

Standing Financial Instructions Frimley Clinical Commissioning Group



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Standing Financial Instructions

Frimley Clinical Commissioning Group

1. INTRODUCTION

- 1.1. These Standing Financial Instructions are issued in support of the Frimley CCG Constitution. They shall have effect as if incorporated into the Standing Orders (SOs).
- 1.2. These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Frimley CCG. They are designed to ensure that the CCG's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Reservation and Delegation adopted by the CCG.
- 1.3. These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for, or on behalf of, the CCG. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial and departmental procedure notes and any other variations approved by the Chief Finance Officer.
- 1.4. Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with, and comply with, the provisions of the CCG's Standing Orders (SOs).
- 1.5. Failure to comply with these Standing Financial Instructions and the Standing Orders can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.
- 1.6. Over-riding Standing Financial Instructions

If, for any reason, these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Governing Body and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.
- 1.7. These definitions will apply to the Standing Financial Instructions:
 - a) wherever the term 'Legal Advisor' is used, this means a properly qualified person appointed by the CCG to provide legal advice;
 - b) wherever the title 'Accountable Officer' or 'Chief Finance Officer' or other nominated officer is used in these Standing Financial Instructions, it shall be deemed to include such other Directors or employees who have been duly authorised to represent them;
 - c) wherever the term 'employee' is used and where the context permits, it shall be deemed to include employees of third parties contracted to the CCG when acting on behalf of the CCG.

2. RESPONSIBILITIES AND DELEGATION

2.1. Governing Body

2.1.1. The Governing Body will exercise financial supervision and control by:

- a) Formulating the financial strategy;
- b) Requiring the submission and approval of budgets within approved allocations and overall income;
- c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
- d) Defining specific responsibilities placed on members of the Governing Body and employees as indicated in the Scheme of Reservation and Delegation.

2.1.2. The Governing Body has resolved that certain powers and decisions may only be exercised by the Governing Body in formal session. These are set out in the 'Scheme of Reservation and Delegation' document.

2.2. The Accountable Officer and Chief Finance Officer

2.2.1. The Accountable Officer and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control of the CCG.

2.2.2. Within the Standing Financial Instructions, it is acknowledged that the Accountable Officer is ultimately accountable to the Governing Body and is accountable to the Secretary of State, for ensuring that the Governing Body meets its obligation to perform its functions within the available financial resources. The Accountable Officer has overall executive responsibility for the CCG's activities; is responsible to the Chair and Governing Body for ensuring that its financial obligations and targets are met and has overall responsibility for the CCG's systems of internal control.

2.2.3. It is a duty of the Accountable Officer to ensure that members of the Governing Body and employees and all new appointees are notified of, and put in a position to understand, their responsibilities within these Instructions.

2.3. The Chief Finance Officer

2.3.1. The Chief Finance Officer is responsible for:

- a) Implementing the CCG's financial policies and for co-ordinating any corrective action necessary to further these policies;
- b) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems, incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- c) Ensuring that sufficient records are maintained to show and explain the CCG's transactions in order to disclose, with reasonable accuracy, the financial position of the CCG at any time;
- d) Without prejudice to any other functions of the CCG, and employees of the CCG, the duties of the Chief Finance Officer include:

- the provision of financial advice to members of the Governing Body and employees;
- the design, implementation and supervision of systems of internal financial control; and
- the preparation and maintenance of such accounts, certificates, estimates, records and reports as the CCG may require for the purpose of carrying out their statutory duties.

2.3.2. The Chief Finance Officer is responsible for the oversight of the financial position, financial risk and financial governance across the CCG.

2.4. Governing Body Members and Employees

2.4.1. All members of the Governing Body and all employees are responsible for:

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

2.5. Contractors and their employees

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

2.5.2. For all members of the Governing Body and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Governing Body and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

2.6. Audit Committee

2.6.1. The Audit Committee will be a central means by which the Governing Body ensures effective internal control arrangements are in place. In addition, the Audit Committee provides an independent check upon the actions of the Governing Body and has those executive powers specifically delegated by the Governing Body within the CCG's Schemes of Reservation and Delegation and in the Committee's Terms of Reference.

2.6.2. In accordance with Standing Orders the Governing Body shall formally establish an Audit Committee, with clearly defined terms of reference to perform the following tasks:

2.6.3. Internal Audit - ensure there is an effective internal audit function established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and CCG's Governing Body:

- a) Review major findings from internal audit reports and ensure appropriate action is taken;
- b) Review 'value for money' audits reporting on the effectiveness and efficiency of the

- selected departments or activities;
 - c) Review and approve the internal audit plans.
- 2.6.4. External Audit - review the work and findings of the appointed external auditor and consider the implications of, and management's responses to, their work:
 - a) Review the effectiveness of the external audit services including their working relationship;
 - b) Review the external auditor's findings supporting their value for money conclusion
 - c) Review and approve the external audit plans
- 2.6.5. Other assurance functions - review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the CCG.
- 2.6.6. Financial reporting - ensure that the systems for financial reporting (to the Governing Body and for the five Place Based Committees), including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Governing Body and those committees:
 - a) Review financial and information systems, monitor the integrity of the financial statements and review significant financial reporting judgments.
- 2.6.7. Effective internal controls - review the establishment and maintenance of an effective system of audit, risk management and internal control, across all the CCG's activities (clinical and non-clinical), that supports the achievement of the CCG's objectives;
 - a) Review the mechanisms and levels of authority for major Accounting Policies, Standing Orders, Standing Financial Instructions, delegated limits and make recommendations to the Governing Body;
 - b) Monitor compliance with Standing Orders and Standing Financial Instructions; and
 - c) Review schedules of losses and compensations and take necessary actions.
- 2.6.8. Annual report and accounts
 - a) review and agree the annual report and financial statements prior to ratification by the Governing Body focusing particularly on:
 - i. The Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
 - ii. Changes to and compliance with accounting policies and practices;
 - iii. Unadjusted misstatements in the financial statements;
 - iv. Major judgmental areas; and
 - v. Significant adjustments resulting from audit.
 - b) Review the external auditor's report on the financial statements and the annual management letter.
 - c) Review the information prepared to support the Annual Governance Statement prepared on behalf of the Governing Body and advise the Governing Body accordingly.

2.6.9. Risk Management - provide comment on the fitness for purpose of the Assurance Framework, the degree to which risk management is both complete and embedded throughout the organisation and the extent of integration of governance.

2.6.10. Counter Fraud & Security

- a) Ensure that there is an effective Counter Fraud & Security function established by management which meets NHS Protect standards;
- b) Review the outcomes of work in these areas;
- c) Review any incidence of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the CCG's published financial accounts or reputation.

2.6.11. Other - investigate any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;

- a) Consider evidence of ultra vires transactions or improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Governing Body; and
- b) Review waivers to Standing Orders, conflicts of interest, hospitality and sponsorship registers.

2.6.12. Whistle Blowing - review the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.

2.6.13. Information Governance - to have oversight of the IG management framework and assurance model;

- a) To review and recommend approval of IG related policies;
- b) To have oversight of the individual CCG's annual Data Security and Protection Toolkit submissions and work plans;
- c) To have oversight of the IG work programme.

2.6.14. The minutes of the Audit Committee meetings shall be formally recorded and submitted to the Governing Body. The Chair of the Audit Committee (Lay Member for Governance) shall draw to the attention of the Governing Body any issues that require disclosure to the full Governing Body, or require executive action. The Committee will report to the Governing Body annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the degree to which risk management is both complete and embedded throughout the organisation and the extent of integration of governance.

2.6.15. Chief Finance Officer, duties in relation to Audit Committee:

- a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- b) ensuring that the Internal Audit function is adequate and meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;
- c) deciding at what stage to involve the police in cases of misappropriation and other

- irregularities not involving fraud or corruption;
- d) Ensuring that an annual Head of Internal Audit report is prepared for the consideration of the Audit Committee. The report must cover:
 - i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by NHS England including, for example, compliance with control criteria and standards;
 - ii) major internal financial control weaknesses discovered;
 - iii) progress on the implementation of Internal Audit recommendations;
 - iv) progress against plan over the previous year;
 - v) a strategic audit plan covering the coming three years;
 - vi) a detailed plan for the coming year.

2.6.16. The Chief Finance Officer, or designated Internal or External Auditor, is entitled, without necessarily giving prior notice, to require and receive:

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

2.7. Role of Internal Audit

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

- a) an opinion to the Accountable Officer, the Governing Body and the Audit Committee on the degree to which risk management, control and governance support the achievement of the CCG's agreed objectives;
- b) an independent and objective consultancy service specifically to help line management improve the CCG's risk management, control and governance arrangements.

2.7.2. Internal Audit will review, appraise and report upon policies, procedures and operations in place to:

- a) establish and monitor the achievement of the CCG's objectives;
- b) identify, assess and manage the risks to achieving the CCG's objectives;
- c) ensure the economical, effective and efficient use of resources;
- d) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- e) safeguard the CCG's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
- f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

2.7.3. The Head of Internal Audit will provide to the Audit Committee:

- a) A risk-based plan of internal audit work, agreed with management and approved by the Audit Committee, based upon the Assurance Framework, that will enable the auditors to collect

sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;

- b) Regular updates on progress against plan;
- c) Reports of progress on the implementation of actions agreed as a result of internal audit findings;
- d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the CCG's risk management, control and governance processes (i.e. the CCG's systems of internal control). This opinion is used by the Governing Body to inform the Annual Governance Statement and by NHS England as part of its performance management role;
- e) Additional reports as requested by the Audit Committee; and
- f) Assurance on compliance with data protection regulations.

2.7.4. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance Officer must be notified immediately.

2.7.5. Internal Audit will normally attend Audit Committee meetings and have a right of access to all members of the Audit Committee, Chairs and Accountable Officer.

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

2.7.7. The appointment and termination of the Internal Audit Service must be approved by the Audit Committee.

2.8. External Audit

2.8.1. CCGs are able to appoint their own External Auditors in line with regulations laid down by the Local Audit and Accountability Act 2014. The Act allows CCGs to create a joint Audit Panel in common, where it is suitable to do so. It is chaired by an independent member who is not part of the management structure, such as a Lay Member.

2.9. Fraud and Corruption

2.9.1. In line with their responsibilities, the Accountable Officer and Chief Finance Officer shall monitor and ensure compliance with the appropriate NHS Counter Fraud Authority and Department of Health statutory requirements, guidance and good practice to counter fraud and corruption.

2.9.2. The CCG shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS).

2.9.3. The LCFS shall report to the Chief Finance Officer.

2.9.4. The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the CCG.

2.9.5. Bribery Act 2010

- a) It is a criminal offence, contrary to the Bribery Act 2010, for an employee to offer or accept a

- bribe in the course of their duties. Employees should demonstrate the highest standards of honesty and integrity when undertaking business dealings on behalf of the CCG.
- b) Further information is available in the Fraud and Corruption Policy.

2.10. Security Management

- 2.10.1. In line with their responsibilities, the Accountable Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 2.10.2. The CCG shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS Security Management.
- 2.10.3. The Accountable Officer has overall responsibility for controlling and coordinating security; however key tasks are delegated to the appointed Local Security Management Specialist (LSMS) and managed through the CCG's governance arrangements

2.11. Resource limit control

- 2.11.1. The CCG is required by statutory provisions not to exceed its Resource Allocation. The Accountable Officer has overall executive responsibility for the CCG's activities and is responsible to the CCG for ensuring that it stays within its Resource Allocation.
- 2.11.2. The Chief Finance Officer shall provide monthly reports in the form required by the Secretary of State.

3. ALLOCATIONS, OPERATING PLAN, BUDGETARY CONTROL AND MONITORING

3.1. Allocations

3.1.1. The Chief Finance Officer will:

- a) periodically review the basis and assumptions used by NHS England for distributing allocations and ensure that these are reasonable and realistic and secure the CCG's entitlement to funds;
- b) prior to the start of each financial year, submit to the Governing Body for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve. For the purposes of clarity this will include the proposal for allocations distributed to each of the five Places; and
- c) regularly update the CCG Governing Body on significant changes to the initial allocation and the uses of such funds and if necessary submit for approval a revised distribution of funding depending on the circumstances.

3.2. Preparation and Approval of Budgets

3.2.1. Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Accountable Officer, prepare and submit budgets for approval by The CCG's Governing Body. Such budgets will:

- a) be in accordance with the aims and objectives set out in the CCG's strategy;

- b) ensure the achievement of each of the 5 Places control total and therefore
 - c) ensure the achievement of the CCG's control total within an overall System Control Total;
 - d) accord with workload and manpower plans;
 - e) be produced following discussion at Place committees and other appropriate wider groups to ensure engagement with appropriate budget holders;
 - f) be prepared within the limits of available funds; and
 - g) identify potential risks.
- 3.2.2. The Chief Finance Officer will ensure that financial performance is monitored against budget and Plan and communicated to appropriate Boards and Committees
- 3.2.3. All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 3.2.4. The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them to manage their budgets successfully.

3.3. Budgetary Delegation

- 3.3.1. The Accountable Officer may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- a) the amount of the budget;
 - b) the purpose of each budget heading;
 - c) individual and group responsibilities; and
 - d) the provision of regular reports.
- 3.3.2. The Accountable Officer and delegated budget holders must not exceed the budgetary total set by the Governing Body.
- 3.3.3. Any budgeted funds not required for their designated purpose should be identified and reported at the appropriate committee. Depending on the delegated authority of that budget the decision as to how it should be redeployed will follow the Authority Levels as set out in Appendix A.
- 3.3.4. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the relevant Managing Director, as advised by the Senior Finance Lead or if not a place based delegated budget, the Accountable Officer, as advised by the Chief Finance Officer.

3.4. Budgetary Control and Reporting

- 3.4.1. The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
- a) monthly financial reports to the Governing Body and appropriate Committee in a form approved by the Governing Body and that Committee;
 - 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;
 - d) monitoring of management action to correct variances;
 - e) arrangements for the authorisation of budget transfers.

- 3.4.2. Each Budget Holder is responsible for ensuring that:
- a) they sign off their budgets at the start of the year and provide accurate forecasts of outturn on a monthly basis during the course of the year;
 - b) any likely overspending or reduction of income is not incurred without appropriate authorisation, and is accompanied by a full variance analysis from budget and a list of the corrective actions being taken;
 - c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised; and
 - d) no employees (permanent, interim or temporary) are appointed without the approval of the Accountable Officer in accordance with the Establishment Control Procedures laid out by the CCG.
- 3.4.3. The Accountable Officer is responsible for identifying and implementing cost improvement and income generation initiatives in accordance with the requirements of the Operating Plan and a balanced budget.

3.5. Total Value Expenditure

- 3.5.1. All projects and commitments of expenditure will be subject to these SFIs and should be treated as 'total value' expenditure and not disaggregated unless specifically referenced otherwise. All those in a position to commit expenditure on behalf of the CCG/Place should consider, before committing the expenditure or entering into any quotation or tender procedure, whether the expenditure is part of a larger overall sum of money to which different SFI conditions would apply. If this is deemed to be the case then the larger 'total value' sum should be used and the appropriate SFIs applied accordingly.
- 3.5.2. In addition, those officers and committees with decision-making powers should consider, when approving bids for expenditure, whether the expenditure is part of a larger project and whether, therefore, the correct SFIs have been applied.

3.6. Capital Expenditure

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

3.7. Monitoring Returns

- 3.7.1. The Accountable Officer is responsible for ensuring that the appropriate monitoring forms for the CCG are submitted to the requisite monitoring organisation.

4. ANNUAL ACCOUNTS AND REPORTS

- 4.1. The Chief Finance Officer will:
- a) prepare financial returns in accordance with the accounting policies and guidance given by NHS England and the Treasury, the CCG's accounting policies and generally accepted accounting practice;
 - b) prepare and submit annual financial reports to NHS England certified in accordance with current guidelines;
 - c) submit financial returns to NHS England for each financial year in accordance with the

timetable prescribed by NHS England.

- 4.2. The CCG's annual accounts must be audited by the External Auditor appointed by the CCG. In addition, the CCG will publish an annual report in accordance with guidelines on local accountability and complying with Annual Reporting Guidance. The CCG's audited annual report and accounts must be presented to a public meeting and made available to the public.

5. BANK ACCOUNTS

- 5.1.1. The Chief Finance Officer is responsible for managing the CCG's banking arrangements and for advising the CCG's Governing Body on the provision of banking services and operation of accounts. This advice will take into account guidance and Directions issued from time to time by NHS England.

- 5.1.2. The Governing Body shall approve the banking arrangements.

5.2. Banking and other financial services

- 5.2.1. The Chief Finance Officer is responsible for:

- a) the management of the CCG's bank accounts;
- b) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- c) reporting to the Audit Committee all arrangements made with the CCG's bankers for accounts to be overdrawn; and
- d) monitoring compliance with NHS England guidance on the level of cleared funds.

- 5.2.2. The Chief Finance Officer is responsible for the issue, monitoring and control of Prepaid Cards within the CCG, in line with the CCG's Prepaid Card Policy.

6. INCOME, FEES, CHARGES, SECURITY OF CASH, CHEQUES & OTHER NEGOTIABLE INSTRUMENTS

6.1. Income Systems

- 6.1.1. 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.

- 6.1.2. The Chief Finance Officer is responsible for the prompt banking of all monies received.

6.2. Fees and Charges

- 6.2.1. The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by NHS England or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

6.3. Debt Recovery

- 6.3.1. The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts of their CCG.

6.3.2. Income not received should be dealt with in accordance with losses procedures.

6.3.3. Overpayments should be detected and recovery initiated.

7. SECURING SUPPLY OF GOOD AND SERVICES

7.1. Duty to comply with Standing Orders and Standing Financial Instructions

7.1.1. The procedure for making all contracts by, or on behalf of, the CCG shall comply with these Standing Orders and Standing Financial Instructions.

7.1.2. The Governing Body may only negotiate contracts and enter into contracts within the statutory framework set up by the National Health Service Act 2006, as amended by the Health and Social Care Act 2012. Such contracts shall comply with:

- a) the CCG's Standing Orders;
- b) the Public Contract Regulation 2015, any successor legislation and any other applicable law (including but not limited to the National Health Service (Procurement, Patient Choice and Competition) (no.2) Regulations 2013; and
- c) take into account as appropriate any applicable NHS England or NHS Improvement guidance that does not conflict with (b) above.

7.1.3. These Standing Financial Instructions will also apply to any delegated body procuring contracts on the CCG's behalf.

7.1.4. The Governing Body may negotiate contracts on behalf of other CCGs working jointly under a collaborative agreement. These contracts will be negotiated within the statutory framework.

7.2. General Applicability

7.2.1. Within procurement regulations all decisions that involve entering into a contract or relate to an existing contract for the provision of goods or services, is considered a procurement decision, whether a competitive procurement process is followed or not. It is therefore important that the Chief Finance Officer ensures that Procurement advice is sought at an early stage. This will ensure that any potential risks and mitigations are identified and appropriate action taken.

7.2.2. The purpose of procurement rules/legislation, is to open up the public procurement market and to ensure the free movement of supplies, services and works. The rules reflect and reinforce the Value for Money (VfM) focus of the Government's procurement policy. This requires that all public procurement must be based on VfM, defined as the best mix of quality/effectiveness and price over the full duration of the contract (including any extension options) which should be achieved through competition, unless there are clear justifications to the contrary.

7.3. Health Care & Non Healthcare Services

7.3.1. Healthcare and non Healthcare services are subject to the Public Contracts Regulations. The main principles of the UK Public Contract Regulations 2015 state the following for above threshold requirements

- Publication of notices to comply with the principle of transparency so the market is aware of commissioning/procurement intentions (procurement advice should be taken regarding which notice is the most appropriate to specific circumstances);

- Follow a Procurement process specified within the regulations. For Healthcare Services, this will be in accordance with the Light Touch Regime (LTR) requirements (other services such as Social Care, Legal Services, Hotel Services and Education services are also covered under LTR);
- Publication of appropriate Legal Notices to communicate to the market the decision to award a contract.

7.3.2. General Requirements

7.3.2.1. When procuring goods and services for the purposes of the NHS, a relevant body must:

- Act in a transparent and proportionate way, and;
- Treat providers equally and in a non-discriminatory way, including by not treating a provider, or type of provider, more favourably than any other, in particular on the basis of ownership.

7.3.2.2. The relevant body must procure the services from one or more providers that:

- Are most capable of delivering the objective in relation to the goods and/or services, and;
- Provide best value for money in doing so;
Act in the best interest of the patient

7.3.2.3. For Healthcare services, in acting with a view to improving quality and efficiency in the provision of the services the relevant body must consider appropriate means of making such improvements, including through:

- The services being provided in a more integrated way (including with other health care services, health-related services, or social care services);
- Enabling providers to compete to provide the services, and;
- Allowing patients a choice of provider of the services (where appropriate).

7.3.2.4. The Regulators role (NHSImprovement) is to ensure that the framework is respected (for Healthcare services) so that decisions are taken in patients' interests and in compliance with the Procurement, Patient Choice and Competition regulations.

7.3.2.5. For both Healthcare and Non Healthcare goods and services any procurement decision could be subject to legal challenge.

7.4. Exceptions and instances where formal tendering need not be applied

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

- a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£100,000** (but such contract should be published on Contracts Finder where they are £25,000 or above for non Healthcare contracts even if awarded via Framework Agreements), See Section 9 for requirements for quotations valued at £10,000 but not exceeding £100,000;
- b) where the supply is proposed under special arrangements negotiated by NHS England in which event the said special arrangements must be complied with; and
- c) in relation to disposals as set out in Standing Financial Instructions.

7.4.2. Formal tendering procedures **may be waived** in certain circumstances. The Chief Finance Officer is responsible for seeking appropriate procurement advice.

- The waiving of competitive tendering procedures should not be used to avoid

competition or for administrative convenience or to award further work to a provider (including a consultant) originally appointed through a competitive procedure. Appropriate legal advice may be sought if required. Where it is decided that competitive tendering should be waived or is not required, the fact of the waiver and the reasons and justifications should be documented and recorded in an appropriate CCG record and reported to the Audit Committee.

- Where any of the situations stated in Regulation 32 of the Public Contracts Regulations (use of negotiated procedure without prior publication) apply

7.5. Fair and Adequate Competition

- 7.5.1. The Public Contract Regulations 2015 and the Procurement, Patient Choice and Competition Regulations set out the principles and procedures which must be followed before awarding a contract to suppliers(i.e. providers of work, supplies or services) when its value exceeds set thresholds as defined in the regulations.
- 7.5.2. Where any exceptions set out in Standing Orders apply, the CCG shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.
- 7.5.3. All financial thresholds are for the Whole Life Costs of any procurement requirement including extension options (exclusive of applicable VAT)

7.6. Items which subsequently breach thresholds after original approval

- 7.6.1. Items estimated to be below the limits set in these Standing Financial Instructions for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Accountable Officer and be recorded in an appropriate CCG record.

8. CONTRACTING/TENDERING PROCEDURES

The Chief Finance Officer will ensure that there are written procedures in place with regard to the contracting/tendering process. This will ensure that a fair and transparent process is performed throughout the entire procurement process. Electronic Procurement Systems must be used to conduct procurement processes in accordance with legislation.

9. QUOTATIONS: COMPETITIVE AND NON-COMPETITIVE

9.1. General position on quotations

- 9.1.1. Quotations are required when formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed **£10,000** but not exceed **£100,000**.

9.2. Competitive Quotations

- 9.2.1. Quotations should be obtained from at least **three** firms/ individuals based on specifications or terms of reference prepared by, or on behalf of, the relevant CCG.

- 9.2.2. Confirmation, in writing, of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 9.2.3. All quotations should be treated as confidential and should be retained for inspection and audit purposes.
- 9.2.4. The Accountable Officer or their nominated officer should evaluate the quotations and select the quote which gives the best value for money.

9.3. Quotations to be within Financial Limits

- 9.3.1. No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the CCG and which is not in accordance with SFIs except with the authorisation of either the Accountable Officer or the Chief Finance Officer.

9.4. Where formal competitive tendering or competitive quotation is not required

- 9.4.1. Where competitive tendering or a competitive quotation is not required, the CCG should adopt one of the following alternatives:
 - a) the CCG shall use the NHS Supply Chain for procurement of all goods and services unless the Clinical Chief Officer or nominated officers deem it inappropriate. The decision to use alternative sources must be documented;
 - b) if the CCG does not use the NHS Supply Chain where tenders or quotations are not required, because expenditure is below **£10,000**, the CCG shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

9.5. Personnel and Agency or Temporary Staff Contracts

- 9.5.1. The Accountable Officer shall nominate officers with delegated authority to enter into contracts of employment regarding staff, agency staff or temporary staff service contracts.
- 9.5.2. The use of temporary contract or agency staff shall be governed by the CCG or Interim and Agency Use policy and comply with all instructions issued by NHS England.

9.6. Healthcare Services Contracts

- 9.6.1. Contracts with NHS providers for the supply of healthcare services shall be drawn up in accordance with the relevant Health & Social Care Act and the National Health Service (Procurement, Patient Choice and Competition) (no.2) Regulations 2013.
- 9.6.2. The Accountable Officer shall nominate officers to commission contracts with providers of healthcare in line with a commissioning plan approved by the appropriate Governing Body.

9.7. In-house Services

- 9.7.1. The Accountable Officer shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The CCG may also determine from time to time that in-house services should be market tested by competitive tendering.

10. NHS CONTRACTS FOR PROVISION OF HEALTHCARE SERVICES

10.1. Contracts and Commissioning

- 10.1.1. The CCG has responsibilities for commissioning Healthcare care services on behalf of their resident population. This will require the CCG to work in partnership with NHS England, local NHS Trusts, and other CCG, Foundation Trusts, local authorities, users, carers and the voluntary sector.
- 10.1.2. The Accountable Officer is responsible for ensuring the CCG enters into suitable contracts for the provision of NHS services.

10.2. Role of the Accountable Officer

- 10.2.1. The Accountable Officer of the CCG, has responsibility for ensuring services are commissioned in accordance with the priorities agreed. This will involve ensuring contracts are put in place with the relevant providers and, wherever possible, based upon integrated care pathways to reflect expected patient experience.
- 10.2.2. The Accountable Officer will need to ensure that all contracts:
- a) meet the standards of service quality expected;
 - b) fit the relevant national service framework (if any);
 - c) enable the provision of reliable information on cost and volume of services;
 - d) fit the CCG Improvement and Assessment Framework;
 - e) build where appropriate on existing Joint Investment Plans;
 - f) are based upon cost-effective services;
 - g) are based on integrated care pathways.
- 10.2.3. Where the CCG makes arrangements for the provision of services by non-NHS providers it is the Accountable Officer who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided. Before making any agreement with non-NHS providers, the CCG should fully explore the scope to make maximum cost-effective use of NHS facilities.

10.3. Role of the Chief Finance Officer

- 10.3.1. A system of financial monitoring must be maintained by the Chief Finance Officer to ensure the effective accounting of expenditure under the contract. This should provide a suitable audit trail for all payments made under the contracts but maintain patient confidentiality.
- 10.3.2. The Chief Finance Officer must account for Out of Area Treatments/Non Contract Activity financial adjustments in accordance with national guidelines.

10.4. Involving partners and jointly managing risk

- 10.4.1. A good contract will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Accountable Officer to ensure that the CCG works with all partner agencies involved in both the delivery and the commissioning of the service required. The contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way, the CCG can jointly manage risk with all interested parties.

10.5. Reports to Governing Body and Place Committees on contracts

- 10.6. The Accountable Officer will need to ensure that regular reports are provided to the Governing Body and Place Committees as appropriate detailing actual and forecast expenditure and performance against contracts.

11. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE CCG GOVERNING BODY, EXECUTIVE TEAMS, DIRECTORS AND EMPLOYEES

11.1. Remuneration Committee

- 11.1.1. In accordance with Standing Orders the Governing Body shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting.

11.1.2. The Committee will:

- a. Make recommendations to the Governing Body on arrangements for remuneration, fees, and allowances for members of the Governing Body (other than lay members), Very Senior Managers; clinical and other advisers from member practices who provide commissioning support, such as clinical leads.
- b. Receive assurance from the Executive Directors on termination payments and the use of interim and agency staff in managing workload
- c. Receive assurances from the Executive Directors that where Agenda for Change staff members who are on a discretionary local pay policy that falls outside the remit of Agenda for Change guidance (all other terms and conditions are covered by Agenda for Change) that appropriate procedures have been followed with regard to setting local remuneration
- d. Make recommendations to the Governing Body on arrangements for succession planning, the process for the recruitment or election and appointment of new Governing Body members; recommend new appointments to the Governing Body; and assure the process for their induction.
- e. Support the Accountable Officer and the Executive Directors to develop and embed a culture and behaviours that enable the success of the CCG. This will include oversight on the development and delivery of an Organisational Development plan for the CCG which includes ensuring the effectiveness of the Governing Body.
- f. Ensure that arrangements are in place for the appraisal of Clinical Chairs, the Accountable Officer, and Governing Body Lay Members.
- g. Monitor workforce trends to assure that staff are well motivated and effectively managed.

Note: Arrangements for Lay Member remuneration are reserved to the Governing Body which will commission a recommendation from a working party as described in terms of reference.

11.2. Funded Establishment

11.2.1. The workforce plans incorporated within the CCG's annual budget will form the funded establishment.

11.2.2. The funded establishment of any department may not be varied without the approval of the Accountable Officer and in accordance with the approved CCG Establishment Control Process.

11.3. Staff Appointments

11.3.1. No officer or member of the CCG's Governing Body 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 unless authorised to do so by the Accountable Officer. Any change must be within approved budget and funded establishment and follow the approved process

11.4. Processing Payroll

11.4.1. The Chief Finance Officer is responsible for:

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

11.4.2. The Chief Finance Officer, or approved delegated Payroll Service provider, will issue instructions regarding:

- a) verification and documentation of data;
- b) the timetable for receipt and preparation of payroll data and the payment of employees' salaries and allowances;
- c) maintenance of subsidiary records for superannuation, income tax, national insurance 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 legislation;
- g) methods of payment available to various categories of employees and officers;
- h) pay advances and their recovery, including the recovery of overpayments;
- i) maintenance of regular and independent reconciliation of pay control accounts;
- j) separation of duties between preparing records and making payments; and
- k) a system to ensure the recovery from those leaving the employment of the CCG of sums of money and property due by them to the CCG.

11.4.3. Appropriately nominated managers have delegated responsibility for:

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

11.4.4. 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.

11.5. Contracts of Employment

11.5.1. The Governing Body shall delegate responsibility to an Executive Director for:

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

12. NON-PAY EXPENDITURE

12.1. Delegation of Authority

12.1.1. The Governing Body will approve the budget for non-pay expenditure on an annual basis and the Accountable Officer will determine the level of delegation to budget managers.

12.1.2. The Accountable Officer will set out:

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

12.1.3. The Accountable Officer shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

13. REQUISITIONING, PAYMENT, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES

13.1. Requisitioning

13.1.1. 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 CCG. In so doing, the advice of the CCG's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Accountable Officer) shall be consulted.

13.2. System of Payment and Payment Verification

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

13.3. Prepayments

Prepayments are only permitted where exceptional circumstances apply. In such instances the Chief Finance Officer must be satisfied with the proposal before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);

13.4. Official orders

13.4.1. Official orders must:

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

13.5. Duties of managers and officers

13.5.1. Managers and officers must ensure that they comply fully with the guidance and limits specified by the Chief Finance Officer.

13.6. Joint Finance Arrangements with Local Authorities, Private and Voluntary Bodies

13.6.1. Payments to local authorities, private and voluntary organisations made under the powers of section 28A of the NHS Act 1977 shall comply with procedures laid down by the Chief Finance Officer in accordance with that Act.

14. NHS ASSURANCE FRAMEWORK

14.1. The Chief Finance Officer shall ensure that members of the CCG Governing Body are aware of the relevant NHS Assurance Framework. This document contains directions which the CCG must follow. It also contains directions to NHS England regarding resource and capital allocation and funding to CCG. The Chief Finance Officer should also ensure that the direction and guidance in the Framework is followed by the CCG.

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

15.1. Capital Investment

15.1.1. The Accountable Officer:

- a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- c) shall ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges.

15.1.2. For every capital expenditure proposal the Accountable Officer shall ensure:

- a) that a business case (in line with the guidance contained within the *Capital Investment Manual, or whatever guidance is issued in relation to each capital bidding round*) is produced setting out:
 - i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - ii) appropriate project management and control arrangements;
- b) that the Chief Finance Officer has certified professionally to the costs and revenue

consequences detailed in the business case.

15.1.3. Where the CCG is assessing capital schemes, the Accountable Officer will issue procedures for their assessment and management, incorporating the recommendations where applicable of the NHS Strategic Estates Framework.

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

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

15.1.6. The Accountable Officer shall issue to the manager responsible for any scheme:

- a) specific authority to commit expenditure;
- b) authority to proceed to tender;
- c) authority to accept a successful tender.

15.1.7. The Accountable Officer will issue a scheme of delegation for capital investment management in accordance with NHS Strategic Estates Framework guidance and the CCG Standing Orders.

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

15.2. Private Finance (PFI)

15.2.1. PFI is an option to consider when considering capital procurement. All potential PFI schemes should be considered and approved by the Governing Body. Where the sum involved exceeds delegated limits, the business case must be referred to NHS England in line with any current guidelines.

15.3. Asset Registers

15.3.1. The Accountable Officer is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating and arranging for a physical check of assets against the asset register to be conducted once a year.

15.3.2. The CCG shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by NHS England.

15.3.3. Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

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

- 15.3.4. Where capital assets are sold, scrapped, lost or otherwise disposed of their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 15.3.5. The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 15.3.6. The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by NHS England.
- 15.3.7. The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by NHS England.
- 15.3.8. The Chief Finance Officer shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by NHS England.

15.4. Security of Assets

- 15.4.1 The overall control of fixed assets is the responsibility of the Accountable Officer.
- 15.4.2 Asset control procedures (including fixed assets, cash, cheques, negotiable instruments and 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, condition and title to assets recorded;
 - f) identification and reporting of all costs associated with the retention of an asset;
 - g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 15.4.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Chief Finance Officer.
- 15.4.4 Whilst each employee and officer has a responsibility for the security of property of the CCG, it is the responsibility of Governing Body members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Governing Body. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 15.4.5 Any damage to any CCG premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Governing Body members and employees in accordance with the procedure for reporting losses.
- 15.4.6 Where practical, assets should be marked as CCG property.

16 STORES AND RECEIPT OF GOODS

16.1 General position

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

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

16.2 Goods supplied by NHS Supply Chain

16.2.1 For goods supplied via the NHS Supply Chain central warehouses, the Accountable Officer shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note to ensure the goods have been received before accepting the recharge.

17 DISPOSALS, CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

17.1 Disposals and Condemnations Procedures

17.1.1 The Chief Finance Officer must agree detailed procedures for the disposal of assets, including condemnations, and ensure that these are notified to managers.

17.1.2 When it is decided to dispose of a CCG 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.

17.1.3 All unserviceable articles shall be:

- a) condemned or otherwise disposed of by an employee authorised for that purpose ('Condemning Officer') by the Chief Finance Officer ;
- b) 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. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.

17.1.4 The Condemning Officer shall assess 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.

17.2 Losses and Special Payments Procedures

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

17.2.2 All losses and special payments must be reported to the CCG Audit Committee.

17.2.3 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Accountable Officer and the Chief Finance Officer, or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or

Accountable Officer. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant Local Counter Fraud Service (LCFS) in accordance with Secretary of State for Health and Social Care Directions.

17.3 Suspected fraud

- 17.3.1 The Chief Finance Officer must notify the Local Counter Fraud Specialist and the External Auditor of all frauds.
- 17.3.2 For losses apparently caused by theft, arson, neglect of duty or gross carelessness the Chief Finance Officer must immediately notify:
- a) the Governing Body, and
 - b) the External Auditor.
- 17.3.3 Within limits delegated to it by NHS England, the Governing Body shall approve the writing-off of losses.
- 17.3.4 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the CCG's interests in bankruptcies and company liquidations.
- 17.3.5 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 17.3.6 The Chief Finance Officer, shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 17.3.7 No special payments exceeding delegated limits shall be made without the prior approval of NHS England.

18 INFORMATION TECHNOLOGY

18.1 Responsibilities and Duties of the Chief Finance Officer

- 18.1.1 The Chief Finance Officer is responsible for the accuracy and security of the computerised financial data of the CCG and shall:
- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the CCG's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the current Data Protection Legislation;
 - b) ensure that adequate and reasonable controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system;
 - c) ensure that adequate controls exist such that computer operation is separated from development, maintenance and amendment;
 - d) ensure that an adequate management audit trail exists through the computerised system and

that such computer audit reviews as the Director may consider necessary are being carried out.

18.1.2 The Chief Finance Officer shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

18.1.3 The CCG shall co-ordinate and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the CCG that is made publicly available.

18.2 Responsibilities and duties of other directors and officers in relation to computer systems of a general application

18.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of CCG in the wider area wish to sponsor jointly) all responsible directors and employees will send to the Chief Finance Officer:

- a) details of the outline design of the system;
- b) in the case of packages acquired from a commercial organisation, the NHS, or another public sector organisation, the operational requirement.

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

18.3.1 The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation, the Commissioning Support Unit 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.

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

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

18.4.1 Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall 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) appropriate Finance staff have access to such data;
- d) such computer audit reviews as are considered necessary are being carried out; and
- e) all data held and shared is compliant with the latest Information Governance legislation.

19 ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT

19.1 The Chief Finance Officer shall ensure that all staff are made aware of the CCG's policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in NHS England circular "Standards of Business Conduct for NHS Staff"; the Standards of Business Conduct Policy 2017 and the ABPI Code of Professional Conduct relating to hospitality and gifts from the pharmaceutical or other external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

20 PAYMENTS TO INDEPENDENT CONTRACTORS

20.1 Duties of the Accountable Officer

20.1.1 The Accountable Officer shall:

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

20.2 Duties of the Chief Finance Officer

20.2.1 The Chief Finance Officer shall:

- a) ensure that contractors who are included on the CCG's approved list receives payments;
- b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly and are supported by the appropriate documentation and signatures;
- c) ensure that regular independent verification of claims is undertaken to confirm that:
 - i. rules have been correctly and consistently applied;
 - ii. overpayments are detected (or preferably prevented) and recovery initiated;
 - iii. suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health's Directions on the management of fraud and corruption;
- d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments and highlight these for further investigation.

21 RETENTION OF RECORDS

21.1 The Accountable Officer shall be responsible for maintaining archives for all records required to be retained in accordance with the Records Management Code of Practice for Health and Social Care 2016.

21.2 The records held in archives shall be capable of retrieval by authorised persons.

21.3 Records held in accordance with the Records Management Code of Practice for Health and Social Care 2016 shall only be destroyed at the express instigation of the Accountable Officer. Details shall be maintained of records so destroyed.

22 RISK MANAGEMENT AND INSURANCE

22.1 Programme of Risk Management

22.1.1 The Accountable Officer shall ensure that the CCG has a consistent programme of risk

management, in accordance with current NHS England assurance framework requirements, which must be approved and monitored by the Governing Body.

22.1.2 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) appropriate training in risk management for all staff and governing body members;
- d) 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;
- e) contingency plans to offset the impact of adverse events;
- f) audit arrangements including: internal audit, clinical audit, health and safety reviews;
- g) a clear indication of which risks shall be insured;
- h) arrangements to review the risk management programme.

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

22.1.4 Insurance: Risk Pooling Schemes administered by the NHS Litigation Authority (NHSLA)

22.1.5 The Governing Body shall decide if it will insure through the risk pooling schemes administered by the NHSLA or self-insure for some or all of the risks covered by the risk pooling schemes. If the Governing Body 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.

22.2 Insurance arrangements with commercial insurers

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

- a) for **insuring motor vehicles** owned by the CCG including insuring third party liability arising from their use;
- b) where the CCG is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into;
- c) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. However, if the income generation activity is an activity normally carried out by the CCG for an NHS purpose the activity may be covered in the NHSLA risk pool. Confirmation of coverage in the risk pool must be obtained from the NHSLA. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult NHS England.

22.3 Arrangements to be followed by the Governing Body in agreeing Insurance cover

22.3.1 Where the Governing Body decides to use the risk pooling schemes administered by the NHSLA the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the CCG's risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.

- 22.3.2 Where a Governing Body decides not to use the risk pooling schemes administered by the NHSLA for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Governing Body is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Finance Officer shall draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- 22.3.3** All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible amount in each case.

Appendix A

Authorised Financial Limits

AUTHORITY LIMITS – COMMITMENT OF EXPENDITURE

Table A	Commitment of Expenditure	Commitment of Expenditure	Commitment of Expenditure
	Non Healthcare	Healthcare	Healthcare
	New and variations to existing	New contracts	Existing contracts
Governing Body	Unlimited	Unlimited	Unlimited
Accountable Officer <u>AND</u> Chief Finance Officer	<=£4,500k	<=£4,500k	<=£4,500k
Accountable Officer <u>OR</u> Chief Finance Officer	<=£3,000k	<=£3,000k	<=£3,000k
Place Committee	<=£1,500k	<=£1,500k	<=£1,500k
Managing Director <u>OR</u> Executive Director	<=£500k	<=£500k	<=£500k
Deputy Chief Finance Officer <u>OR</u> System Finance & Performance Director	<=£250k	<=£500k	<=£500k
Agenda for Change Band 8D	<=£100k	None	<=£100k
Budget Holder	<=£10k	None	<=£10k

Footnote 1

- The above limits include VAT not recoverable by the CCG
- The above limits are the MAXIMUM ANNUAL VALUE
- A COMMITMENT FOR A CONTRACT FOR UP TO **5 YEARS (INCLUDING EXTENSION PERIODS)** CAN BE MADE, WITH A MAXIMUM ANNUAL VALUE IN EACH YEAR NOT TO EXCEED THE AUTHORITY LIMITS IN TABLE A.
- The above limits only apply to expenditure or income within agreed budgets
- The cumulative cost of a contract must be taken into account and not broken down in order to circumvent these authority limits
- It is expected that the Governing Body will be informed of all decisions made by the AO, FD and Place Committees.

AUTHORITY LIMITS – COMMITMENT OF EXPENDITURE COVERING MORE THAN ONE GEOGRAPHICAL PLACE

Table B	Place 1	Place 2	Place 3	Place 4	Place 5	Total Allowed
Governing Body	-	-	-	-	-	Unlimited
Accountable Officer <u>AND</u> Chief Finance Officer	-	-	-	-	-	<=4,500k
Accountable Officer <u>OR</u> Chief Finance Officer	-	-	-	-	-	<=£3,000k
Place Committee	Share of £2,500k with max £1,500k	<=£2,500k				
Managing Director <u>OR</u> Executive Director	Share of £1,500k with max £500k	<=£1,500k				
Deputy Chief Finance Officer <u>OR</u> System Finance and Performance Director	Share of £1,000k with max £500k	<=£1,000k				

Footnote 2 – In addition to Footnote 1 on Table A – i.e. all of Footnote 1 applies to Table B

- Places can join together for contracts / commitments can be across more than one place BUT the maximum aggregated amount is quoted in the “Total Allowed” column
- The MAXIMUM “multi place commitment” is £2,500k in Total and no Place shall be more than its single limit (slide 6) of £1,500k.
- Expenditure MUST not be set in such a way to purposefully circumvent SFI’s and Authority Limits. If for example a 3 Place contract is £2,500k, split £1,000k, £1,000k and £500k, it is expected that all 3 Place committees would agree the same papers with these shares – it is breaching the authority limits if one MD authorised their Place share of a joint contract along with 2 Place committees. If one Place committee is required then all must be involved
- These are Maximum Annual Values and can be committed for up to 5 years (see Footnote 1 – Table A)

AUTHORITY LIMITS – PAYMENTS, SALES ORDERS AND INVOICE RAISING

Approval of Sales Orders with agreed contract values and other approved income (monthly) (Healthcare and non Healthcare)	
Accountable Officer	Unlimited
Chief Finance Officer	Unlimited
Managing Director or Executive Director	Unlimited
Deputy Chief Finance Officer OR System Finance and Performance Director	Unlimited
Agenda For Change Band 8D	<=£1,000k

Payments in accordance with agreed contract values and other approved expenditure (monthly)	
Accountable Officer	Unlimited
Chief Finance Officer	Unlimited
Managing Director or Executive Director	Unlimited
Deputy Chief Finance Officer OR System Finance and Performance Director	Unlimited
Agenda For Change Band 8D	<=£1,000k
Budget Holder	<=£10k

Tenders and Quotations	
Formal tendering procedure must be applied where estimated contract value excess	£100,000
3 Competitive quotations unless less than 3 potential suppliers exist	>£10,000< £100,000
Informal price testing	£10,000

Income – request to raise invoices and charges (Healthcare and non Healthcare)	
Accountable Officer	£10,000
Chief Finance Officer	£10,000
Managing Director or Executive Director	£10,000
Deputy Chief Finance Officer OR System Finance and Performance Director	£10,000
Agenda For Change Band 8D	<=£1,000
Budget Holder	None

Footnote 3 - European Union (OJEU) limits and requirements must be followed. Obtain advice from Procurement advisors for any tender over the OJUE limits (<https://www.ojeu.eu/thresholds.aspx>) for :

- Health and Social Services and
- Goods and (non-clinical) services

AUTHORITY LIMITS – Continuing Healthcare Placements

Income – request to raise invoices and charges (Healthcare and non Healthcare)	
Accountable Officer OR Chief Finance Officer	<£10,000 per week
Director for Continuing Health Care AND Executive Director of Nursing and Quality via Risk Panel	<£5,000 per week (see Footnote 5)
Head of Service (Agenda for Change Band 8c)	<£2,000 per week
Budget Holder OR Service Manager (Agenda for Change Band 7)	<=£1,300 per week

Footnote 4 - Revenue commitment is agreed as a weekly financial limit rather than total expenditure as the commissioner cannot estimate the likely length of most placements and therefore the total committed cost.

Footnote 5 – The Director for Continuing Health Care portfolio and Executive Director of Nursing and Quality constitute the “Risk Panel”. Types of decision will include:

- *1:1 support*
- *family refused by*
- *personal health budgets*
- *safeguarding or clinical concerns*

PRIMARY CARE COMMISSIONING COMMITTEE and Delegated Funds

	Approval of annual budgets and schemes within primary care budgets of appropriate CCG	Payments in accordance with agreed contract values – NHS England delegated funds only
Primary Care Commissioning Committee	Allocation of Delegated Funds only	-
Chief Finance Officer	-	Unlimited
Managing Director OR Executive Director	-	
Deputy Chief Finance Officer OR System Financial and Performance Director	-	
Associate Directors of Primary Care	-	

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