

## Public Trust Board – 29th June 2021

### Annual update of Standing Financial Instructions (SFIs) and Scheme of Delegation (SORD)

#### Purpose of the report

The purpose of this report is to advise the Trust Board of the proposed changes to the Trust's Standing Financial Instructions and Scheme of Delegation (SORD), and seek formal approval to enact the changes.

#### Analysis of the issue

The SFIs and SORD are reviewed annually to make sure they are still fit for purpose and facilitate the changing needs of the Trust, whilst still ensuring robust governance procedures are embedded to support the Trust's strategic plan/objectives.

More automated ways of working are now in place to support our flexible working environments. Appendix 1: SFI changes include a number of amendments to help accommodate this. These changes also incorporate any findings/recommendations made by Internal Audit as part of their audit reviews. Finally, the Trust has been made aware of updated statutory guidance (e.g. HMRC legislation) and additional requirements have therefore been incorporated into this annual SFI refresh.

#### Proposal

Appendix 1 shows the SFI changes that are required. It includes the current requirement, the proposed requirement and also the rationale for change.

#### Decision required

The Trust Board is asked to approve these proposed changes. The changes were approved by the Audit and Assurance Committee on 4<sup>th</sup> June and the Operational Executive Board on 21<sup>st</sup> May 2021.

## Appendix 1: SFI Changes (June 2021)

		SFI Description	Current	Proposal	Rationale for change	Ref
1	SFI/SORD	Capital Project Bank Accounts	Establishing Capital Project Bank Accounts (PBAs) for schemes > £1m, using single authority approach. This will facilitate payment to subcontractors and reduce any risk of non-payment from the main P22 provider.	Establishing Capital Project Bank Accounts (PBAs) for schemes > £3m, using single authority approach. This will facilitate payment to subcontractors and reduce any risk of non-payment from the main P22 provider.	Increase threshold as there could be operational implications of paying different bank accounts for different capital projects if the value remains at £1m. The previous risk of non payment to subcontractors has reduced since the first PBA was established for the Beacon unit, due to increased financial stability of the main P22 provider (Interserve):	6.2.1.7
2	SFI	System of Payment and Payment Verification	The Director of Finance will be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for: <ul style="list-style-type: none"> <li>A list of directors/employees (including specimens of their signatures) authorised to approve or incur expenditure</li> </ul>	The Director of Finance will be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for: <ul style="list-style-type: none"> <li>A list of directors/employees <del>(including specimens of their signatures)</del> authorised to approve or incur expenditure</li> </ul>	Due to increased automation there is no longer a requirement to hold specimen signatures for invoice authorisation purposes. Delegation levels for all staff responsible for approving non-pay expenditure are held and maintained within the Trust's IPROC ordering system. The payment of all invoices is predominantly approved via the Trust's IPROC ordering system however any payments made outside of the system follow	12.3.1.2.1

		<b>SFI Description</b>	<b>Current</b>	<b>Proposal</b>	<b>Rationale for change</b>	<b>Ref</b>
					these same limits, unless other limits apply for specific circumstances covered elsewhere in the SFIs.	
3	SFI/SORD	Purchasing cards	<p>Purchases from petty cash and purchasing cards are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;</p> <p>petty cash and purchasing card records are maintained in a form as determined by the Director of Finance;</p>	<p>Officers can utilise purchasing cards where the use of Purchase Orders is not practicable or feasible in accordance with the Purchasing Card Policy. Purchasing cards must only be used by the named card user.</p> <p>This policy is overseen by the Director of Finance who is responsible for:</p> <ul style="list-style-type: none"> <li>• approving changes to the scope and scale of their use;</li> <li>• defining the posts or departments that should be issued with a card;</li> <li>• defining the goods and services that can be purchased on these cards; and</li> <li>• approving the credit limit associated with cards</li> </ul>	<p>Details of governance arrangements need expanding, including reference to the purchasing card policy.</p>	12.6.1.16

		<b>SFI Description</b>	<b>Current</b>	<b>Proposal</b>	<b>Rationale for change</b>	<b>Ref</b>
4	SFI/SORD	Credit notes		Authorisation of sales invoice credit notes to align with current delegated approval limits	Sales invoice credit notes are required for a number of reasons. The outcome is a reduction in the Trust's recorded income. Currently no delegated financial limits are contained within the SFIs. By including it will increase financial governance and control.	
5	SFI/SORD	Off-Payroll engagements	For Board members or Senior Officials with significant financial responsibility, the worker should be on payroll, unless there are exceptional circumstances, in which case the CEO and NHS Improvement should approve the arrangement. Such exceptions should exist for no longer than 6 months. For all other off-payroll appointments, Director approval is required.	For Board members or Senior Officials with significant financial responsibility, the worker should be on payroll, unless there are exceptional circumstances, in which case the CEO and NHS Improvement should approve the arrangement. Such exceptions should exist for no longer than 6 months. For all other off-payroll appointments, Director approval is required.  For all other engagements, where payment is made directly to the individual and if deemed to be an employee under HMRC regulations e.g. Trust has right of control; cannot send a substitute; uses Trust's resources, then individual	HMRC regulations dictate that if individuals are working as 'deemed employees' then organisations have to pay over employers NI, regardless of duration of work. To ensure all of these engagements are picked up workers will need to be on the Trust's payroll. If engaged via an agency or intermediary company then the Trust has to seek assurance that the agency (or equivalent) is meeting HMRC obligations for all agency staff working for the Trust.	11.6.2

		SFI Description	Current	Proposal	Rationale for change	Ref
				should be on the Trust's payroll so both employer and employee tax and NI obligations are deducted as source.		
6	SFI/SORD	Delegated limits *		Finance Managers (Band 7) up to £25,000	Finance Managers (Band 7) not previously included in SFIs. Due to increased automation of payments (for both LPT and suppliers) and working from home arrangements, this will prompt faster payments.	
7	SORD	Charitable Funds expenditure authorisation	<p>Fund manager or delegated officer Up to £500;  Director of Finance or delegated officer £500 to £3,000;  *Charitable Funds Committee (£3,001 to £50,000);  Trust Board over £50,000</p> <p>*The committee can approve bids (£3,001 to <b>£10,000</b>) between meetings via email approval</p>	<p>Fund manager or delegated officer Up to £500;  Director of Finance or delegated officer £500 to £3,000;  *Charitable Funds Committee (£3,001 to £50,000);  Trust Board over £50,000</p> <p>*The committee can approve bids (£3,001 to <b>£50,000</b>) between meetings via email approval</p>	To facilitate prompt decision making in order to support the charity's objectives.	18.2.3
8		Charitable Funds expenditure authorisation	4 Trustees required to approve charitable funds expenditure via email	3 Trustees required to approve charitable funds expenditure via email	To facilitate approvals when Trustees are on leave	

		SFI Description	Current	Proposal	Rationale for change	Ref
9	SFI	Formal tendering procedures may be waived in the following circumstances	None -proposing to add one further waiver reason	It can be evidenced that there is only one supplier in the market and a contract is being awarded to a sole provider	At the moment we raise waivers for contracts that are awarded to sole providers, but it isn't explicitly stated in the SFI's by adding this in, it removes any confusion and it also enables us to report on sole provider contract awards, which are a genuine reason for not tendering.	9.5.3.2
10	SFI/SORD	Authorisation of Tenders and Competitive Quotations	** Upon FPC approval of contracts over £500k (for onward board ratification), the Director of Finance has delegated authority to approve subsequent invoices relating to those contracts with values exceeding £500k	** Upon FPC approval of contracts over £500k (for onward board ratification), the Director of Finance has delegated authority to approve subsequent invoices relating to those contracts with values exceeding £500k. <b>Upon Board ratification, the Board will appoint a nominated Executive Director to physically sign the contract once it is prepared.</b>	By adding the last sentence it enables the Board to nominate an individual to sign the physical contract once the award has been approved at FPC and ratified at Board	9.8.1
11	SFI	Procuring in Emergency Situations (new)	None	In emergency scenarios it is expected that all SFI's will be complied with unless an approved Procurement Policy Notice (PPN) has been issued to exempt procurement rules and regulations. Should this be the case, then these incidences must be reported and	New SFI required	

		SFI Description	Current	Proposal	Rationale for change	Ref
				recorded to the Audit and Assurance Committee		
12	SFI/SORD	Capital investment programme	None	Head of Estates & Head of Informatics to approve scheme variations +/- £30k, within their own capital allocations.	Variations between capital projects are very common, especially at year end. We need to have flexibility for increasing/decreasing scheme values within the overall programme, without the need for wider approval. Currently the SFIs do not accommodate scheme variations and it is an administrative burden for small changes.	13.1.1

#### Current delegation limits \*

- Appropriate Budget Manager or designated deputy Up to £5,000
- Appropriate Budget Holder Up to £25,000
- Appropriate Head of Service (Band 8c/d) and Heads of Finance Up to £50,000
- Deputy Director of Finance Up to £100,000
- Executive Director Up to £250,000 \*\*
- Director of Finance Up to £400,000
- 2 x Executive Directors (Inc. CEO) Up to £500,000
- Trust Board Over £500,000

Executive Director includes Chief Executive \*\*

## Governance table

<b>For Board and Board Committees:</b>	Trust Board - 29.06.2021	
<b>Paper sponsored by:</b>	Sharon Murphy, Acting Director of Finance & Procurement	
<b>Paper authored by:</b>	Jackie Moore, Financial Controller	
<b>Date submitted:</b>	22.06.2021	
<b>State which Board Committee or other forum within the Trust's governance structure, if any, have previously considered the report/this issue and the date of the relevant meeting(s):</b>	Audit & Assurance Committee (04.06.2021) Operational Executive Board (21.05.2021)	
<b>If considered elsewhere, state the level of assurance gained by the Board Committee or other forum i.e. assured/ partially assured / not assured:</b>	Assured and approved at both A&AC and OEB	
<b>State whether this is a 'one off' report or, if not, when an update report will be provided for the purposes of corporate Agenda planning</b>	One off	
<b>STEP up to GREAT strategic alignment*:</b>	High Standards	
	Transformation	
	Environments	
	Patient Involvement	
	Well Governed	X
	Single Patient Record	
	Equality, Leadership, Culture	
	Access to Services	
	Trustwide Quality Improvement	
<b>Organisational Risk Register considerations:</b>	List risk number and title of risk	All Finance risks
<b>Is the decision required consistent with LPT's risk appetite:</b>	Yes	
<b>False and misleading information (FOMI) considerations:</b>	None	
<b>Positive confirmation that the content does not risk the safety of patients or the public</b>	Yes, there is no risk to patients or public	
<b>Equality considerations:</b>	No equality impact	