
**GREAT ORMOND STREET HOSPITAL FOR CHILDREN NHS FOUNDATION TRUST (“the
Trust”)**

Standing Financial Instructions

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Standing Financial Instructions (SFIs)

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These Standing Financial Instructions were approved by the Trust Board in September 2025.

1 Audit and Counter Fraud

1.1 Audit Committee

1.1.1 In accordance with Standing Orders, the Trust Board shall establish an Audit Committee, with clearly defined terms of reference and membership consistent with relevant guidance issued by Regulators or the Department of Health and Social Care. The role of the Audit Committee is to provide assurance to the Trust Board by obtaining an independent and objective view of the Trust's financial systems, financial information, and compliance with relevant laws and guidance.

1.1.2 The Committee will:

- a. Ensure that the reporting systems for Audit shall be consistent with any guidance on reporting issued by, or endorsed by, the Regulator (e.g. the NHS Audit Committee Handbook) and approved by the Audit Committee.
- b. Ensure there is an effective audit function and oversee Internal and External Audit services. The Audit Committee shall be involved in the selection process when there is a proposal to review the provision of internal and external audit services.
- c. Review the adequacy and effectiveness of:
 - i. the system of integrated governance, risk management and internal control, across the whole of the Trust's activities, (but excluding clinical governance and clinical risk management systems whilst there exists a separate committee of the Trust Board with equivalent responsibilities for clinical governance), that supports the achievement of the organisation's objectives;
 - ii. financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
 - iii. the information prepared to support the assurance framework prepared on behalf of the Trust Board and advise the Trust Board accordingly; and
 - iv. policies and procedures for all work related to fraud, bribery and corruption as required by the NHS Counter-Fraud Authority.
 - v. policies and procedures for security management as required by NHSE/I
- d. Ensure compliance with:
 - i. relevant codes of governance issued by Regulators and the Department of Health and Social Care; and
 - ii. the Trust's Standing Orders and Standing Financial Instructions.
- e. Review schedules of:
 - i. Debt write offs for approval
 - ii. losses and special payments
 - iii. working capital.
- f. Review the Annual Report and Accounts and all risk and control related disclosure documents (in particular the Annual Governance Statement) together with any appropriate independent assurances prior to endorsement by the Trust Board.

1.1.3 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chair of the Audit Committee should raise the matter at a full meeting of the Trust Board. Exceptionally, the matter may need to be referred to Regulators.

1.1.4 The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Trust Board and by the Council of Governors, should be made publically available.

1.2 Role of Internal Audit

1.2.1 Internal audit will review, appraise and report upon:

- a. The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b. The adequacy and application of financial and other related management controls;
- c. The suitability and quality of financial and other related management data;
- d. The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - I. Fraud and other offences,
 - II. Waste, extravagance, inefficient administration,
 - III. Poor value for money or other causes.

1.2.2 The Head of Internal Audit shall be accountable to the Chief Finance Officer. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation of the objectivity of the audit, the Head of Internal Audit shall seek advice from the Trust Board Chair or Chair of the Audit Committee. This reporting system shall be reviewed at least every three years.

1.2.3 The Chief Finance Officer will refer audit reports to the appropriate officers designated by the Chief Executive. The Head of Internal Audit will agree timescales for implementing audit recommendations with designated officers. Failure to adhere to these timescales shall be reported to the Audit Committee who shall take necessary action to ensure compliance with such recommendations.

1.2.4 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee Members, the Chair and Chief Executive of the Trust. The Head of Internal Audit will issue an annual opinion to the Audit Committee and the Trust Board in accordance with the requirements of Regulators and the Department of Health and Social Care.

1.2.5 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 Chief Finance Officer must be notified immediately.

1.2.6 The Chief Finance Officer is responsible for:

- a. Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control which include the establishment of an internal audit function;

- b. Ensuring that the internal audit is adequate and meets, as a minimum, the NHS mandatory audit standards and is in compliance with Regulator's Audit Codes; and
- c. Ensuring that the Audit Committee receive an annual report from the Internal Auditors and an assessment of their effectiveness.

1.2.7 The Chief Finance Officer and designated internal auditors are entitled without necessarily giving prior notice to require and receive:

- a. Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- b. Access at all reasonable times to any land, premises or members of the Trust Board and Executive Management Team or employee of the Trust;
- c. The production of any Trust cash, stores or other property of the Trust under a member of the Trust Board and an employee's control; and
- d. Explanations concerning any matter under investigation.

1.3 External Audit

1.3.1 The external auditor is appointed by the Council of Governors. The Audit Committee must ensure a cost-efficient service.

1.3.2 The Auditor shall be required by the Trust to comply with the Audit Code for NHS Foundation Trusts.

1.3.3 In the event of the auditor issuing a public interest report the Trust shall forward a report to the regulator within 30 days (or shorter period if specified by the Regulator). The report shall include details of the Trust's responses to the issues raised within the public interest report.

1.4 Security Management

1.4.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS security management and will nominate a Director, the Security Management Director (SMD) to be responsible to the Trust Board for NHS Security Management.

1.4.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified NHSE/I Standards for Providers.

1.4.3 The SMD will ensure the appointment of a LSMS who will provide a written report, at least annually, to the Audit Committee.

1.5 Fraud, Bribery and Corruption

1.5.1 In line with their responsibilities, the Chief Executive and Chief Finance Officer shall monitor and ensure compliance with relevant directions and guidance on countering fraud, bribery and corruption within the NHS including the *Bribery Act 2010*.

1.5.2 The *Bribery Act 2010* replaces the "*Prevention of Corruption Acts 1889 - 1916*" with new corporate and individual offences as defined within these Standing Financial Instructions. All staff and contractors should be made aware of the Act to ensure

compliance. Any breach of the Act may result in criminal proceedings being commenced.

- 1.5.3 The Trust 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, relevant directions and guidance, including Government Functional Standard 013: Counter Fraud
- 1.5.4 The Chief Finance Officer should also prepare a “Counter Fraud Policy and Response Plan”, in line with the Trust’s Fraud and Bribery Policy, that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it
- 1.5.5 The LCFS shall report to the Chief Finance Officer and shall work with staff in the NHS Counter-Fraud Authority in accordance with the NHS Counter Fraud and Corruption Manual and Government Functional Standard 013: Counter Fraud.
- 1.5.6 The LCFS will provide a written report, at least annually, to the Audit Committee.
- 1.5.7 It is the responsibility of the Chief Finance Officer to decide at what stage to involve the police in cases of misappropriation, and other irregularities other than fraud, bribery and corruption after taking advice from the LCFS and/or LSMS.

2 Business Planning, Budgets, Budgetary Control and Monitoring

2.1 Preparation and Approval of Annual Plans and Budgets

- 2.1.1 The Chief Executive will compile and submit to the Trust Board an annual business plan, which takes into account financial targets and forecast limits of available resources. The annual plan will comply with the Regulator's requirements, set at authorisation and annually, and contain:
- a. A statement of the significant assumptions on which the plan is based; and
 - b. Details of major changes in workload, delivery of services or resources required to achieve the plan including finances and workforce
 - c. Details of CIP requirements and plans for delivery and in year monitoring
- 2.1.2 As part of the business planning process the Chief Operating Officer will, on behalf of the Chief Executive, prepare and submit a business plan for the approval of the Trust Board. The Business plan
- a. A detailed description of the activity plans for the Trust services taking into consideration commissioner intentions and national guidance.
 - b. The impact of the Trust's business cases and site development
 - c. Expected changes to workforce and plans of meeting the Trusts requirements
 - d. Identify risks
 - e. Demonstrate compliance with any regulatory requirements.
- 2.1.3 At the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Trust Board. Such budgets will:
- a. Be in accordance with the aims and objectives set out in the Trust's annual business plan;
 - b. Accord with workload and manpower plans
 - c. Be produced following discussion with appropriate budget holders;
 - d. Take account of any limits of expected income arising, or expected to arise, from contracts with funders;
 - e. Identify potential risks; and
 - f. Demonstrate compliance, if practicable, with the minimum requirements of the Regulator.
- 2.1.4 The Chief Finance Officer shall compile the Budgets in line with the Business Plan produced by the Chief Operating Officer and the Workforce plans produced by the Director of HR and OD.
- 2.1.5 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be set and monitored, as a consequence the Chief Finance Officer will have right of access to all budget holders on budgetary matters.
- 2.1.6 All budgets holders will sign up to their allocated budgets at the commencement of each financial year. Any non-compliance will be escalated to the relevant Director who will take responsibility or detail non-compliance to the Chief Executive.
- 2.1.7 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to facilitate successful budget management.

2.2 Budgetary Delegation

- 2.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. Delegation must be to specific post holders and in writing. The notice of delegation will include:
- a. The budget holder;
 - b. The amount of the budget;
 - c. The purpose(s) of each budget heading;
 - d. Individual and group responsibilities;
 - e. Authority to exercise virement (transfer of funds between budgets);
 - f. Achievement of planned levels of service; and
 - g. The provision of regular reports.
- 2.2.2 This Chief Executive may also delegate elements of budgets that cross the organisation which can include:
- a. Trust CIP responsibility
 - b. Cross Cutting business cases or individual schemes.
- 2.2.3 The Chief Executive and delegated budget holders must not exceed the budgetary total or budget transfer (virement) limits set by the Trust Board, except as specified below:
- a. The Chief Executive is permitted to authorise expenditure over the budget up to an amount specified in the financial limits.
 - b. A budget may be varied on the basis of a business case for revenue or capital investment provided it has been approved by the EMT, FIC or Trust Board (as determined by the financial limits) and does not result in a material adverse change to the financial position reflected in the current year's budget or medium term financial plan.
 - c. Where total expenditure is forecast to exceed the Trust's expenditure budget but this excess is substantially offset by additional unbudgeted income and as a result it is reasonable to believe, based on forecast information reported to the Trust Board, that there is no material adverse change to the financial position of the Trust reflected in the current year's budget or medium term financial plan. This needs to take into account a review and risk assessment to the payment of the additional unbudgeted Income.
- 2.2.4 Any budgeted funds not required for their designated purpose revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 2.2.5 Non-recurring budgets must not be used to finance recurring expenditure without the written authority of the Chief Executive.
- 2.2.6 Commitment to overspend against the budget to year end or to raise expenditure against unfunded initiatives arising in year will need written authorization from the Chief Executive.

2.3 Budgetary Control and Reporting

- 2.3.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
- a. Monthly financial reports to the Trust Board in a form approved by the Trust Board containing:
 - i. Income and expenditure to date showing trends and forecast year-end position;

- ii. Movements in working capital;
 - iii. Other Statement of Financial Position changes where these are material;
 - iv. Explanations of any material variances from plan;
 - v. Details of any corrective action, proposed or taken, where necessary along with the Chief Executive's and/or the Chief Finance Officer's view of whether such actions are sufficient to correct the situation; and
 - vi. Monthly reports on capital project spend and projected outturn against plan.
- 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. Systems to ensure adequate pre-authorisation of all pay and non-pay expenditure, including authorised signatory arrangements.
 - e. Monitoring of management action to correct variances; and
 - f. Arrangements for the authorisation of budget transfers.

2.3.2 Each budget holder is responsible for ensuring that:

- a. Any likely overspending or shortfall in income which cannot be addressed by virement is not incurred without the prior consent of the Chief Executive;
- b. The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- c. No permanent employees are appointed without the approval of the Chief Executive other than those provided for in the budgeted establishment as approved by the Trust Board;
- d. Identifying and implementing cost improvements, cost savings and income generation initiatives to achieve a balanced budget; and
- e. Effective systems exist within the directorate to ensure that all expenditure is authorised in advance of commitment (e.g. operation of authorised signatory systems) and that the individuals incurring expenditure fully understand their budgetary control responsibilities.

2.3.3 The Chief Executive is responsible for authorising the implementation of cost improvements, cost savings and income generation initiatives in accordance with the requirements of the Annual Business Plan.

2.3.4 The Chief Finance Officer shall monitor financial performance against budget and annual plan, periodically review them, and report to the Trust Board.

2.4 Capital Expenditure

2.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI - 9).

2.5 NHS Returns

2.5.1 The Chief Executive is responsible for ensuring that any required NHS returns are submitted to the appropriate regulatory organisations.

3 Annual Accounts and Reports

3.1 Annual Accounts and Reports

3.1.1 The Chief Finance Officer, on behalf of the Trust will:

- a. Prepare and submit financial returns in accordance with the Trust's accounting policies, guidance applicable to NHS and public bodies and relevant financial reporting standards; and
- b. Prepare annual accounts in such form as the Regulator may, with the approval of Treasury, direct.

3.1.2 The Trust's annual accounts must be audited by an independent external auditor appointed by the Council of Governors. The Trust's audited Annual Accounts must be presented to the Trust Board for approval and received by the Governors at a public meeting and made available to the public.

3.1.3 The Trust will publish an Annual Report, including a Quality Report, in accordance with guidelines from the Regulator and in compliance with any other relevant guidance for NHS Foundation Trusts and shall also take account of good practice from the public and private sector.

3.1.4 The report will give:

- a. Information on any steps taken by the Trust to secure that the actual membership of its public constituency and the patients' constituency is representative of those eligible for membership and any information the regulator requires; and
- b. Any other information the regulator requires.

4 Bank Accounts, External Borrowing and Investment of cash

4.1 General

- 4.1.1 The Trust Board, through the Finance and Performance Committee, shall approve the treasury and cash management policy and all banking arrangements.
- 4.1.2 The Chief Finance Officer is responsible for managing the Trust's banking arrangements, ensuring compliance with relevant regulatory guidance, directions and legislation and for advising the Trust Board on the provision of banking services and operation of accounts, borrowing and investment requirements. The Chief Finance Officer shall seek the approval of the Trust Board prior to engagement of any bank or financial institution.

4.2 Bank Accounts

- 4.2.1 The Chief Finance Officer is responsible for:
 - a. Authorising the opening or closing of bank accounts and Government Banking Service (GBS) accounts in the name of the Trust;
 - b. Operating all bank accounts and GBS accounts;
 - c. Reporting to the Trust Board all arrangements made with the Trust's bankers for accounts to be overdrawn and ensuring payments made from the bank account and GBS account do not exceed the amount credited to the account except where arrangements have been made; and
 - d. Monitoring compliance with relevant guidance from the Regulator or the Department of Health and Social Care on the level of cleared funds and amounts overdrawn.

4.3 Banking and Investment Procedures

- 4.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank accounts; including the Trust's PayPal account and GBS accounts, which must include:
 - a. The conditions under which each account is to be operated;
 - b. The limit to be applied to any overdraft; and
 - c. Those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 4.3.2 A Treasury Management Policy that sets out arrangements for investment of surplus funds and associated risk management. This policy will be approved by the Finance and Performance Committee.
- 4.3.3 The Chief Finance Officer must advise the Trust's bankers in writing of the conditions under which each account will be operated.

4.4 Tendering and Review

- 4.4.1 The Chief Finance Officer should monitor performance of banking services providers to ensure that the levels of service are in accordance with the agreed contract, reflect best practice and represent best value for money.
- 4.4.2 Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Trust Board. This review is not necessary for accounts held through the GBS.

4.5 Signatories

- 4.5.1 The Chief Finance Officer will advise the bankers in writing of the officers authorised to release money from or draw cheques on each bank account and GBS account of the Trust. Cancellation of authorisation will be notified promptly to the bankers.

4.6 Charitable Donations/ Special Trustees

- 4.6.1 Charitable funds associated with the Trust are administered by the Great Ormond Street Hospital Children's' Charity. Any charitable donations received by the Trust should be paid over to the Charity for administration.

4.7 External Borrowing

- 4.7.1 The Trust must ensure compliance with any relevant guidance issued by the Regulator before undertaking any borrowing arrangement.
- a. The Trust may borrow money from any commercial source for the purposes of or in connection with its operations.
 - b. Any application for a loan or overdraft must be approved by the Chief Finance Officer or by an employee so delegated by him/her.
 - c. All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing requirement in excess of one month must be authorised by the Chief Finance Officer.
 - d. The Chief Finance Officer must establish a monitoring system to ensure that any covenants within credit agreements are adhered to.
- 4.7.2 The Chief Finance Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 4.7.3 All long term borrowing must be consistent with the plans outlined in the current annual business plan.
- 4.7.4 The Chief Finance Officer will include key information relating to the Statement of Financial Position in each monitoring report prepared for the Trust Board. This will include changes to long term debt, Public Dividend Capital and other borrowings. Taken together with the revenue account report it will show the planned and projected position on interest and capital.

4.8 Investments

- 4.8.1 Any cash holding in excess of the Trust's short-term requirements must be held only in such public or private sector investments as approved through the Treasury Management Policy and should be consistent with relevant guidance from the Regulator.
- 4.8.2 The Chief Finance Officer is responsible for reporting periodically to the Finance and Performance Committee concerning the performance of investments held.
- 4.8.3 The Chief Finance Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

4.9 Public Dividend Capital

- 4.9.1 On authorisation as a foundation trust the Public Dividend Capital (PDC) held immediately prior to authorisation must continue to be held on the same conditions as applied prior to authorisation.

- 4.9.2 Draw down of PDC, if made available by the Secretary of State, will be authorised in accordance with the mandate determined with the Department of Health and Social Care.
- 4.9.3 The Trust shall pay a dividend on its PDC calculated according to the method determined from time to time by the Department of Health and Social Care or the Regulator.

5 Income, Fees and Charges and Security of Cash Cheques and Other Negotiable Instruments

5.1 Income Systems

- 5.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including NHS, commercial and Research and Innovation (R&I) income.
- 5.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received. All cash must be banked directly with the Cashiers Department by the payer unless specific authority from the Chief Finance Officer has been received and suitable procedures are in place to ensure the security of funds.

5.2 Fees and Charges (other than in relation to provision of NHS services for patient care – refer to [SFI 6](#))

- 5.2.1 The Chief Finance Officer is responsible for regularly reviewing and approving the level of all fees and charges other than those determined by the Department of Health and Social Care or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered relevant guidance on ethical standards in the NHS shall be followed.
- 5.2.2 It is the responsibility of all employees to inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all NHS Contracts and Service Agreements, commercial agreements and contracts (including Research and Innovation), leases, tenancy agreements, private patient undertakings and other transactions.
- 5.2.3 The Trust must comply with the rules around non-NHS income as required under NHSE/I's Risk Assessment Framework and any Department of Health and Social Care guidance.

5.3 Debt Recovery

- 5.3.1 The Chief Finance Officer is responsible for ensuring that:
 - a. Appropriate recovery action is taken on all outstanding debts;
 - b. Income not received and deemed irrecoverable is dealt with in accordance with losses procedures, and reported to the Trust's Audit Committee;
 - c. No officer, without prior express authority from the Chief Finance Officer is allowed to agree with any third party, to the cancellation or reduction of a legitimate debt owed to the Trust; and
 - d. Overpayments should be detected (or preferably prevented) and recovery initiated.

5.4 Security of Cash, Cheques and Other Negotiable Instruments

- 5.4.1 The Chief Finance Officer 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 (or approving delegated arrangements where this is considered appropriate);

- 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; and
 - d. Prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
 - e. Reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 5.4.2 Official money shall not under any circumstances be used for the encashment of personal cheques or IOUs.
- 5.4.3 All cheques, postal orders and cash, shall be banked intact on a timely basis. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.
- 5.4.4 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 Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

6 NHS Contracts or Service Agreements for the Provision of Services

6.1 Contracts for NHS Services

- 6.1.1 The Trust Board shall maintain the capacity and capability of the Trust to provide commissioner requested services and shall regularly review compliance.
- 6.1.2 The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable contracts with service commissioners for the provision of NHS services.
- 6.1.3 All contracts shall be legally binding and should include terms and conditions consistent with good commercial practice within the NHS and should have effective risk management clauses in so far as is reasonably achievable.
- 6.1.4 The Chief Executive, as the Accounting Officer, will ensure that regular reports are provided to the Audit Committee, the Finance and Performance Committee and the Trust Board detailing amounts contracted for, actual and forecast income from contracts.
- 6.1.5 In respect of contracts for the provision of NHS patient services no officer, except within the boundaries of any delegated authority, is allowed to confirm or agree with a third party the reduction or waiver to the Trust's normal charges, without the prior express authority of the Chief Finance Officer.
- 6.1.6 Where the Trust enters into a relationship with another organisation for the supply or purchase of any other services, clinical or non-clinical, the responsible officer should ensure that an appropriate contract is concluded and authorised by both parties.

6.2 Non-NHS Income

- 6.2.1 Any planned increase of five per cent or more of the proportion of total income from non-NHS sources must be supported by a majority of Governors in a vote.

7 Terms of Service and Payment of Directors and Employees

7.1 Remuneration and Terms of Service

- 7.1.1 The Governors are responsible for setting the remuneration of non-executive directors including the Chair of the Trust Board. The Governors should seek advice from external professional advisers to market test remuneration levels as appropriate but not less frequently than every five years or if they intend to make a material change to remuneration of any non-executive director.
- 7.1.2 The Trust Board should establish and determine the terms of reference of a Remuneration Committee, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 7.1.3 The Remuneration Committee will:
- a. In respect of the Chief Executive, Executive Directors, notify the Trust Board about appropriate remuneration and terms of service, including:
 - i. all aspects of salary (including any performance-related elements/bonuses);
 - ii. provisions for other benefits, including pensions and cars; and
 - iii. arrangements for termination of employment and other contractual terms.
 - b. report decisions to the Trust Board on the remuneration and terms of service to ensure they are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff as appropriate;
 - c. monitor and evaluate the performance of individual executive directors; and
 - d. advise on and oversee appropriate contractual arrangements including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- 7.1.4 The Committee shall report in writing to the Trust Board the bases for its decisions. The Trust Board remains accountable for taking decisions on the remuneration and terms of service of executive directors. Minutes of the Trust Board's meetings should record such decisions.
- 7.1.5 In respect of lay members and employees other than Executive Directors, the Remuneration Committee will receive and consider proposals for setting remuneration and conditions of service, and make recommendations to the Trust Board.
- 7.1.6 The Remuneration Committee will receive reports detailing all Trust employees who have been made redundant or taken early retirement. These reports will include the cost to the Trust of the redundancy or early retirement.

7.2 Funded Establishment

- 7.2.1 The workforce plans incorporated within the annual budget will form the funded establishment (see also SFI 2). The funded establishment of any department may only be amended in line with the Trust's Scheme of Delegation.

7.3 Staff Appointments and Redundancies

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

- a. Unless it is within the approved budget and funded establishment and the Director or employee has appropriate delegated responsibility; and
- b. The proposal conforms to any establishment control procedure that may be in place at the time.

7.3.2 No director or employee may commit the Trust to any redundancy, early retirement or negotiated employment termination settlement without the approval in advance of the Chief Finance Officer and the Director of Human Resources and Organisational Development.

7.4 Processing of Payroll

7.4.1 The Chief Finance Officer is responsible for:

- a. specifying timetables for submission of properly authorised time records and other notifications;
- b. ensuring that the final determination of pay and allowances have been calculated in accordance with national agreements where relevant or otherwise Trust-determined agreements;
- c. making payment on agreed dates; and
- d. agreeing method of payment.

7.4.2 The Chief Finance Officer will issue and maintain procedures regarding:

- a. Verification and documentation of data;
- b. The timetable for receipt and preparation of payroll data and the payment of employees;
- c. Maintenance of subsidiary records for superannuation, income tax, national insurance contributions 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;
- h. Procedures for payment by bank credit to employees and officers;
- i. Procedures for the recall of cheques and bank credits;
- j. Pay advances and recovery thereof;
- k. Maintenance of regular and independent reconciliation of pay control accounts;
- l. Ensuring the principle of separation of duties is applied in the preparation of records;
- m. A system to ensure the recovery, from persons leaving the employment of the Trust, of sums of money and property owed by them to the Trust;
- n. That payroll records are retained in accordance with statutory and other requirements; and
- o. Systems exist to detect and recover overpayments.

7.4.3 The Director of HR& OD will issue guidance and procedures to managers who have delegated responsibility for:

- a. Submitting termination forms, time records, and other notifications in accordance with agreed timetables and procedures;
- b. Completing time records and other notifications in accordance with instructions and in the form prescribed;
- c. Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination, or retirement.

7.4.4 Regardless of the arrangements for providing the payroll service, the Chief Finance Officer 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.

7.5 Contract of Employment

7.5.1 The Trust Board shall delegate responsibility to the Director of Human Resources and Organisational Development:

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

7.6 Managers' Responsibility

7.6.1 Managers are responsible for:

- a. Following the procedures and guidance relating to the completion and submission of payroll documentation. It is particularly important that termination forms are submitted promptly upon becoming aware of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, Human Resources department must be notified immediately.
- b. Ensuring there are appropriate systems of internal check and control in place within their directorate or department to ensure that time records and expense claims are capable of meaningful certification.

8 Non-Pay Expenditure

8.1 Delegation of Authority

8.1.1 The Trust Board will approve the level of non-pay expenditure within the budget on an annual basis and the Chief Executive will determine the level of delegation to budget managers, in line with NHS best practice and following guidance from boards and committees as appropriate. The Trust's **Scheme of Delegation** sets this out and delegated limits can be varied in-year only with the approval of the Chief Executive.

8.1.2 The Chief Finance Officer will set out:

- a) A list of requisitioners authorised to requisition goods and services
- b) The maximum level of each requisition and the system for authorisation above that level.

8.1.3 The Chief Finance Officer will establish and maintain procedures on the seeking of professional advice regarding the supply of goods and services and will ensure that all requisitioners authorised to place requisitions are aware of the procedures. This will include maintaining guidance on **Tendering Procedures for Goods and Services** (see also [SFI 15](#)).

8.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

8.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust and ensure that he/she has no conflict of interest or contravene the requirements of *The Bribery Act 2010*. In so doing, the advice of the Trust's procurement department shall be sought.

8.2.2 The Chief Finance Officer will:

- a. advise the Trust Board regarding the setting of thresholds above which quotations, competitive or otherwise, or formal tenders must be obtained (having regard to legislation and directives regarding public sector procurement); and, ensure the thresholds are reflected in the Scheme of Delegation and financial limits referenced to these SFIs and regularly reviewed;
- b. issue and maintain procedural instructions on obtaining goods, works and services. (Refer to [SFI 15 "Tendering for Goods and Services Procedures"](#));
- c. Design and maintain systems to ensure that there are controls over the commitment of funds; and
- d. Design and maintain systems for the verification and certification of the receipt of goods and services to ensure that only valid invoices are paid and minimise the opportunity for overpayment. The system shall provide for:
 - I. A list of directors/employees (including specimens of their signatures) authorised to approve invoices;
 - II. Certification that:
 - e. Goods have been duly received, examined and are in accordance with specification and the prices are correct
 - f. 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;
 - g. In the case of contracts based on the measurement of time, materials or expenses, the time charged is 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;

- h. Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- i. The account is arithmetically correct; and
- j. The account is in order for payment.
- k. be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms unless there is a valid dispute, or otherwise, in accordance with the NHS Better Payment Practice Code. Provision shall be made so that advantage can be taken of accounts subject to cash discounts.
- l. design and maintain systems for:
 - a. ensuring that payment for goods and services is only made once the goods and services are received (except as for 8.2.4 below)
 - b. the use and control of purchasing cards.

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

- a. Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- b. The appropriate director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- c. The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the *Procurement Act 2023* and where still applicable the Public Contracts Regulations 2015 where the contract is above a stipulated financial threshold); and
- d. The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

8.2.4 The Chief Executive and the Chief Finance Officer shall ensure that the arrangements for financial control and the financial audit of building and engineering contracts and property transactions comply with all applicable guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

8.3 Responsibilities of All Employees

8.3.1 All employees must follow the Trust's procedures when obtaining goods, works and services (also refer to [SFI 15 Tendering for Goods and Services Procedure](#)) and obtain best value for money.

- a. Ensuring that all contracts (other than for purchases permitted within the scheme of delegation), leases tenancy agreements and other commitments which may result in a liability must be approved by the Chief Finance Officer in advance of any commitment being made (refer to SFI 9.2);
- b. Working with the Procurement Function to ensure compliance with the Procurement Act 2023 and where still applicable, the Public Contract Regulations 2015 as well as the Provider Selection Regime for health services.
- c. Ensuring that adequate budgetary provision exists against the budget code they are using, or they have made appropriate arrangements for virement or reporting the expected over commitment;

- d. Ensuring that all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract, purchases from petty cash or with approved purchasing cards;
- e. Follow the Trust's procedures on certifying receipt of goods, works and services to enable invoices to be paid (relevant management procedures); and in particular note and comply with the following points:
 - i. All non-stock orders must be placed via requisitions on the Trust's purchasing system (except where the employee has been issued specifically with a Trust-authorized purchasing card);
 - ii. Ensure that stock items are used wherever possible, especially for clinical consumables;
 - iii. Obtain approval from Procurement Function before taking goods on trial or loan where this commits the Trust to a future purchase;
 - iv. Do not split requisitions to avoid financial thresholds;
 - v. Do not enter into contracts, including rental and leasing agreements, that are for items of a capital nature without the express approval of the Chief Executive and Chief Finance Officer (see [SFI 9](#)); - add more detail to SFI9 re leasing policies
 - vi. Do not restrict purchases from petty cash or through the employee expense reimbursement system to items of very low value unless exceptionally authorised.

8.3.2 Employees should also be aware of the restrictions in relation to accepting gifts, inducements or other personal advantage which could be considered to be bribes under The Bribery Act 2010.

- a. This includes ensuring that no order shall be issued to an organisation which has made an offer of gifts, reward or benefit to directors or employees other than:
 - i. Isolated gifts of a trivial character or value; or
 - ii. Conventional hospitality, such as lunches in the course of working visits.
- b. No visits, at supplier's expense should be made without the prior written approval of a the Director of Procurement.

8.4 Procurement

8.4.1 The procurement function will:

- a. Only process fully authorised requisitions and ensure that competition is (or has been) appropriately taken in accordance with the Trust's Tendering for Goods and Services Procedure;
- b. Liaise with the Chief Finance Officer on issues regarding the systems for ordering, receipt and payment;
- c. Place sequentially numbered Purchase Orders incorporating the NHS Terms and Conditions for goods and services.

8.5 Petty Cash

8.5.1 Purchases that will be reimbursed from petty cash are restricted in type and value and must be supported by receipt(s) and certified by an authorised signatory

8.5.2 The Chief Finance Officer will determine record-keeping and other instructions relating to petty cash.

9 Fixed Asset Register and Security of Assets

9.1 Asset Registers

- 9.1.1 The Chief Finance Officer is responsible for the maintenance of registers of assets, and arranging for a periodic physical check of assets against the asset register.
- 9.1.2 The Trust shall maintain a computerised asset register recording fixed assets which should include the minimum data specified by the Regulator.
- 9.1.3 Additions to the fixed asset register must be clearly identified to an appropriate manager 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 purchase from third parties;
 - b. Stores, requisitions and wage records for own materials and labour including appropriate overheads; and
 - c. Lease agreements in respect of assets held under a lease and capitalised under the Trust's accounting policies.
- 9.1.4 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). The Trust may not dispose of any protected property without the approval of the regulator. This includes the disposal of a part of such property or the granting of an interest in or over it.
- 9.1.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 9.1.6 The value of each asset shall be revalued at current values in accordance with appropriate methods for NHS Foundation Trusts.
- 9.1.7 The value of each asset shall be depreciated using methods and rates in accordance with guidance issued by the Regulator.

9.2 Security of Assets

- 9.2.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 9.2.2 Asset control procedures for fixed assets, including donated assets, must be approved by the Chief Finance Officer. 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.
- 9.2.3 Any discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Chief Finance Officer.

- 9.2.4 Whilst each employee has responsibility for the security of property and assets of the Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Trust Board. Any breach of agreed security practices must be reported in accordance with Trust Guidance
- 9.2.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported initially to the Director responsible for Estates and the Chief Finance Officer by directors and employees in accordance with the procedure for reporting losses.
- 9.2.6 In line with Trust guidance, managers should ensure that where practical, assets should be marked as Trust property.
- 9.2.7 Equipment and other assets may be loaned to the Trust. Employees and managers must ensure that the Trust management procedure is followed; in particular that conditions attaching to the loan are documented and the asset identified. Loaned assets must not be entered in the Trust's asset register.

10 Capital Investment Private Financing and Leasing

10.1 Capital Investment

10.1.1 The Trust Board shall approve financial limits for the Trust's annual programme of capital investment as part of the budget process. The approval of a capital programme shall not constitute approval for expenditure on any scheme within the programme.

10.1.2 The Chief Executive shall ensure that:

- a. there is an adequate appraisal and approval process (including proposed changes to projects after their initial approval) in place for determining capital expenditure priorities and the effect of each proposal upon annual plans;
- b. there are processes in place for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- c. capital investment in new facilities or major redevelopments is not undertaken without confirmation of commissioner's(s) support and the availability of resources to finance all revenue consequences, including capital charges; and
- d. all processes and procedures are consistent with relevant guidance and regulatory requirements.

10.1.3 The Trust's scheme of delegation will include limits for capital investment management which must be reviewed and approved on a regular basis.

10.1.4 For every significant capital expenditure proposal the Chief Executive shall ensure that:

- a. a business case (in line with Department of Health and Social Care or the Regulator's guidance) is produced and approved prior to the commitment of expenditure setting out:
 - i. An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to cost
 - ii. Appropriate project management and control arrangements
 - iii. The involvement of appropriate Trust personnel and external agencies
- b. the Chief Finance Officer has validated the costs and revenue consequences detailed in the business case.

10.1.5 For capital schemes where the contracts stipulate stage payments, the responsible Director, as relevant, will issue procedures for their management, incorporating any relevant external regulations or guidance

10.1.6 The Chief Finance Officer shall assess on annual regular basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customs guidance.

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

10.1.8 The Chief Executive shall ensure that there are procedures in place to identify managers' responsible for each scheme and specify:

- a. levels of authority to commit expenditure;
- b. authority to proceed to tender;

c. approval to accept a successful tender.

10.1.9 The Chief Finance Officer shall issue procedures governing the financial management, (including variations to contract), of capital investment projects and valuation for accounting purposes.

10.2 Leasing

Any finance or operating leases must be agreed and signed by the Chief Finance Officer in line with the Trust's Scheme of Delegation.

11 Stock Control and Receipt of Goods

11.1 General position

- 11.1.1 Stock should be:
- a. Kept to optimum levels;
 - b. Subjected to at least two stock takes per year;
 - c. At the lower of cost and net realisable value

11.2 Control of Stock, Stocktaking, condemnations and disposal

- 11.2.1 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of stock locations 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 / or the Supply Chain employees, subject to such delegation being entered in a record available to the Chief Finance Officer. 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.
- 11.2.2 The responsibility for security arrangements and the custody of keys for any stock locations, including off-site locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer.
- 11.2.3 The Chief Finance Officer shall set out procedures and systems to regulate the stock locations including records for receipt of goods, issues, returns to suppliers, and losses.
- 11.2.4 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in stock at least twice a year.
- 11.2.5 Where a complete system of stock control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 11.2.6 The designated Manager/Head of Pharmacy shall be responsible for a system approved by the Chief Finance Officer 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 Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also [SFI 12 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.

12 Disposals and Condemnations, Losses and Special Payments

12.1 Disposals and Condemnations

12.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers. The Trust may not dispose of any protected property without the Regulator's consent.

12.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate and ensuring the disposal process is structured so as to achieve best value for the asset.

12.1.3 Unserviceable articles:

- a. can only be condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
- b. disposals must be recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of, and all entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer; and
- c. 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 Chief Finance Officer who will take the appropriate action.

12.2 Losses and Special Payments

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

12.2.2 Any employee discovering or suspecting a loss of any kind must immediately inform the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss or fraud confidentially. This officer will then appropriately inform the Chief Finance Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police, following advice from the LSMS, if theft or arson is involved.

12.2.3 In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the LCFS and any other relevant organisations in accordance with DH guidance or direction.

12.2.4 The Chief Finance Officer must notify the NHS Counter-Fraud Authority and the External Auditor of all frauds and consider whether any other organisations should also be so notified.

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

- a. the Trust Board;
- b. the LSMS;
- c. the Audit Committee; and
- d. the External Auditor.

12.3 Authorisation and Reporting of Losses and Special Payments

- 12.3.1 The writing off of losses shall be approved by the Chief Finance Officer where the loss is under £10,000 and approved by the Chief Executive where the loss is over £10,000. All losses written off shall be reported to the Audit Committee in line with guidance within the HM Treasury manual, Managing Public Money.
- 12.3.2 For any loss, the Chief Finance Officer should consider whether any claim can be made against insurers.
- 12.3.3 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 12.3.4 The Trust Board shall approve a scheme of delegation for the approval and authorisation of losses and special payments within the limits of delegation granted to the Trust by the Regulator. Authorising officers must undertake fuller reviews of systems to reduce the risk of similar losses occurring in the future and seek advice where they believe a particular case raises issues of principle.
- 12.3.5 Payments in excess of delegated limits must be referred for approval by the Regulator; payments cannot be made without prior approval.
- 12.3.6 The Chief Finance Officer will compile a quarterly schedule of all losses and special payments. These will be reviewed and reported to the Trust's Audit Committee.

12.4 Bankruptcies, Liquidations and Receiverships

- 12.4.1 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

13 Computerised Systems

13.1 Responsibilities

13.1.1 The Chief Finance Officer, with the Chief Data Officer and the Director of ICT, is responsible for the accuracy and security of the computerised financial data of the Trust. In consultation with other officers as appropriate, he/she shall ensure the adequacy of:

- a. procedures to protect the Trust's data, programmes and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for Data Protection legislation and information governance requirements.
- b. controls 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. controls which ensure that the computer operation is separated from development, maintenance and amendment.
- d. the audit trail through the computerised systems and that such computer audit reviews as he/she may consider necessary are being carried out.

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

13.2.1 In the case of other computer systems which are generally used with the Trust, the Chief Executive will ensure that there is a nominated director responsible for the accuracy and security of each critical information system in the Trust. The responsibilities of each director will be equivalent to those set out in 13.1.1 above for financial systems.

13.2.2 In addition the Senior Information Risk Owner (SIRO) will ensure that there is a nominated Information Risk owner at a senior level and the responsible directors /employees will send to the SIRO:

- a. Details of all information flows into and out of the system;
- b. Details of the access controls and procedures used to protect confidential information;
- c. Risk registers detailing any significant information risks as defined within the Trust's information governance policies;
- d. Processes put in place to ensure best practice standards in maintaining data quality; and
- e. Controls over usage of the internet.

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

13.3.1 The Director of ICT 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.

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

13.4 Risk Assessment

13.4.1 The Director of ICT shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

13.4.2 Privacy Impact assessments should also be undertaken on all relevant systems and updated in the event of major changes to systems.

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

13.5.1 Where computer systems have an impact on corporate financial systems the Chief Finance Officer 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. Chief Finance Officer staff have access to such data; and
- d. Such computer audit reviews as are considered necessary are being carried out.

13.6 Requirements for Computer Systems which have an impact on processes involved in patient care

13.6.1 The Chief Executive will ensure that a lead clinician at Trust Board Level is appointed as the Clinical Safety Lead - Clinical Systems to be responsible for ensuring clinical risk arising from the use of IT systems / health software and implementation of changes in such systems or new systems is managed effectively.

14 Risk Management and Insurance

14.1 Risk

14.1.1 The Chief Executive shall ensure that the Trust has a risk management strategy and a programme of risk management, equivalent to the Department of Health and Social Care assurance framework requirements, which must be approved and monitored by the Trust Board.

14.1.2 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; and
- g. Arrangements to review the risk management programme.

14.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on Internal Control within the Annual Report and Accounts.

14.2 Insurance

14.2.1 The Chief Executive in consultation with the Chief Finance Officer will be responsible for ensuring adequate insurance cover is effected in line with the Risk Management Policy approved by the Trust Board. This will include insuring through the risk pooling schemes administered by NHS Resolution, self-insuring for some or all of the risks covered by the risk pooling schemes and purchasing insurance from an external company. If the Trust 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.

14.2.2 Where the Trust Board decides to use the risk pooling schemes administered by NHS Resolution or external insurance the designated officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The designated officer shall ensure that documented procedures cover these arrangements.

14.2.3 Where the Trust Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the designated officer shall ensure that the Trust Board is informed of the nature and extent of the risks that are self-insured as a result of this decision.

14.2.4 The Chief Finance Officer should ensure documented procedures also cover the management of claims.

14.2.5 The value of all assets insured shall be reviewed annually by the designated officer.

- 14.2.6 The Director of Space and Place shall ensure that all engineering plant under the Trust's control is inspected by the relevant insurance companies within the periods prescribed by legislation.
- 14.2.7 Each officer of the Trust shall promptly notify the designated officer of all new risks or property which may require to be insured and alterations affecting existing risks or insurances.
- 14.2.8 The Trust may purchase and maintain insurance for risks involving liability by the Trust for the Trust's benefit, and for the benefit of members of the Council of Governors, the Trust Board and the Secretary.

15 Tendering and Contracting Procedure

15.1 Duty to comply with Standing Financial Instructions

15.1.1 The procedures for making all procurement contracts by or on behalf of the Trust shall comply with these Standing Financial Instructions.

15.1.2 Procurement contracts are defined as contracts for:

- a) the supply of goods (including equipment, consumables and consignment stock), or services (including equipment maintenance and equipment loans)
- b) supply of health services
- c) provision of “works” (as defined in the Procurement Act 2023)

15.1.3 These SFIs also apply to the procurement of works, services and goods purchased from funds donated by a charity, a grant giver or any other organisation which provides funds to the Trust to enable it to purchase a specified item. The source of funding does not impact on applicability of the SFIs as the Trust remains responsible of any funding received.

15.1.4 All personnel involved in tendering and contracting activities must be aware of and comply with the Bribery Act 2010 and must ensure that all dealings with other organisations and their staff do not bring them in breach of the Act that could leave them open to criminal proceedings being commenced.

15.2 Legislation and policies Governing Public Procurement

15.2.1 The main legislation governing public procurement is the Procurement Act 2023 which came into force on 24th February 2025. However, the Public Contract Regulations 2015 still apply to contracts procured under that regime.

15.2.2 For health services, the Provider Selection Regime applies. From 1st January 2024, the Health Care Services (Provider Selection Regime) Regulations 2023 came into force, allowing for these services to be procured without a fully competitive process being run in certain circumstances.

15.2.3 Healthcare services that do not fall within the scope of the PSR will continue to be regulated by the Light Touch regime of the Procurement Act 2023.

15.2.4 Moreover, the Trust is subject to Managing Public Money HMT guidance which requires proportionate competition for goods and services to deliver value for money.

15.3 The duty to compete and proportionality

15.3.1 General approach for goods, services and works

15.3.1.1 The Trust has the duty to comply with the procurement law and Managing Public Money guidance from HM Treasury; both requires competition but allow for proportionate approach. This is outlined below:

| Total contract value (inclusive of VAT) | SFIs | Other considerations | Approach |
|---|---|---|---|
| Below £30,000 | One quote but where practical obtain alternate quotes. | No transparency notices Use of NHS Terms and Conditions | Self Serve – quote and contract if applicable must be attached in E-proc |
| Between £30,000 and £75,000 | Three quotes with the one providing best value for money to be selected | Light touch transparency regime. Use of NHS Terms and Conditions | Self Serve – 3 quotes, highlighting the selected one and contract if applicable must be attached in E-proc. Procurement remains responsible to publish transparency notices |
| Above £75,000 | Mini-competition using a Framework Agreement (FA) OR Competition with a minimum of three known suppliers | Light touch transparency regime. Use of NHS Terms and Conditions (T&Cs) or T&Cs set out in the selected FA | Procurement will support (no Self Serve). |
| Above public threshold for competition | Mini-competition using a Framework Agreement (default option) OR Full procurement (competitive tendering) | Full transparency regime. Use of NHS Terms and Conditions (T&Cs) or T&Cs set out in the selected FA | Procurement will support (no Self Serve). |

- 15.3.1.2 The ranges above refer to total contract values inclusive of VAT and planned extensions.
- 15.3.1.3 The above applies to the procurement of goods, services and works with the exception of healthcare services (see section 15.3.2). For building and engineering works further requirements apply as set out in section 15.3.3.
- 15.3.1.4 Where a procurement exceeds the public threshold for competition but only a single provider is identified having regularly advertised the requirements, approval must be sought from the Director of Procurement before the contract can be awarded without full competition.

15.3.2 Healthcare service

- 15.3.2.1 Procurement of healthcare services must follow the Provider Selection Regime.
- 15.3.2.2 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the relevant NHS service provision contract and administered by the Trust. A contract with a Foundation Trust, being a Public Benefit Corporation (PBC), is a legal document and is enforceable in law.

15.3.3 Building and engineering works (capital investments)

- 15.3.3.1 Competitive Tendering cannot be waived for building and engineering construction works and maintenance without Regulator approval.
- 15.3.3.2 The Trust shall comply with the requirements of the Regulator's Annual Reporting Manual and any other guidance in respect of the procurement of capital investment, estate and property transactions.

15.3.4 Framework Agreements

- 15.3.4.1 For procurements above the public thresholds for competition, when a suitable Framework Agreement is available and suitable, this must be used to procure. If a suitable Framework Agreement is available and not used, approval must be sought by the Director of Procurement before the formal tendering process can commence.
- 15.3.4.2 For procurements between £75,000 including VAT and the public thresholds for competition, a Framework Agreement can be used in alternative to requesting proposals from a minimum of three known suppliers.
- 15.3.4.3 When the Trust undertakes further competition using an existing Framework Agreement, all preferred supplier on the specific selected lot(s) must be invited to compete.

15.4 Exceptions to the duty to compete (waivers)

- 15.4.1 Formal tendering procedures may be waived only when allowed by the Procurement Act 2023, as outlined below (i.e. allowed reasons):
 - 1. For prototypes and development;
 - 2. In the event of a proven single supplier:
 - A. Single Supplier with intellectual property rights or other exclusive rights and no reasonable alternative
 - B. Single Supplier as competition is absent for technical reasons and no reasonable alternative
 - 3. For additional goods, services and works when:

- A. A change in supplier would result in disproportionate technical difficulties in operation or maintenance due to the different or incompatible good, service or work.
 - B. For additional goods, services and works which were competed in the previous 5 years (see full set of rules)
4. When the Public contract concerns goods purchased on a commodity market i.e. fuel
5. In case of advantageous terms on insolvency
6. For reason of extreme urgency: the goods, services or works to be supplied under the public contract are strictly necessary for reasons of extreme and unavoidable urgency, outside of the control of the Trust (i.e. pandemic)
- 15.4.2 Moreover, the formal tendering procedures may be waived where there is an (7) exceptional clinical emergency which is not due to poor planning by the Trust, which could have a direct impact on patient safety. The above reason is not an allowed reason in the Procurement Act 2023 and could expose the Trust to a risk of successful legal challenge by suppliers. As such, waivers due to exceptional clinical emergencies must be carefully considered.
- 15.4.3 The waiving of competitive tendering procedures should not be used to avoid competition or the lack of planning or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.
- 15.4.4 In addition, the following situations do not require application of competition rules:
- where the health care requirement is covered by the Provider Selection Regime
 - where the supply is proposed under special arrangements negotiated by the DHSC, which includes the Trust as a contracting authority
 - regarding disposals as set out in Standing Financial Instructions SFI 12;
 - where the requirement is covered by an existing contract;
 - 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 which includes the Trust.
 - where the contract can be awarded in a compliant manner using an existing Framework Agreement and value for money can be demonstrated in absence of competition.
- 15.4.5 Where it is decided that competitive tendering is not applicable and should be waived, Waiver Form must be completed and approved as outlined in the Scheme of Delegation, section 6.
- 15.4.6 A Waiver Form is also required for contract whose value inclusive of VAT and planned extension exceeds £30,000, when the procurement SFIs are not followed.
- 15.4.7 All waivers should be recorded and reported to the Audit Committee at each meeting.

15.5 Electronic tendering and e-auctions

- 15.5.1 All call offs using an existing Framework Agreement and any other tendering activity must be undertaken via electronic tendering.
- 15.5.2 The Trust should have procedures in place for the control of all tendering activity carried out through eAuctions.

15.6 Private Finance for capital procurement (overlap with SFI No. 9)

- 15.6.1 The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Trust 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 and Social Care for approval or treated as per current guidelines.
 - c. The proposal must be specifically agreed by the Board of the Trust.
 - d. The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

15.7 Compliance requirements for all contracts

- 15.7.1 The Trust Board may only enter into contracts on behalf of the Trust within the statutory powers delegated to it by the Secretary of State and shall comply with:
- a) The Trust's Standing Financial Instructions;
 - b) The Procurement Act 2023 and where still applicable the Public Contracts Regulations 2015 and other statutory provisions;
 - c) The Provider Selection Regime for health services
 - d) Any relevant directions including the Capital Investment Manual and Estate code;
 - e) Cabinet Office and DHSC spend controls
- 15.7.2 In all contracts the Trust shall endeavour to obtain best value for money.
- 15.7.3 All contracts must have a Senior Contract Owner, who is ultimately responsible for the goods and services, and a Contract Manager who manage the contract on behalf of the Trust and work closely with the Supplier. All contracts shall be recorded in the Trust's system for contract management.

15.8 Disposals (See overlap with SFI No. 12)

- 15.8.1 Competitive Tendering or Quotation procedures shall not apply to the disposal of:
- f) 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;
 - g) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
 - h) items to be disposed of with an estimated sale value of less than £50,000, this figure to be reviewed on a periodic basis;
 - i) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
 - j) land or buildings concerning which DHSC guidance has been issued but subject to compliance with such guidance.

15.9 In-House Services

- 15.9.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 15.9.2 In all cases where the Trust Board 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 Chief Finance Officer representative.
- d) For services having a likely annual expenditure exceeding £500,000, a non-officer member should be a member of the evaluation team.

15.9.3 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.

15.9.4 The evaluation team shall make recommendations to the Trust Board.

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

16 Retention of Records

- 16.1.1 The Chief Executive shall be responsible for maintaining archives for all records, including electronic records, required to be retained in accordance with Department of Health and Social Care guidelines.
- 16.1.2 All records held in archives shall be capable of retrieval by authorised persons.
- 16.1.3 Records held in accordance with latest Department of Health and Social Care guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

17 Research and Innovation

- 17.1.1 All research and innovation activities within the Trust shall be notified to the Director of Research and Innovation through the Research and Innovation Office.
- 17.1.2 The Director of Research and Innovation shall ensure that there are appropriate governance procedures in place to ensure any research is conducted in accordance with relevant regulations and that there are processes in place to assess and approve contractual commitments relating to the execution of research.
- 17.1.3 The Chief Finance Officer shall ensure that procedures are implemented and monitored which ensure that all such activities are properly accounted for and that all funding is used as directed by the grantor / funder.

18 Acceptance of Gifts by staff and other standards of business conduct

The Chief Executive will ensure that all staff are aware of the Declarations of Interests and Gifts and Hospitality policy. The policy requires that all staff members and Trust Board members with private or personal interests which might affect their role within the Trust, declare these interests on joining the organisation, on a regular basis and whenever the potential for conflict arises. It covers financial interests, non-financial professional interests, non-financial personal interests and indirect interests.

The policy also provides guidance to staff and Trust Board members on the procedure to be followed in the event of any gift, hospitality or sponsorship being offered. It outlines restrictions in relation to accepting gifts, inducements, benefits in kind or other personal advantage which could be considered to be bribes under *The Bribery Act 2010*.