

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS' MEETING

Meeting Date: 25 November 2015

Title and Author of Paper: Review of Corporate Governance Documents
Eric Jarvis, Board Secretary

Paper for Debate, Decision or Information: Decision

Key Points to Note:

The Corporate Governance Manual is made up of several corporate governance documents and it is good practice to review them annually. The current review is split into two parts (1) November 2015 and (2) January 2016.

At this meeting, the Board is asked to consider and approve proposed changes and/or issues relating to:

- Standing Financial Instructions
- Limits for writing off of losses and special payments

At the January meeting, the Board will be asked to consider and approve proposed changes (if any) to the following documents:

- Standards of Business Conduct and Conflicts of Interest Policy
- Code of Conduct
- Schedule of Matters Reserved for Decision by the Board
- Decision Making Framework (part 1, i.e. adopted principles for decision rights)

Outcome required:

Approve:

- the proposed changes to SFIs
- no changes to the limits for writing off of losses and special payments
- the granting of delegated authority to the Director of Finance to amend officer's titles for changes from the Corporate Services transformation.

Note:

- Corporate governance documents to be reviewed in January

Review of Corporate Governance Documents

The Corporate Governance Manual is made up of several corporate governance documents and it is good practice to review them annually. The current review is split into two parts (1) November 2015 and (2) January 2016.

Approval is sought from the Board as follows:

(1) Standing Financial Instructions

SFIs provide general finance guidance. The current SFIs were approved by the Board of Directors on 23 July 2015 following a thorough review. Once again, James Duncan as Director of Finance has agreed a limited circulation for comments, including senior Finance staff and procurement staff, but with James having the overall sign off of the proposed changes. The proposed changes are as follows:

- It is proposed that the limit for tenders remains at £50k (exclusive of VAT), but that the limit for quotations is raised from £5k to £10k (exclusive of VAT), which should streamline processes and bring NTW more in line with other FTs. This change is at 8.1.7, 8.8.1.1 and 8.14(iii).
- A limit relating to money laundering is currently included at 7.2.1, whereby “Under no circumstances will the Trust accept cash payments in excess of £1,000.” After reviewing the regulations around this, it is proposed that 7.2.1 is replaced with “The Trust has a responsibility to report any suspicions of money laundering to the appropriate authorities. Any significant payments made in the form of cash which appear unusual in their nature should be reported to the Director of Finance for further review.”
- The Prudential Borrowing Code is no longer applicable and needs removing from 11.1.
- Where it has been agreed that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented in an appropriate Trust record held. There is now a central record for this held by the Supplies Manager and reference to the Director of Estates and Facilities should now be removed from 8.3.7.
- Cosmetic changes, e.g. referencing.

(2) Limits for writing off of losses and special payments

The schedule of matters reserved for decision by the Board of Directors includes at D13 “Approve delegated limits (for the making of special payments or the write-off of losses) to:

- The Chief Executive and the Director of Finance acting jointly.
- Senior Officers / Directors acting jointly.

The last review was at the Audit Committee on 17 September 2014 with Board approval on 24 September 2014. The limits are therefore due for review. A review of the limits has been undertaken by the Head of Accounting and Processing. No change is proposed to the limits as per the schedule at appendix 1, as they are still regarded as fit for purpose. The outcome of the review is supported by the Director of Finance.

Some of the titles of the officers quoted will change as a result of Corporate Services transformation. Stage 1 changes will be applicable from 1 January 2016 and stage 2 prior to 31 March 2016. It is proposed that delegated authority is granted to the Director of Finance to update titles as appropriate.

Both of the documents have been reviewed by the Audit Committee on 18 November and the Audit Committee recommends that the Board approves:

- the proposed changes to SFIs
- no changes to the limits for writing off of losses and special payments
- the granting of delegated authority to the Director of Finance to amend officer's titles for changes from the Corporate Services transformation.

The Board is asked to note the second part of the review in January 2016

The Board will be asked to approve any proposed changes to the following documents:

(3) Standards of Business Conduct and Conflicts of Interest Policy

(4) Code of Conduct

(5) Schedule of Matters Reserved for Decision by the Board

(6) Decision Making Framework (part 1)

Part 1 of the Framework focusses on the adopted principles for decision rights and should be reviewed in the light of Corporate Services transformation.

Part 2 of the Framework focusses on standard decisions. It is made up several elements, some of which require Board approval, namely decisions derived from SFIs (see 1 above); limits for writing off of losses and special payments (see 2 above); and decisions reserved to the Board (see 5 above).

Other elements have been delegated by the Board to the Chief Executive and other executive directors, either because they are excluded from the Schedule of Board Decisions or the Board approved SFIs indicates who should lead or delegate on a subject, e.g. authorised signatories approved by the Chief Executive (after taking advice from the Director of Finance). Authorised signatories will be part of the aforementioned review but do not require Board approval. The document recognises that CDT may only make decisions according to the authority delegated to the Chief Executive and it may where appropriate recommend a decision on to the Trust Board.

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST		
Authorisation Requirements and Limits for Losses and Special Payments		
<p>The Board may delegate authority for the write off of losses and/or approval of special payments, and has decided upon the following:</p> <ul style="list-style-type: none"> • There must always be two signatures where there is a choice of writing off or pursuing further or for cash losses • £30,000 or more – Board approval (no delegation to officers/directors). • £5,000 but below £30,000 – delegation to the Chief Executive and Director of Finance acting jointly, with the exception of legal cases managed by the NHSLA • Other amounts – see below: 		
<p><u>Losses – where there is a choice of writing off or pursuing further:</u></p>		
	< £1,000	£1,000 < x < £5,000 Director of Finance +
Cash e.g. Salary overpayments	Any 2 from: <ul style="list-style-type: none"> • Director of Finance • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance 	Any 1 from: <ul style="list-style-type: none"> • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance
Patients Monies Errors etc.		
Bad Debts		
<p><u>Losses – where the loss has already occurred:</u></p>		
	< £1,000	£1,000 < x < £5,000 Director of Finance +
Cash e.g. shortages (floats, tills, etc.), theft, fraud, etc.	Any 2 from: <ul style="list-style-type: none"> • Director of Finance • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance 	Any 1 from: <ul style="list-style-type: none"> • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance
Thefts (non-cash)		
Fruitless Payments (incl. courses)		
Abandoned Works	Director of Estates and Facilities	Director of Estates and Facilities
Rent of Property		
Leased cars		
Laundry		
Condemned Bedding / Linen		
Losses in Store / Goods Not Received		
Damage to Buildings		

<u>Losses – Stock</u>		
	< £1,000	£1,000 < x < £5,000 Director of Finance +
Drugs	Chief Pharmacist	Chief Pharmacist
Catering	Director – Estates and Facilities	Director – Estates and Facilities
Other Stock	Any 1 from: <ul style="list-style-type: none"> • Director of Finance • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance 	Any 1 from: <ul style="list-style-type: none"> • Deputy Director of Finance • Head of Accounting and Processing • Heads of Finance
<u>Special Payments:</u>		
	< £1,000	£1,000 < x < £5,000 Director of Finance +
Extra contractual payments	Director – Estates and Facilities	Director – Estates and Facilities
Ex-gratia payments	<ul style="list-style-type: none"> • Incidents and Claims Administrator + • Incidents and Claims Manager + • Relevant Budget Holder 	<ul style="list-style-type: none"> • Incidents and Claims Manager + • Any Executive Director (including relevant Group Director) <p>Note if the Director of Finance is unavailable, then any Executive Director or relevant Group Director</p>
<u>Exception: Special Payments – NHSLA Payments Only:</u>		
	< £10,000 overall cost per case	
Employer's Liability Payments	Head of Safety and Patient Experience	The payment of these invoices is subject to the limits set by delegated limits for authorised signatories. The overall cost to the Trust for a legal case does not exceed the limit for excess of £10,000, but the Trust can make payments and a reimbursement is made by the NHSLA.
Public Liability Payments		
Personal Injury Payments		
Clinical Negligence	No loss - costs met by NHSLA	