lead Manager authorises all invoices within approved sums. See SFI's and the Managers Guide to Capital.
11	Virements between budgets - revenue only	1-2 3	> £50,000 < £50,000	See Virements Policy for details of criteria to be met before virements are made.
12	Litigation - agreement on settlement	PCT Board Chairman Audit Committee Chairman 1-2	> £250,000 < £250,000 < £100,000	Briefing of solicitors must be approved at level 2 but can be carried out by a Level 3 Manager. Audit Committee Chairman to be made aware of any claims between £100k and £250k. PCT Chairman to be made aware of any claims > £250k. All claims will be dealt with in accordance with NHSE Guidance on Claims Management Best Practice.

Ref	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO (level)	APPROVAL RANGE	Notes/Details of further guidance
13	Disciplinary and dismissal: <u>Dismissal</u> ----- - <u>Suspension</u>	1 2 ----- 1-3	Level 2 officers. All other staff. ----- Level 3 managers can only suspend with the permission of a level 2 office.	See detailed disciplinary policy. -----
14	Banking arrangements	1-2 (Finance Director only)		Setting up new accounts can only be actioned by Chief Executive and Finance Director. Banking arrangements subject to Board approval. See further banking arrangement procedures.
15	Data Protection	1-3	PCT has its own Data Protection Officer but Directors and Managers must ensure the Data Protection Act is complied with.	Managers and employees have joint responsibilities under the Data Protection Act. See procedures
16	Information systems security	1-5	Security Officer in each area. Directors and Managers must monitor and ensure that the procedures and process are complied with.	See system security policy. Shared responsibility between managers and employees.
17	Signing and sealing of documents	1-2		See Standing Financial Instructions. All sealings must be entered in the Register.

> greater than
≥ greater or equal to

< less than
≤ less than or equal to

SECTION D - STANDING FINANCIAL INSTRUCTIONS

10. INTRODUCTION

10.1 General

- 10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Primary Care Trust (Functions) Directions 2000 as amended by the Primary Care Trust (Functions) (Amendment) Directions 2002 issued by the Secretary of State which require that each Primary Care Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs).
- 10.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the PCT. They are designed to ensure that the PCT's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the PCT.
- 10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the PCT and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the PCT's Standing Orders.
- 10.1.5 **The failure to comply with Standing Financial Instructions and standing orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 10.1.6 **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 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 Director of Finance as soon as possible.

10.2 Responsibilities and delegation

10.2.1 The PCT Board

The Board exercises financial supervision and control by:

- (a) Formulating the financial strategy;
- (b) Requiring the submission and approval of budgets within approved allocations/overall income;

- (c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
 - (d) Defining specific responsibilities placed on members of the Board and Executive Committee and employees as indicated in the Scheme of Delegation document.
- 10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Schedule of Matters Reserved to the Board' document. All other powers have been delegated to the Executive Committee and such other committees as the PCT has established.
- 10.2.3 The Executive Committee will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the PCT.
- 10.2.4 **The Chief Executive and Director of Finance**

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the PCT's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the PCT's system of internal control.

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

10.2.6 **The Director of Finance**

The Director of Finance is responsible for:

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

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

- (d) the provision of financial advice to other members of the Board and Executive Committee and employees;
- (e) the design, implementation and supervision of systems of internal financial control; and

- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the PCT may require for the purpose of carrying out its statutory duties.

10.2.7 **Board Members, Sub-Committee Members and Employees**

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

- (a) The security of the property of the PCT;
- (b) Avoiding loss;
- (c) Exercising economy and efficiency in the use of resources; and
- (d) Conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

10.2.8 **Contractors and their employees**

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

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

11. AUDIT

11.1 Audit Committee

- 11.1.1 An independent Audit Committee is a central means by which a Board ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Board. In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005) to perform the following tasks:
- (a) Ensuring there is an effective internal audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;
 - (b) Reviewing the work and findings of the external auditor appointed by the Audit Commission and considering the implications of and management's responses to their work;
 - (c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;
 - (d) ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board;
 - (e) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
 - (f) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
 - (g) Monitoring compliance with Standing Orders and Standing Financial Instructions;
 - (h) Reviewing schedules of losses and compensations and making recommendations to the Board;
 - (i) Reviewing schedules of debtors/creditors balances over [n] months and £[n] old and explanations/action plans at the Finance Directors discretion.
 - (j) Review the annual report and financial statements prior to submission to the Board focusing particularly on;
 - (i) the wording in the Statement of Internal control and other disclosures relevant to the Terms of Reference of the Committee;
 - (ii) changes in, and compliance with, accounting policies and practices;
 - (iii) unadjusted mis-statements in the financial statements;
 - (iv) major judgmental areas;
 - (v) significant adjustments resulting from audit.

- (k) Reviewing the annual financial statements and recommend their approval to the Board;
- (l) Reviewing the external auditors report on the financial statements and the annual management letter;
- (m) Conducting a review of the PCTs major accounting policies;
- (n) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the PCTs published financial accounts or reputation;
- (o) Reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;
- (p) Reviewing major findings from internal and external audit reports and ensure appropriate action is taken;
- (q) Reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;
- (r) Reviewing the mechanisms and levels of authority (e.g. Standing Orders, Standing Financial Instructions, Delegated limits) and make recommendations to the PCT Board;
- (s) Reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by the PCT Board;
- (t) Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
- (u) Reviewing waivers to Standing Orders;
- (v) Reviewing hospitality and sponsorship registers;
- (w) Reviewing the information prepared to support the controls assurance statements prepared on behalf of the Board and advising the Board accordingly.

11.1.2 The minutes of the Audit Committee meetings shall be formally recorded by the Trust Board Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action. The Committee will report to the Board annually on its work in support of the Statement of Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment against the Standards for Better Health.

11.1.3 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health.11.1.4

11.2 Director of Finance

11.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) ensuring that the Internal Audit function meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption.
- (d) ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee [and the Board]. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
 - (ii) major internal financial control weaknesses discovered;
 - (iii) progress on the implementation of Internal Audit recommendations;
 - (iv) progress against plan over the previous year;
 - (iv) a strategic audit plan covering the coming three years;
 - (vi) a detailed plan for the coming year.

11.2.2 The Director of Finance or designated internal or external auditor is entitled without necessarily giving prior notice to require and receive:

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

11.3 Role of Internal Audit

11.3.1 Internal Audit is an independent and objective appraisal service within an organisation which provides:

- (1) an independent and objective opinion to the Accountable Officer, the Board, and the Audit Committee on the degree to which risk management, control and governance, support the achievement of the organisation's agreed objectives;

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- (2) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 11.3.2 Internal Audit will review, appraise and report upon policies, procedures and operations in place to;
- (a) establish and monitor the achievement of the organisation's objectives; ;
 - (b) identify, assess and manage the risks to achieving the organisation's objectives;
 - (c) ensure the economical, effective and efficient use of resources;
 - (d) ensure compliance with established policies (including behavioral and ethical expectations), procedures, laws and regulations;
 - (e) safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
 - (f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
- 11.3.3 The Head of Internal Audit will provide to the Audit Committee;
- (a) A risk-based plan of internal audit work, agreed with management and approved by the Audit Committee, based upon the management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;
 - (b) Regular updates on the progress against plan;
 - (c) Reports of management's progress on the implementation of action agreed as a result of internal audit findings;
 - (d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the Board to inform the SIC and by Strategic Health Authority as part of its performance management role;
 - (e) A report supporting Trust assurances to the Healthcare Commission on compliance with Standards for Better Health;
 - (f) Additional reports as requested by the Audit Committee.
- 11.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.
- 11.3.5 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the PCT.

11.3.6 The Head of Internal Audit reports to the Audit Committee and is managed by the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

11.3.7 The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

11.4 External Audit

11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the PCT. The Audit Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Audit Commission if the issue cannot be resolved.

11.5 Fraud and Corruption

11.5.1 In line with their responsibilities, the PCT Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.

11.5.2 The PCT shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud and Corruption Manual, and guidance.

11.5.3 The LCFS shall report to the PCT Director of Finance and shall work with staff in the NHS Counter Fraud Service (NHS CFS) and the Operational Fraud Team (OFT) in accordance with the NHS Counter Fraud and Corruption Manual.

11.5.4 The LCFS will provide a written report, at least annually, on counter fraud work within the PCT.

11.6 Security Management

11.6.1 In line with their responsibilities, the PCT Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

11.6.2 The PCT shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS Security Management.

11.6.3 The PCT shall nominate a Non-Executive Director to oversee the NHS Security Management service who will report to the Board.

11.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

12. RESOURCE LIMIT CONTROL

- 12.1.1 The PCT is required by statutory provisions not to exceed its Resource Limit. The Chief Executive has overall executive responsibility for the PCT's activities and is responsible to the PCT for ensuring that it stays within its Resource Limit.
- 12.1.2 The definition of use of resources is set out in RAB Directions on use of resources (available on the Departmental Finance Manual web-site).
- 12.1.3 Any sums received on behalf of the Secretary of State excluding charges arising under Part II of the 1977 NHS Act is treated as sums received by the PCT.
- 12.1.4 The Director of Finance will:
- (a) provide monthly reports in the form required by the Secretary of State;
 - (b) ensure money drawn from the Department of Health against the financing requirement arising from the Resource Limit is required for approved expenditure only, and is drawn down only at the time of need, follows best practice as set out in 'Cash Management in the NHS';
 - (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the PCT to fulfill its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits.

13. ALLOCATIONS, LOCAL DELIVERY PLAN, BUDGETS, BUDGETARY CONTROL AND MONITORING

13.1 Allocations

13.1.1 The Director of Finance of the PCT will:

- (a) periodically review the basis and assumptions used by the Strategic Health Authority for distributing allocations and ensure that these are reasonable and realistic and secure the PCT's entitlement to funds;
- (b) prior to the start of each financial year submit to the PCT Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- (c) regularly update the PCT Board on significant changes to the initial allocation and the uses of such funds.

13.2 Preparation and Approval of LDP and Budgets

13.2.1 The Chief Executive will compile and submit to the Board an LDP which takes into account financial targets and forecast limits of available resources. The plan will contain:

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

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

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

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

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

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

13.3 Budgetary Delegation

- 13.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
 - (b) the purpose(s) of each budget heading;
 - (c) individual and group responsibilities;
 - (d) authority to exercise virement;
 - (e) achievement of planned levels of service;
 - (f) the provision of regular reports.
- 13.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 13.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 13.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

13.4 Budgetary Control and Reporting

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

(e) arrangements for the authorisation of budget transfers.

13.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorized, subject to the rules of virement;
- (c) 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 .

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

13.5 Capital Expenditure

13.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 23).

13.6 Monitoring Returns

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

14. ANNUAL ACCOUNTS AND REPORTS

- 14.1 The Director of Finance, on behalf of the PCT, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the PCT's accounting policies, and generally accepted accounting practice;
 - (b) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
 - (c) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
- 14.2 The PCT's annual accounts must be audited by an auditor appointed by the Audit Commission. The PCT's audited annual accounts must be presented to a public meeting and made available to the public.
- 14.3 The PCT will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Manual for Accounts.

15. BANK AND OPG ACCOUNTS

15.1 General

15.1.1 The Director of Finance is responsible for managing the PCT's banking arrangements and for advising the PCT Board on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' PCTs should minimize the use of commercial bank accounts and consider using Office of the Paymaster General (OPG) accounts for all banking services.

15.1.2 The Board shall approve the banking arrangements.

15.2 Bank and OPG Accounts

15.2.1 The Director of Finance is responsible for:

- (a) bank accounts and Office of the Paymaster General (OPG) accounts;
- (b) establishing separate bank accounts for the PCT's non-exchequer funds;
- (c) ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with the PCT's bankers for accounts to be overdrawn;
- (e) monitoring compliance with DH guidance on the level of cleared funds.

15.3 Banking Procedures

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

- (a) the conditions under which each bank and OPG account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the PCT's accounts.

15.3.2 The Director of Finance must advise the PCT's bankers in writing of the conditions under which each account will be operated.

15.4 Tendering and Review

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

15.4.2 Competitive tenders should be sought at least every 5 years. This review is not necessary for OPG accounts. The results of the tendering exercise should be reported to the Board.

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

16.1 Income Systems

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

16.2 Fees and Charges

- 16.2.1 The PCT shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.
- 16.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 16.2.3 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

16.3 Debt Recovery

- 16.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 16.3.2 Income not received should be dealt with in accordance with losses procedures.
- 16.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

16.4 Security of Cash, Cheques and other Negotiable Instruments

- 16.4.1 The Director of Finance is responsible for:
 - (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - (b) ordering and securely controlling any such stationery;
 - (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
 - (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the PCT.
- 16.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

- 16.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.
- 16.4.4 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 PCT is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the PCT from responsibility for any loss.

17. TENDERING AND CONTRACTING PROCEDURE

17.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the PCT shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

17.2 EU Directives Governing Public Procurement

- (a) Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.
- (b) Primary Care Trust's should consider obtaining support from the NHS Purchasing and Supply Agency for procurement to ensure compliance when engaging in tendering procedures.

17.3 Reverse e Auctions

The PCT should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to www.ogc.gov.uk

17.4 Capital Investment Manual and other Department of Health Guidance

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

17.5 Formal Competitive Tendering

17.5.1 General Applicability

The PCT shall ensure that competitive tenders are invited for:

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

17.5.2 Health Care Services

Where the PCT elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 18 and No. 19.

17.5.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures **need not be applied** where:

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- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed £4,000 or
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 25;

Formal tendering procedures **may be waived** in the following circumstances:

- (d) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate PCT record;
- (e) where the requirement is covered by an existing contract;
- (f) where PASA agreements are in place and have been approved by the Board;
- (g) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the PCT is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

- (m) where allowed and provided for in the Capital Investment Manual.

The waiving of competitive tendering procedures 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, the fact of the waiver and the reasons should be documented and recorded in an appropriate PCT record and reported to the Audit Committee at each meeting.

17.5.4. Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 17.3 and 17.5.3 apply, the PCT 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 two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

17.5.5 List of Approved Firms

The PCT and the Executive Committee shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Finance it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive or Executive Committee (see SFI 17.6.8 List of Approved Firms).

17.5.6 Building and Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

17.5.7 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate PCT record.

17.6 Contracting/Tendering Procedure

17.6.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
 - submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the PCT (or the word "tender" followed by the subject to which it related) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.
- (v) Every tender must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.

17.6.2 **Receipt and safe custody of tenders**

The Chief Executive or his/her nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

17.6.3 **Opening tenders and Register of tenders**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) A member of the PCT Board will be required to be one of the two approved persons present for the opening of tenders estimated above £5,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the PCT's Scheme of Delegation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The PCT's Company Secretary will count as a Director for the purposes of opening tenders.

- (vi) Every tender received shall be marked with the date of opening and initialed by those present at the opening.
- (vii) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
 - the name of all firms individuals invited;
 - the names of firms individuals from which tenders have been received;
 - the date the tenders were received and opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender and suitably initialed.

Each entry to this register shall be signed by those present.

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

- (viii) 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/her own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 17.6.5 below).

17.6.4 **Admissibility**

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

17.6.5 **Late tenders**

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

confidential, recorded, and held in safe custody by the Chief Executive or his/her nominated officer.

- (iv) Accepted late tenders will be reported to the Board.

17.6.6 **Acceptance of formal tenders (See overlap with SFI No. 17.7)**

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

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

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

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

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the PCT and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
 - (a) not in excess of the going market rate / price current at the time the contract was awarded;
 - (b) that best value for money was achieved.
- (v) All Tenders should be treated as confidential and should be retained for inspection.

17.6.7 **Tender reports to the PCT Board**

Reports to the PCT Board will be made on an exceptional circumstance basis only.

17.6.8 **List of approved firms (see SFI No. 17.5.5)**

- (a) **Responsibility for maintaining list**

A manager nominated by the Chief Executive shall on behalf of the PCT maintain lists of approved firms from who tenders and quotations may be invited. These shall

be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the PCT is satisfied. All suppliers must be made aware of the PCT's terms and conditions of contract.

(b) Building and Engineering Construction Works

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

(c) Financial Standing and Technical Competence of Contractors

The Director of Finance may make or institute any enquiries he/she deems appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

17.6.9 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Director of Finance or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

17.7 Quotations: Competitive and non-competitive

17.7.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000 but not exceed £25,000.

17.7.2 Competitive Quotations

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

17.7.3 Non-Competitive Quotations

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

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

17.7.4 Quotations to be within Financial Limits

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

17.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as follows:

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Designated budget holders	up to	£10,000
Directors	up to	no defined limit
Chief Executive	up to	no defined limit
Chairman	up to	not applicable
PCT Board	over	not applicable

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

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

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

Where competitive tendering or a competitive quotation is not required, the PCT should adopt one of the following alternatives:

- (a) the PCT shall use the NHS Purchasing & Supplies Agency for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) if the PCT does not use the NHS Purchasing & Supplies Agency - where tenders or quotations are not required, because expenditure is below £5,000, the PCT shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

17.10 Private Finance for capital procurement (see overlap with SFI No. 23)

The PCT should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the PCT.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

17.11 Compliance requirements for all contracts

The Board may only enter into contracts on behalf of the PCT within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) The PCT's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;

- (c) Such of the NHS Standard Contract Conditions as are applicable;
- (d) 'Standards for Better Health';
- (e) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited;
- (g) In all contracts made by the PCT, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the PCT.

17.12 Personnel and Agency or Temporary Staff Contracts

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

17.13 Healthcare Services Agreements (see overlap with SFI No. 18)

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the PCT. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.

17.14 Disposals (See overlap with SFI No. 25)

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the PCT;
- (c) items to be disposed of with an estimated sale value of less than £500, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

17.15 In-house Services

17.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The PCT may also

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

17.15.2 In all cases where the Board or Sub-Committee determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance representative.

17.15.3 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.

17.15.4 The evaluation team shall make recommendations to the Board or Professional Executive Committee.

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

17.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 28)

These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the PCT's trust funds and private resources.

18. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 17.13)

18.1 Service Level Agreements (SLAs)

18.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the PCT enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services.

All SLAs should aim to implement the agreed priorities contained within the Local Delivery Plan (LDP) and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHS National Performance Assessment Framework;
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

18.2 Involving Partners and jointly managing risk

A good SLA will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the PCT works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the PCT can jointly manage risk with all interested parties. Due consideration in all provider/purchaser arrangements must be observed as the NHS moves toward a 'Patient-led NHS'.

18.3 A 'Patient-Led NHS and 'Practice Based Commissioning''

Note: this is no longer relevant. A new Health and Social Care Bill is currently going through the Parliament and once passed, will implement a new phase in Commissioning through the GP Commissioning Board and GP Consortia.

18.4 Reports to Board on SLAs

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast expenditure against the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for across the range of SLAs.

19. COMMISSIONING

19.1 Role of the PCT in Commissioning Secondary Services

19.1.1 The PCT has responsibilities for commissioning secondary services on behalf of the resident population. This will require the PCT to work in partnership with the Strategic Health Authority, local NHS Trusts, PCTs, and FTs, local authority, users, carers and the voluntary sector to develop a LDP.

19.2 Role of the Chief Executive

19.2.1 The Chief Executive as the Accountable Officer has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed in the Strategic Plan. This will involve ensuring SLAs are put in place with the relevant providers, based upon integrated care pathways.

19.2.2 SLAs will be the key means of delivering the objectives of the Strategic Plan and therefore they need to have a wider scope. The PCT Chief Executive will need to ensure that all SLAs;

- Meet the standards of service quality expected;
- Fit the relevant national service framework (if any);
- Enable the provision of reliable information on cost and volume of services;
- Fit the NHS National Performance Assessment Framework;
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based upon cost-effective services;
- that SLAs are based on integrated care pathways.

19.2.3 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast expenditure and activity for each SLA.

19.2.4 Where the PCT makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accountable Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided. Before making any agreement with non-NHS providers, the PCT should explore fully the scope to make maximum cost-effective use of NHS facilities.

19.3 Role of Director of Finance

19.3.1 A system of financial monitoring must be maintained by the Director of Finance to ensure the effective accounting of expenditure under the SLA. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

19.3.2 The Director of Finance must account for Out of Area Treatments/Non Contract Activity financial adjustments in accordance with national guidelines.

20. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE PCT BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

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

20.1.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report).

20.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the PCT and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board and Sub-Committee members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the PCT - having proper regard to the PCT's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members Sub-Committee (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

20.1.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Committee members. Minutes of the Board's meetings should record such decisions.

20.1.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

20.1.5 The PCT will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

20.2 Funded Establishment

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

20.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

20.3 Staff Appointments

20.3.1 No officer or Member of the Sub-Committee, or Member of the PCT Board 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:

- (a) unless authorised to do so by the Chief Executive; and
- (b) within the limit of their approved budget and funded establishment.

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

20.4 Processing Payroll

20.4.1 The Director of Finance is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances;
- (c) making payment on agreed dates;
- (d) agreeing method of payment.

20.4.2 The Director of Finance will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;

- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the PCT of sums of money and property due by them to the PCT.

20.4.3 Appropriately nominated managers and Executive Committee members have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill Executive Committee obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

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

20.5 Contracts of Employment

20.5.1 The Board shall delegate responsibility to an officer for:

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

21. NON-PAY EXPENDITURE

21.1 Delegation of Authority

21.1.1 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.

21.1.2 The Chief Executive will set out:

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

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

21.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 17)

21.2.1 Requisitioning

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the PCT. In so doing, the advice of the PCT's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted.

21.2.2 System of Payment and Payment Verification

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

21.2.3 The Director of Finance will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - (i) A list of Board and Sub-Committee members/employees (including specimens of their signatures) authorised to certify invoices.
 - (ii) Certification that:

- goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
- (iii) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 21.2.4 below.

21.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer member of a Sub-Committee 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 PCT if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

21.2.5 Official orders

Official Orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Director of Finance;
- (c) state the PCT's terms and conditions of trade;
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.

21.2.6 Duties of Managers and Officers

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff"; the Code of Conduct for NHS Managers 2002); and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";

- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
 - (i) goods are not taken on trial or loan in circumstances that could commit the PCT to a future uncompetitive purchase;
 - (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the Director of Finance;
 - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
 - (l) petty cash records are maintained in a form as determined by the Director of Finance.
- 21.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Concode and Estatecode. The technical audit of these contracts shall be the responsibility of the relevant Director.
- 21.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)**
- 21.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act 1977 **shall** comply with procedures laid down by the Director of Finance which shall be in accordance with that Acts. (See overlap with Standing Order No. 9.1)

22. FINANCIAL FRAMEWORK

- 22.3.1 The Director of Finance should ensure that members of the Board and the Executive Committee are aware of the Financial Framework. This document contains directions which the PCT must follow. It also contains directions to Strategic Health Authorities regarding resource and capital allocation and funding to PCTs. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the PCT.

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

23.1 Capital Investment

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

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

- (a) that a business case (in line with the guidance contained within the (*Capital Investment Manual*) is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - (ii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate PCT personnel and external agencies in the process.

23.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of Estatecode.

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

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 17.5);
- (c) approval to accept a successful tender (see overlap with SFI No. 17.5).

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

23.1.5 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account

the delegated limits for capital schemes included in Annex C of HSC (1999) 246.

23.2 Private Finance (see overlap with SFI No. 17.10)

- 23.2.1 The PCT should normally test for PFI when considering capital procurement. When the PCT proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:
- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
 - (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
 - (c) The proposal must be specifically agreed by the Board.

23.3 Asset Registers

- 23.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 23.3.2 Each PCT shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by the Department of Health.
- 23.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
 - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 23.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 23.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 23.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Capital Accounting Manual* issued by the Department of Health.
- 23.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual* issued by the Department of Health.
- 23.3.8 The Director of Finance of the PCT shall calculate and pay capital charges as specified in the *Capital Accounting Manual* issued by the Department of Health.

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23.4 Security of Assets

- 23.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 23.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
 - (b) identification of additions and disposals;
 - (c) identification of all repairs and maintenance expenses;
 - (d) physical security of assets;
 - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
 - (f) identification and reporting of all costs associated with the retention of an asset;
 - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 23.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 23.4.4 Whilst each employee and officer has a responsibility for the security of property of the PCT, it is the responsibility of Board and Executive Committee members 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 agreed procedures.
- 23.4.5 Any damage to the PCT's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board and Executive Committee members and employees in accordance with the procedure for reporting losses.
- 23.4.6 Where practical, assets should be marked as PCT property.

23.5 NHS LIFT

- 23.5 A Primary Care Trust planning involvement with LIFT projects should access guidance from the joint DH and Partnerships UK website at www.partnershipsforhealth.co.uk.

24. STORES AND RECEIPT OF GOODS

24.1 General position

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

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

24.2 Control of Stores, Stocktaking, condemnations and disposal

24.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

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

24.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses.

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

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

24.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

24.3 Goods supplied by NHS Logistics

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

25. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

25.1 Disposals and Condemnations

25.1.1 Procedures

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

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

25.1.3 All unserviceable articles shall be:

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

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

25.2 Losses and Special Payments

25.2.1 Procedures

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

25.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the relevant LCFS and Operational Fraud Team (OFT) in accordance with Secretary of State for Health's Directions.

25.2.3 Suspected fraud

The Director of Finance must notify the NHS CFS and the External Auditor of all frauds.

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

- (a) the Board, and

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- (b) the External Auditor.
- 25.2.5 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 25.2.6 The Director of Finance shall be authorised to take any necessary steps to safeguard the PCT's interests in bankruptcies and company liquidations.
- 25.2.7 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 25.2.8 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 25.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 25.2.10 All losses and special payments must be reported to the Audit Committee at every meeting.

26. INFORMATION TECHNOLOGY

26.1 Responsibilities and duties of the Director of Finance

- 26.1.1 The Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the PCT, shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the PCT's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
 - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 26.1.2 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 26.1.3 The Head of Information Technology shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our PCT that we make publicly available.

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

- 26.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of PCTs in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Finance:
- (a) details of the outline design of the system;
 - (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

26.3 Contracts for computer services with other health bodies or outside agencies

The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy,

completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

26.4 Requirements for computer systems which have an impact on corporate financial systems

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

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

27. PATIENTS' PROPERTY

27.1 The PCT has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

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

- Notices and information booklets (**subject to sensitivity guidance**);
- Hospital admission documentation and property records;
- The oral advice of administrative and nursing staff responsible for admissions.

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

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

27.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.

27.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

27.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

27.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

28. FUNDS HELD ON TRUST

28.1 Corporate Trustee

- (1) Standing Order No. 2.9 outlines the PCT's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SO 4.9.4 that defines the need for compliance with Charities Commission latest guidance and best practice.
- (2) The discharge of the PCT's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Director of Finance shall ensure that each trust fund which the PCT is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

28.2 Accountability to Charity Commission and Secretary of State for Health

- (1) The trustee responsibilities must be discharged separately and full recognition given to the PCT's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- (2) The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All PCT Board and Executive Committee members and PCT officers must take account of that guidance before taking action.

28.3 Applicability of Standing Financial Instructions to funds held on Trust

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No. 17.16).
- (2) 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.

29. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 21.2.6 (d))

The Director of Finance shall ensure that all staff are made aware of the PCT policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff'; the Code of Conduct for NHS Managers 2002; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

30. PAYMENTS TO INDEPENDENT CONTRACTORS

30.1 Role of the PCT

The PCT will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractors NHS terms and conditions of service.

30.2 Duties of the Chief Executive

The Chief Executive shall:

- (a) ensure that lists of all contractors, for which the PCT is responsible, are maintained in an up to date condition;
- (b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc, within the appropriate contractor's terms and conditions of service.

30.3 Duties of the Director of Finance

The Director of Finance shall:

- (a) ensure that contractors who are included on a Primary Care Trust's approved lists receives payments;
- (b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures;
- (c) ensure that regular independent verification of claims is undertaken, to confirm that:
 - (i) rules have been correctly and consistently applied;
 - (ii) overpayments are detected (or preferably prevented) and recovery initiated;
 - (iii) suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health's Directions on the management of fraud and corruption.
- (d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- (e) ensure that a prompt response is made to any query raised by either the Prescription Pricing Division or the Dental Practice Division of the NHS Business Services Authority, regarding claims from contractors submitted directly to them.

31. RETENTION OF RECORDS

- 31.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with NHS Code of Practice - Records Management 2006.
- 31.2 The records held in archives shall be capable of retrieval by authorised persons.
- 31.3 Records held in accordance with NHS Code of Practice - Records Management 2006, shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

32. RISK MANAGEMENT AND INSURANCE

32.1 Programme of Risk Management

The Chief Executive shall ensure that the PCT has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Board.

The programme of risk management shall include:

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

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the Annual Report and Accounts as required by current Department of Health guidance.

32.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board shall decide if the PCT will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

32.3 Insurance arrangements with commercial insurers

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

- (1) for **insuring motor vehicles** owned or leased by the PCT including insuring third party liability arising from their use;
- (2) where the PCT is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into;
- (3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the PCT for

a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Litigation Authority. In any case of doubt concerning a PCT's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

32.4 Arrangements to be followed by the Board in agreeing Insurance cover

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
- (2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance 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.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.