

**WALSALL
CLINICAL COMMISSIONING GROUP**

STANDING FINANCIAL INSTRUCTIONS

1.0 INTRODUCTION

1.1 General

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by Walsall CCG. They are designed to ensure that the CCGs' financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the CCG and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.

1.1.4 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.

1.1.5 The failure to comply with Standing Financial Instructions and standing orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

1.1.6 Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the CCG 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.

1.2 Responsibilities and delegation

1.2.1 The CCG Governing Body

The CCG Governing Body exercises financial supervision and control by:

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

The CCG Governing Body has resolved that certain powers and decisions may only be exercised by the CCG Governing Body in formal session. These are set out in the 'Schedule of Matters Reserved to the Board' document. All other powers have been delegated to the governing body committees as the CCG Governing Body has established.

The Governing Body may delegate powers to established Locality Commissioning Groups, (LCGs), as set out in the Scheme of Delegation. These SFIs will apply equally to LCGs and CCGs. Both must comply with the requirements set out in this document.

1.2.2 The Accountable Officer and Chief Finance Officer

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

Within the Standing Financial Instructions, it is acknowledged that the Accountable Officer is ultimately accountable to the CCG Governing Body, and as Accountable Officer, 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 CCGs' activities; is responsible to the Chairman and the CCG Governing Body for ensuring that its financial obligations and targets are met and has overall responsibility for the CCGs' system of internal control.

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

1.2.3 The Chief Finance Officer

The Chief Finance Officer is responsible for:

- (a) Implementing the CCGs' financial policies and for co-coordinating 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 CCGs' transactions, in order to disclose, with reasonable accuracy, the financial position of the CCG at any time;

And, without prejudice to any other functions of the constituent CCGs, and employees of the constituent LCGs, the duties of the Chief Finance Officer include:

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

1.2.4 CCG Governing Body Members, and Employees

All members of the CCG Governing Body and employees, severally and collectively, are responsible for:

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

1.2.5 Contractors and their employees

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.

- 1.2.6 For all members of the CCG 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 CCG Governing Body and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

2.0 AUDIT

2.1 Audit Committee

- 2.1.1 An independent Audit Committee is a central means by which a Governing Body ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Governing Body. In accordance with Standing Orders the CCG Governing Body

shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2011) or subsequent updates. The Committee will perform the following tasks

- (a) Ensuring there is an effective internal audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Governing Body;
- (b) Reviewing the work and findings of the external auditor appointed by the Audit Commission and considering the implications of and management's responses to their work;
- (c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;
- (d) Ensuring that the systems for financial reporting to the CCG Governing Body, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the CCG Governing Body;
- (e) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (f) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities that supports the achievement of the organisation's objectives;
- (g) Monitoring compliance with Standing Orders and Standing Financial Instructions;
- (h) Reviewing schedules of losses and compensations and making recommendations to the CCG Governing Body;
- (i) Reviewing schedules of debtors/creditors balances over 6 months old and £20,000 in value and explanations/action plans;
- (j) Review the annual report and financial statements prior to submission to the CCG Governing Body focusing particularly on;
 - (i) The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
 - (ii) Changes in, and compliance with, accounting policies and practices;
 - (iii) Unadjusted mis-statements in the financial statements;
 - (iv) Major judgmental areas;
 - (v) Significant adjustments resulting from audit.

- (k) Reviewing the annual financial statements and recommend their approval to the CCG Governing Body;
- (l) Reviewing the external auditors report on the financial statements and the annual management letter;
- (m) Conducting a review of the CCGs major accounting policies;
- (n) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the CCGs published financial accounts or reputation;

- (o) Reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;
- (p) Reviewing major findings from internal and external audit reports and ensure appropriate action is taken;
- (q) Reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;
- (r) Reviewing the mechanisms and levels of authority (e.g. Standing Orders, Standing Financial Instructions, Delegated limits) and make recommendations to the Governing Body;
- (s) Reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by the CCG Governing Body;
- (t) Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
- (u) Reviewing waivers to Standing Orders;
- (v) Reviewing hospitality and sponsorship registers;
- (w) Reviewing the information prepared to support the controls assurance statements prepared on behalf of the CCG Governing Body and advising the CCG Governing Body accordingly.

2.1.2 The minutes of the Audit Committee meetings shall be formally recorded by a Secretary and **either minutes or an appropriate assurance report** submitted to the Governing Body. The Chair of the Committee shall draw to the attention of the CCG Governing Body any issues that require disclosure to the full CCG Governing Body, or require executive action. The Committee will report to the CCG 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 completeness and embeddedness of risk management in the organisation, and the integration of governance arrangements.

2.1.3 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the CCG Governing Body. Exceptionally, the matter may need to be referred to NHS England.

2.2 Chief Finance Officer

2.2.1 The Chief Finance Officer is responsible for:

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

2.2.2 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 CCG Governing Body or employee of the CCGs;
- (c) the production of any cash, stores or other property of the CCG under a member of the CCG Governing Body or an employee's control; and
- (d) explanations concerning any matter under investigation.

2.3 Role of Internal Audit

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

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

2.3.2 Internal Audit will review, appraise and report upon policies, procedures and operations in place to;

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

2.3.3 The Head of Internal Audit will provide to the Audit Committee;

- (a) A risk-based plan of internal audit work, agreed with management and approved by the Audit Committee, based upon the management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;
- (b) Regular updates on the progress against plan;
- (c) Reports of management's progress on the implementation of action agreed as a result of internal audit findings;
- (d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the CCG Governing Body to inform the Annual Governance Statement and by NHS England area Team as part of its performance management role;
- (e) Additional reports as requested by the Audit Committee.

- 2.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance Officer must be notified immediately.
- 2.3.5 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Accountable Officer of the CCGs.
- 2.3.6 The Head of 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.
- 2.3.7 The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

2.4 External Audit

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

2.5 Fraud and Corruption

- 2.5.1 The Accountable Officer and Chief Finance Officer shall ensure and monitor compliance with the Secretary of State Directions 2004 regarding counter fraud measures. These will be applied, in conjunction with any other instructions on countering fraud and corruption such as compliance with the NHS Fraud and Corruption Manual as notified by NHS Protect.

2.5.2 Appointment of a Local Counter Fraud Specialist (LCFS)

- i. The Chief Finance Officer will ensure that a suitable person to carry out the duties of the LCFS is nominated by the CCGs and is appropriately trained and accredited. The Chief Finance Officer will ensure that it is appropriately communicated to staff and managers that no person other than the nominated LCFS shall undertake work relating to fraud investigations.
- ii. Where the LCFS position becomes vacant, the Chief Finance Officer will ensure that a further nomination is made within 3 months of the CCGs learning about the vacancy and in line with NHS Protect's nomination process.

- iii. The Chief Finance Officer will provide relevant support to the LCFS to ensure that their skills are kept up to date and appropriate interaction with NHS Protect is maintained.

2.5.3 Counter Fraud and Corruption Work

- i. The LCFS shall report directly to the Chief Finance Officer and shall work with NHS Protect's staff as and when required. All counter fraud work will be carried out by the LCFS in line with the Counter Fraud and Corruption Manual.
- ii. The CCGs shall facilitate and co-operate with NHS Protect's staff regarding quality inspection work and will permit them prompt access to CCG staff, workplaces and relevant documentation.
- iii. The Chief Finance Officer will ensure that the LCFS has direct access to them as and when required.
- iv. The Chief Finance Officer together with the Audit Committee will ensure that an annual fraud work plan covering all seven generic fraud areas as detailed in the Counter Fraud and Corruption Manual is produced and appropriately resourced. The LCFS will be responsible for providing a regular update to the Audit Committee on progress towards achieving the Annual Fraud Work Plan and current investigations.
- v. The LCFS in conjunction with the Chief Finance Officer will ensure that a Fraud and Corruption Policy is in place which sets out the responsibilities of employees and contractors for reporting, co-operating and undertaking fraud investigations.
- vi. The LCFS will ensure that all cases investigated are added to NHS Protect's Case Management System on a timely basis and updates on progress with each case is included on the system.
- vii. The Chief Finance Officer is responsible for ensuring that a system is in place to facilitate for action to be taken to investigate all allegations of fraud and that these investigations are carried out in line with NHS Protect's standards and current legislation.
- viii. The Chief Finance Officer, through the LCFS will ensure that all Fraud Prevention Notices issued by NHS Protect are made available to relevant staff. They will be responsible for providing a response to NHS Protect on the implementation of its recommendations and the LCFS will be responsible for overseeing the implementation process.

2.5.4 Reporting on Counter Fraud Matters

- i. The LCFS will provide a written report, at least annually on counter fraud work within the CCGs. This should include:
 - Details of all work carried out across all seven of the generic fraud areas.
 - A summary of investigations carried out in the year together with outcomes and sanctions applied.
 - Information on the annual qualitative assessment process if applicable.

- A response to compliance with Secretary of States Directions.
- ii. The Chief Finance Officer will ensure that an annual response is made to the qualitative assessment process (or its replacement process) and this is provided to NHS protect together with appropriate evidence and within the stipulated timescales.
- iii. The LCFS will provide a written report on each case investigated. This will include information on the detail of the investigation, the outcome, sanctions applied and recommendations for system improvements. A copy of each closure report will be provided to NHS Protect, the Chief Finance Officer, the Audit Committee as considered necessary, Internal and External Audit, and, any relevant officer of the CCGs.
- iv. The Chief Finance Officer will ensure that a process is in place to enable follow up of counter fraud recommendations.

2.5.5 Other Matters

- i. The LCFS will be entitled to attend any Audit Committee meeting and will have a right of access to all Audit Committee members, the Chairman and the Accountable Officer.
- ii. The Chief Finance Officer will ensure that the LCFS does not undertake responsibility for, or be in anyway engaged in the management of security for the CCGs.
- iii. The Chief Finance Officer will ensure that the LCFS has appropriate support access to all computer and other facilities, documents, staff and contractors as necessary in order to effectively carry out their responsibilities. This should ensure that those responsible for human resources disclose information which arises in connection with any matters (including disciplinary matters) which have implications in relation to investigation, prevention and detection of fraud.
- iv. The Chief Finance Officer will ensure that the LCFS maintains sufficient independence from the CCG's day to day system management responsibilities.

2.6 Security Management

- 2.6.1 In line with their responsibilities, the CCGs' Accountable Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 2.6.2 The CCG shall nominate suitable person(s) 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.
- 2.6.3 The CCG shall nominate a Lay member to oversee the NHS Security Management service who will report to the Governing Body.

- 2.6.4 The Accountable Officer has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist.

3.0. RESOURCE LIMIT CONTROL

- 3.1.1 The CCG is required by statutory provisions not to exceed its Resource Limit. The Accountable Officer has overall executive responsibility for the CCG's activities and is responsible to the CCG for ensuring they stay within its Resource Limit.
- 3.1.2 The definition of use of resources is set out in RAB Directions on use of resources (available on the Departmental Finance Manual web-site).
- 3.1.3 Any sums received on behalf of the Secretary of State excluding charges arising under the 2006 NHS Act is treated as sums received by the CCGs.
- 3.1.4 The Chief Finance Officer will:
- (a) Provide monthly reports in the form required by the Secretary of State;
 - (b) ensure money drawn from the Department of Health against the financing requirement arising from the Resource Limit is required for approved expenditure only, and is drawn down only at the time of need, follows best practice as set out in 'Cash Management in the NHS';
 - (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the CCGs to fulfill their statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits.

4.0. ALLOCATIONS, STRATEGIC AND OPERATING PLAN, BUDGETS, BUDGETARY CONTROL AND MONITORING

4.1 Allocations

- 4.1.1 The Chief Finance Officer of the CCG 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 CCG Governing Body for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- (c) Regularly update the CCG Governing Body on significant changes to the initial allocation and the uses of such funds.

4.2 Preparation and Approval of Strategic and Operating Plan (SP) and Budgets

- 4.2.1 The Accountable Officer will compile and submit to the CCG Governing Body a SP which takes into account financial targets and forecast limits of available resources. The plan will contain:
- (a) A statement of the significant assumptions on which the plan is based;
 - (b) Details of major changes in workload, delivery of services or resources required to achieve the plan.
- 4.2.2 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 Governing Body. Such budgets will:
- (a) Be in accordance with the aims and objectives set out in the plan;
 - (b) Accord with workload and manpower plans;
 - (c) Be produced following discussion with appropriate budget holders;
 - (d) Be prepared within the limits of available funds;
 - (e) Identify potential risks.
- 4.2.3 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the CCG Governing Body.
- 4.2.4 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 4.2.5 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 manage successfully.

4.3 Budgetary Delegation

- 4.3.1 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(s) of each budget heading;
 - (c) Individual and group responsibilities;
 - (d) Authority to exercise virement;
 - (e) Achievement of planned levels of service;
 - (f) The provision of regular reports.

- 4.3.2 The Accountable Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the CCG Governing Body.
- 4.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Accountable Officer, subject to any authorised use of virement.
- 4.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Accountable Officer, as advised by the Chief Finance Officer.

4.4 Budgetary Control and Reporting

- 4.4.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
 - (a) Monthly financial reports to the CCG Governing Body in a form approved by the Governing Body containing:
 - (i) Income and expenditure to date showing trends and forecast year-end position;
 - (ii) Movements in working capital;
 - (iii) Movements in cash and capital;
 - (iv) Capital project spend and projected outturn against plan;
 - (v) Explanations of any material variances from plan;
 - (vi) details of any corrective action where necessary and the Accountable Officer's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;
 - (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
 - (c) Investigation and reporting of variances from financial, workload and manpower budgets;
 - (d) Monitoring of management action to correct variances;
 - (e) Arrangements for the authorisation of budget transfers.
- 4.4.2 Each Budget Holder is responsible for ensuring that:
 - (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the CCG Governing Body;

- (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 Accountable Officer other than those provided for within the available resources and manpower establishment as approved by the CCG Governing Body .

4.4.3 The Accountable Officer is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Strategic Plan and a balanced budget.

4.5 Capital Expenditure

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

4.6 Monitoring Returns

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

5.0 ANNUAL ACCOUNTS AND REPORTS

5.1 The Chief Finance Officer, on behalf of the CCGs, will:

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the CCG's accounting policies, and International Financial Reporting Standards;
- (b) Prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
- (c) Submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.

5.2 The CCG annual accounts must be audited by an auditor appointed by the Audit Commission. The CCG's audited annual accounts must be presented to a public meeting and made available to the public.

5.3 The CCG will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Manual for Accounts.

6.0. GOVERNMENT BANKING SERVICE (GBS) ACCOUNTS

6.1 General

6.1.1 The Chief Finance Officer is responsible for managing the CCG's banking arrangements and for advising the CCG Governing Body on the provision of banking services and operation of accounts. This advice will take into account guidance/Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' CCGs should minimise the use of commercial bank accounts and use the GBS accounts for all banking services.

6.1.2 The CCG Governing Body shall approve the banking arrangements.

6.2 Bank and GBS Accounts

6.2.1 The Chief Finance Officer is responsible for:

- (a) Bank accounts and Government Banking Service (GBS) accounts;
- (b) Establishing separate bank accounts for the CCG's non-exchequer funds if applicable;
- (c) Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the CCG Governing Body all arrangements made with any of the CCG's bankers for accounts to be overdrawn;
- (e) Monitoring compliance with DH guidance on the level of cleared funds.

6.3 Banking Procedures

6.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) The conditions under which each bank and GBS account is to be operated;
- (b) Those authorised to sign cheques or other orders drawn on the CCG's accounts, and to authorise electronic funds transfers.

6.3.2 The Chief Finance Officer must advise the CCG's bankers in writing of the conditions under which each account will be operated.

6.4 Tendering and Review

6.4.1 The Chief Finance Officer will review the banking arrangements of the CCG at regular intervals to ensure they reflect best practice and take account of Department of Health & Treasury requirements for the operation of the any of the CCG's banking business.

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

7.1 Income Systems

7.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.

7.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.

7.2 Fees and Charges

7.2.1 The CCGs shall follow the Department of Health's advice as regards costing and tariffs in setting prices for NHS service agreements.

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

7.2.3 All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

7.3 Debt Recovery

7.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts.

7.3.2 Income not received from non NHS bodies should be dealt with in accordance with losses procedures.

7.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

7.4 Security of Cash, Cheques and other Negotiable Instruments

7.4.1 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;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;

(d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the CCGs.

7.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Finance Officer.

7.4.4 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 CCG is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the CCGs from responsibility for any loss.

8.0. TENDERING AND CONTRACTING PROCEDURE

8.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedure for making all contracts by or on behalf of the CCG shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.9 Suspension of Standing Orders is applied).

All procurement activity should also be conducted in accordance with the CCG's Procurement Strategy

8.2 EU Directives Governing Public Procurement

(a) Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

(b) The CCG should consider obtaining support from Crown Commercial Services or any collaborative procurement hub or any Commissioning Support Unit for procurement to ensure compliance when engaging in tendering procedures. In addition, guidance is available from the Cabinet Office website and the DH CCG Procurement Guide.

8.3 Electronic Tendering and Reverse eAuctions

The CCG should, where applicable, have policies and procedures in place for the control of all tendering activity carried out using electronic tendering systems including Reverse eAuctions..

8.4 Capital Investment Manual and other Department of Health Guidance

The CCG shall comply with its Capital Control Policy where one exists until such time that a CCG Policy is developed), and with relevant International Accounting Standards. The Department of Health's "Capital Investment Manual" is no longer maintained but most of its principles remain valid. CCGs should also comply with the Department of Health's "Estate code" in respect of estate and property transactions.

8.5 Formal Competitive Tendering

8.5.1 General Applicability

The CCG shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DH);
- for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens);
- for disposals;
- healthcare services where it has been deemed in accordance with CCG Procurement Policies that competitive tendering is applicable.

8.5.2 Health Care Services (part B Services)

- (a) Where the CCG elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 9 and 10.
- (b) All procurement of healthcare services will comply with the prevailing Procurement, Patient Choice and Competition Regulations, related Monitor guidance, NHS England guidance and the CCG's Healthcare Procurement Strategy and Healthcare Procurement Policy.

8.5.3 Exceptions and instances where formal tendering need not be applied

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed; £50,000 per annum.. An Officer must not enter into separate contracts nor select a method of calculating the Total Value in order to minimise the application of these rules.
- (b) where the supply is proposed under special arrangements negotiated by the DH, NHS England or other relevant body in which event the said special arrangements must be complied with;

- (c) regarding disposals as set out in Standing Financial Instructions No. 16;
- (d) where the requirement is covered by an existing contract
- (e) where relevant Framework Agreements are in place which the CCG is eligible to use
- (f) 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;

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

- (g) in very exceptional circumstances where the Accountable Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate CCG record; This only applies where the estimated expenditure or income does not, or is not reasonably expected to exceed the thresholds set out in Public Procurement Regulations.
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise or products are required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the CCGs is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and

recorded in an appropriate CCG record and reported to the Audit Committee at each meeting.

Tender Waiver forms are not required where expenditure is less than £50,000 AND goods or services have been procured through a relevant Framework Agreement as per SFI 8.5.3 (e) and/or through NHS Supply Chain. Waiver forms are not required where a the CCG has no local discretion over the supplier, e.g. in the case of External Audit services. Where competition should be waived, the fact of the waiver should be documented and recorded on the CCG's waiver form and reported to the Audit Committee.

8.5.4 Use of Management Consultants

Budget managers must ensure that there are clear value and quality reasons for the use of management consultants. The use of any management consultant (irrespective of value) must be approved by the appropriate Director under whose remit the work will lie. Where the value of the use of a management consultant exceeds £25,000 but is lower than £50,000 the Chief Finance Officer must also approve use. Where the value is in excess of £50,000 this must be approved by the Accountable Officer. Services in excess of £100k require approval of the Chair of the Audit Committee.

8.5.5. Fair and Adequate Competition

Where the exceptions set out in SFI No. 8.5.3 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.

8.5.6 Firms and Contractors

The CCGs shall not operate an approved list. It will however utilise lists of firms and organisations operating under formal frameworks, contracts or formally accredited and independently established Estates Agencies.

8.5.7 Building and Engineering Construction Works

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

8.5.8 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have

a value above such limits shall be reported to the Accountable Officer, and be recorded in an appropriate CCG record.

8.6 Contracting/Tendering Procedure

8.6.1 Invitation to tender

Where tenders are not submitted through an authorised electronic portal system (applicable to parts of the CCG) the following process will apply. The approval of an electronic purchasing system is a power reserved to the Chief Finance Officer. Any e-tendering portal system must be compliant with HMG Security Policy to be used up to and including HM Government Information Security Impact Level Three supporting Risk Management Accreditation Document Set (RMADS).

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders. A tender reference must be obtained for all tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
 - Submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the CCG (or the word "tender" followed by the subject to which it related) and the latest date and time for the receipt of such tender addressed to the Accountable Officer or nominated Manager;
 - That tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals and healthcare services shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

- (v) Every tender must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.

8.6.2 Receipt and safe custody of tenders (where an e-tendering portal is not used)

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

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

8.6.3 Opening tenders and Register of tenders

An electronic e-tendering system will maintain a full audit trail. It will automatically reject incomplete tenders. If the CCG does not have this functionality, the following will apply.

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two Senior Managers designated by the Accountable Officer and not from the originating department.
- (ii) A member of the CCG Governing Body will be required to be one of the two approved persons present for the opening of tenders estimated above £500,000 per annum.
- (iii) A Lay Member will be present for the opening and engaged in the evaluation of tenders above £250k p.a.
- (iv) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (v) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Finance Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (vi) Designated Senior Managers will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
The CCG's lead on Integrated Governance will count as a Director for the purposes of opening tenders.
- (vii) Every tender received shall be marked with the date of opening and initialled by those present at the opening.

- (viii) A register shall be maintained by the Accountable Officer, or a authorised person to show for each set of competitive tender invitations –including those invited through an electronic e-tendering system
- the name of all firms individuals invited;
 - the names of firms individuals from which tenders have been received;
 - the date the tenders were receives and opened;
 - the persons present at the opening;
 - the price shown on each tender;
 - a note where price alterations have been made on the tender and suitably initialled.

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

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

- (ix) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his/her own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 8.6.5 below).

8.6.4 Admissibility

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

8.6.5 Late tenders (where an e-tendering portal is not used)

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Accountable Officer or Chief Finance Officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Accountable Officer or his/her nominated officer or if the process of evaluation and adjudication has not started.

- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Accountable Officer or his/her nominated officer.
- (iv) Accepted late tenders will be reported to the CCG Governing Body.

8.6.6 Acceptance of formal tenders (See overlap with SFI No. 8.7)

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract will not disqualify the tender. Discussion of any matter that has arisen since the invitation to tender was issued must be held consistently with all the tenderers.
- (ii) The lowest tender, if payment is to be made by the CCG, or the highest, if payment is to be received by the CCG, (most economically advantageous tender MEAT) shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record. In particular, for professional services the lowest price does not always represent the best value for money.

Other factors affecting the success of a project are:

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

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

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

8.6.7 Tender reports to the CCG Governing Body

Reports to the CCG Governing Body will be made on an exceptional circumstance basis only.

8.6.8 Firms and Contractors (see 8.5.6)

(a) Responsibility

Responsibility for accessing lists of formal framework and contract suppliers will be through the CCG's Procurement Department for goods and services including healthcare services.

(b) Building and Engineering Construction Works

(i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).

ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.

iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

(c) Financial Standing and Technical Competence of Contractors

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

8.7 Quotations: Competitive and non-competitive

8.7.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £50,000 per annum. This applies to goods and services including healthcare services.

8.7.2 Competitive Quotations

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

8.7.3 Non-Competitive Quotations

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

- (i) the supply of proprietary or other goods or services including healthcare services of a special character and the rendering of services of a special character, for which it is not, in the opinion of the Responsible Officer, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles or services including healthcare services of any kind which are required quickly and are not obtainable under existing contracts, but failure to plan work properly would not be regarded as a justification for a single quotation;
- (iii) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.
- (iv) where specialist expertise is required and is available from only one source.
- (v) When the task is essential to complete a project and arises as a consequence of a recently completed assignment.

- (vi) A quote/tender waiver form is required in the above instances.
- (vii) Quote/Tender Waiver forms are not required where expenditure is less than £10,000 AND goods or services including healthcare services have been procured through an existing Framework Agreement. Waiver forms are not required where the CCG has no local discretion over the supplier, e.g in the case of External Audit services.
- (viii) Where the contract is to be with a local authority or voluntary organisation using powers under the NHS Act 2006.

8.7.4 Quotations to be within Financial Limits

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

8.8 Authorisation of Tenders and Competitive Quotations

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

Authorising Officer(s)	Annual Value
Authorised Budget Holders	Up To £50,000
A CCG Director-including the CFO	Up To £100,000
CFO and one other CCG Director	Up To £200,000
Accountable Officer	Up To £250,000
Accountable Officer & CFO	Up To £500,000
CCG Governing Body	Over £500,000

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

Formal authorisation must be put in writing. In the case of authorisation by the CCG Governing Body this shall be recorded in their minutes.

All resulting contracts will be signed by the Accountable Officer or the Chief Finance Officer.

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

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 nominated procurement agency for procurement of all goods and services unless the Accountable Officer or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) If the CCG does not use the nominated procurement agency - 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.

8.10 Private Finance for capital procurement

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

- (a) The Accountable Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) As CCGs no longer have delegated limits for capital expenditure, a business case must be referred to the NHS England for approval
- (c) The proposal must be specifically agreed by the CCG Governing Body of the CCG.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

8.11 Compliance requirements for all contracts

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

- (a) Standing Orders and Standing Financial Instructions;
- (b) EU Directive, the Procurement, Patient Choice and Competition Regulations and other statutory provisions;
- (c) Such of the NHS Standard Contract Conditions as are applicable;
- (d) 'Standards for Better Health';
- (e) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;

- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited;
- (g) In all contracts made the CCG Governing Body shall endeavour to obtain best value for money by use of all systems in place. The Accountable Officer shall nominate officers who shall oversee and manage each contract.

8.12 Personnel and Agency or Temporary Staff Contracts

The Accountable Officer shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts. Any additional requirements issued in respect of recruitment of Agency, bank, consultancy or temporary staff form part of these SFIs and must be complied with accordingly.

8.13 Healthcare Services Agreements (see overlap with SFI No. 9)

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the CCG. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with a Foundation Trust is a legal document and is enforceable in law. When these services are the subject of market testing, they must be appropriately advertised in accordance with EU Directives and the Procurement, Patient Choice and Competition Regulations.

The Accountable Officer shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the CCG Governing Body.

8.14 Disposals (See overlap with SFI No. 15)

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Accountable Officer or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the policy of the CCG;
- (c) items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

- (e) land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

8.15 In-house Services

- 8.15.1 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.
- 8.15.2 In all cases where the CCG Governing Body or Executive Committee determines that in-house services should be subject to competitive tendering the following groups shall be set up:
 - (a) Specification group, comprising the Accountable Officer or nominated officer/s and specialist.
 - (b) In-house tender group, comprising a nominee of the Accountable Officer and technical support.
 - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer representative. For services having a likely annual expenditure exceeding £250,000, a non-officer member should be a member of the evaluation team.
- 8.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.15.4 The evaluation team shall make recommendations to the CCG Governing Body or Executive Committee.
- 8.15.5 The Accountable Officer shall nominate an officer to oversee and manage the contract.

8.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 18)

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

9.0 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

The provisions of this SFI 9.1.1 will apply to Service Level Agreements (SLA's) for core healthcare services such as acute, community and mental health, which form part of the annual contract round at the commencement of each financial year.

9.1 The Contractual Framework

- 9.1.1 The Accountable Officer is responsible for ensuring the CCG enters into suitable Service Level Agreements or contracts (for Foundation Trusts) with providers of NHS services. Such Agreements will be authorised and signed by either the Accountable Officer or Chief Finance Officer.
- 9.1.2 All contracts should aim to implement the agreed priorities contained within the Strategic and Operating Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Accountable Officer through the CCG Governing Body should take into account:
- the standards of service quality expected;
 - the Planning Guidance
 - the relevant National Service Framework (if any);
 - the provision of reliable information on cost and volume of services;
 - the NHS National Performance Assessment Framework;
 - that contracts build where appropriate on existing Joint Investment Plans;
- 9.1.3 The CCGs SLAs and contracts will result from a dialogue of clinicians, users, carers, public health professionals and managers. This will reflect knowledge of local needs and inequalities. This will require the CCG to work with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA or contract will apportion responsibility for handling a particular risk to the party in the best position to influence the event and financial arrangements will reflect this.

9.2 NHS Planning Guidance

- 9.2.1 The Planning Guidance for the NHS in England is published each year by the DH. It sets out an overview of the priorities for the NHS for the year. It is accompanied by annexes which provide more detail on the priorities, how they are measured and how the new arrangements for managing the system will work.
- 9.2.2 The Planning Guidance is underpinned by CCG allocations, the Payment by Results Tariff, the Commissioning for Quality and Innovation Payment Framework and Informatics planning guidance.
- 9.2.3 The Accountable Officer shall ensure that all contracts are agreed in line with the Operating Framework and associated guidance for the year and that all contracts are agreed and signed within the national deadlines specified by the Operating Framework.

9.3 Standard NHS Contracts for acute hospital, mental health, community and ambulance services

9.3.1 The DH publishes standard contracts for the NHS. These are to cover agreements between CCGs and providers for the delivery of NHS funded services. The contracts apply to agreements with:

- NHS Trusts;
- NHS Foundation Trusts;
- Independent Sector Providers;
- Third Sector Providers.
- Public Sector Providers

9.3.2 The Accountable Officer shall ensure that all contracts entered into by the CCG for the delivery of NHS funded services use the standard NHS contract format and are agreed in accordance with the provisions of the relevant standard contract and its associated contract guidance, together with the Procurement, Patient Choice and Competition Regulations and related Monitor Guidance.

9.4 Legally Binding nature of Contracts

9.4.1 Contracts between CCGs and NHS Foundation Trusts, Independent Sector Providers, Private Sector Providers or Third Sector Providers are legally binding upon all parties.

The Accountable Officer shall ensure that each legally binding contract entered into has been agreed in accordance with the provisions of the contract and its associated guidance and that the contract document has, where applicable, been vetted by the CCG's solicitors before being signed.

9.4.2 The Accountable Officer shall ensure that all contracts are managed in accordance with the principles of risk-sharing set out in paragraph 9.3.2 and that the responsibilities and liabilities of all parties are recognised and monitored for the duration of the contract.

9.4 Co-ordinating Commissioner Arrangements

9.5.1 The Planning Guidance and standard contract guidance mandates that contracts between CCGs and NHS Trusts or NHS Foundation Trusts shall be agreed on the basis of co-ordinating commissioner arrangements. Co-ordinating commissioner arrangements are optional for contracts for mental health or community services.

9.5.2 Under co-ordinating commissioner arrangements one CCG is the co-ordinating commissioner for each Trust and that CCG is responsible for negotiating and agreeing the contract for all CCGs wishing to purchase healthcare from the provider. All other CCGs wishing to purchase NHS funded healthcare from that provider are associate signatories to the contract between the co-ordinating commissioner and the provider.

- 9.5.3 The co-ordinating commissioner is responsible for forming a contracting consortium consisting of itself and all CCGs who wish to be associate commissioners for the provider. The composition and operation of the consortium shall be agreed and formalised in a written consortium constitution, signed by each member.
- 9.5.4 The Accountable Officer shall ensure that, where a CCG is co-ordinating commissioner for a provider, the CCG fulfils all obligations of the co-ordinating commissioner as set out in the NHS Operating Framework and that a contract consortium is convened and formalised by constitution in line with national or regional deadlines.
- 9.5.5 The Accountable Officer shall ensure that, where the CCG is an associate commissioner for a provider, the CCG fulfils all of the obligations of the associate commissioner as set out in the NHS operating framework, and signs the relevant consortium constitution agreement in line with national or regional deadlines.

9.6 Payment By Results (PbR)

- 9.6.1 The DH publishes annually PbR guidance and a national mandatory tariff for activity encompassed within PbR. PbR provides a transparent, rules-based system for paying trusts. It rewards efficiency, supports patient choice and diversity and encourages activity for sustainable waiting time reductions. Payment is linked to activity and adjusted for casemix. Importantly, this system ensures a fair and consistent basis for hospital funding rather than being reliant principally on historic budgets and the negotiating skills of individual managers.
- 9.6.2 The Accountable Officer shall ensure that all activity within SLAs that falls under PbR is priced and counted according to the provisions of the PbR guidance and mandatory tariff. Where activity is not included within PbR all parties to the SLA should agree a common currency and price for that activity.
- 9.6.3 The Accountable Officer will ensure that regular reports are provided to the CCG Governing Body (or a formal committee with delegated authority) detailing actual and forecast spend against a SLA or contract, as well as significant quality and outcome issues for those SLAs/contracts with an annual value in excess of £500k.

10. COMMISSIONING

10.1 Role of the Accountable Officer

- 10.1.1 The Accountable Officer as the Accountable Officer has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed in the Strategic and Operating Plan. This will involve ensuring contracts are put in place with the relevant providers, based upon integrated care pathways.
- 10.1.2 The Accountable Officer, as the Accountable Officer, will need to ensure that regular reports are provided to the CCG Governing Bodys detailing actual and forecast expenditure and activity for each contract.

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

10.2 Role of Chief Finance Officer

10.2.1 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 agreements, but maintains patient confidentiality.

10.2.2 The Chief Finance Officer must account for Non Contract Activity financial adjustments in accordance with national guidelines.

10.3 Integrated Governance Board for Pooled Mental Health and Learning Disability commissioning.

10.3.1 The CCG has entered into Section 75 agreements and formally delegated responsibility for commissioning of specified mental health and learning disability services. Under the agreement, the CCGs has delegated those functions as set out in the Terms of Reference, and delegated powers to an authorised Director to act on behalf of the CCGs on the Integrated Board.

11.0 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE CCG GOVERNING BODY AND EXECUTIVE COMMITTEE AND EMPLOYEES

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

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

11.1.2 The Committee will:

- (a) advise the CCG Governing Body about appropriate remuneration and terms of service for the Accountable Officer, other officer members employed by the CCGs and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;

- (iii) arrangements for termination of employment and other contractual terms;
 - (b) make such recommendations to the CCG Governing Body on the remuneration and terms of service of officer members of the Governing Body and Executive Committee members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the CCG - having proper regard to the CCG's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
 - (c) monitor and evaluate the performance of individual officer members of the Executive Committee (and other senior employees);
 - (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
 - (e) liaise as appropriate with the NHS England and treasury over termination payments
- 11.1.3 The Committee shall report in writing to the CCG Governing Body the basis for its recommendations. The Governing Body shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer Executive Committee members. Minutes of the Governing Body's meetings should record such decisions.
- 11.1.4 The CCG Governing Body will consider and need to approve proposals presented by the Accountable Officer for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.
- 11.1.5 The CCGs will pay allowances to the Chairman and non-officer members of the CCG Governing Body in accordance with instructions issued by the Secretary of State for Health.

11.2 **Funded Establishment**

- 11.2.1 The manpower plans incorporated within the 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.

11.3 **Staff Appointments**

- 11.3.1 No officer or Member of the Executive Committee, or Member of the CCG Governing Body or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Accountable Officer; and

(b) within the limit of their approved budget and funded establishment.

11.3.2 The CCG Governing Body will approve procedures presented by the Accountable Officer for the determination of commencing pay rates, condition of service, etc, for employees.

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;
- (d) agreeing method of payment.

11.4.2 The Chief Finance Officer will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the CCG of sums of money and property due by them to the CCG.

The Chief Finance Officer may determine that e-mail authorisation systems be established, for example in respect of creditor payments or electronic staff record transactions. In such cases, authorising e-mails must be directly from the authorisers CCG e-mail address and authorisers will have no discretion to delegate this. E-mail authorisation includes electronic receipting, either via a dedicated system or via e-mail systems approved by the Chief Finance Officer.

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

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Chief Finance Officer's instructions 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 or to fulfil Executive Committee obligations 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 arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.

11.5 Contracts of Employment

11.5.1 The CCG Governing Body shall delegate responsibility to an officer for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the CCG 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 CCG Governing Body will approve the level of 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.

This information will be detailed within the Authorising Officers Matrix submitted to SBS which will be maintained by the Chief Finance Officer or their nominated officer(s).

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

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

12.2.1 Requisitioning

The requisitioner for the CCG, 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 Procurement adviser shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Accountable Officer) shall be consulted.

12.2.2 System of Payment and Payment Verification

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.

12.2.3 The Chief Finance Officer will:

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

- goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.
- (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 12.2.4 below

12.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer member of the Executive Committee must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the CCGs if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Chief Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);

- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Accountable Officer if problems are encountered.
- (e) For prepayments below £5,000 (e.g. small purchases requiring cheque with order – training events which have to be paid for in advance) the requirements of (a) to (c) above do not apply.

12.2.5 Official orders

Other than for purchase of utility services and rents and rates, the commercial procurement of goods and services or works will be by means of a requisition against which an Official Order is then raised, or by the use of petty cash.

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.

12.2.6 Duties of Managers and Officers

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

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

(This provision needs to be read in conjunction with Standing Order No. 5 and the principles outlined in the national guidance contained in HSG

93(5) “Standards of Business Conduct for NHS Staff”; the Code of Conduct for NHS Managers 2002); and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Accountable Officer;
 - (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
 - (g) verbal orders must only be issued very exceptionally - by an employee designated by the Accountable Officer and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
 - (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
 - (i) goods are not taken on trial or loan in circumstances that could commit the CCG to a future uncompetitive purchase;
 - (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
 - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
 - (l) petty cash records are maintained in a form as determined by the Chief Finance Officer.
- 12.2.7 The Accountable Officer and Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Concode and Estatecode. The technical audit of these contracts shall be the responsibility of the relevant Director.

12.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

- 12.3.1 Payments to local authorities and voluntary organisations made under the powers of section 256 and 257 of the NHS Act 2006 **shall** comply with procedures laid down by the Chief Finance Officer which shall be in accordance with that Act.
- 12.3.2 The CCG may on occasion use the services of lay persons in a voluntary capacity and does so in accordance with any relevant legislation, regulations and guidance. Any payments made to volunteers do not imply a contract of employment or a contract for services and will be made in accordance with the protocol established by the Directors of Finance and Human Resources.

13.0 FINANCIAL FRAMEWORK

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

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

14.1 Capital Investment

14.1.1 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 purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

14.1.2 For every capital expenditure proposal the Accountable Officer shall ensure:

- (a) that a business case 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 and involved appropriate CCG personnel and external agencies in the process.

14.1.3 For capital schemes where the contracts stipulate stage payments, the Accountable Officer will issue procedures for their management, incorporating the recommendations of Estatecode.

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

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 8.5);
- (c) approval to accept a successful tender (see overlap with SFI No. 8.5).

The Accountable Officer will issue a scheme of delegation for capital investment management in accordance with Estatecode guidance and the CCG's Standing Orders.

14.1.5 CCGs no longer have any delegated authority to approve buildings capital expenditure per the Department of Health's Delegated Limits for Capital Investment (December 2010)

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

14.2 Private Finance (see overlap with SFI No. 8.10)

14.2.1 Each CCG should normally test for PFI when considering capital procurement. LiftCo contracts may have exclusivity rights. When a CCG proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) As there are no delegated limits at CCG or CCG level a business case must be referred to NHS England and possibly Department of Health (depending on limits) in line with current guidelines.
- (c) The proposal must be specifically agreed by the CCG Governing Body.

14.3 Asset Registers

14.3.1 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.

14.3.2 The CCG shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as determined locally to ensure suffice information to meet the CCG's statutory reporting requirements and accurate calculation of capital charges.

- 14.3.3 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.
- 14.3.4 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).
- 14.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 14.3.6 The value of each asset shall be determined in accordance with the CCG approved asset valuation policy.
- 14.3.7 The value of each asset shall be depreciated using methods and rates which meet the requirements of International Financial Reporting Standards.
- 14.3.8 The Chief Finance Officer of the CCG shall calculate and pay capital charges as required by the Department of Health.

14.4 Security of Assets

- 14.4.1 The overall control of fixed assets is the responsibility of the Accountable Officer.
- 14.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also 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;

- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 14.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 14.4.4 Whilst each employee and officer has a responsibility for the security of property of the CCG, it is the responsibility of CCG Governing Body and Executive Committee members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the CCG Governing Body. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 14.4.5 Any damage to the CCG's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by CCG Governing Body and Executive Committee members and employees in accordance with the procedure for reporting losses.
- 14.4.6 Where practical, assets should be marked as CCG property.

14.5 NHS LIFT

- 14.5.1 Detailed guidance is available from the joint Department for Health and Partnerships UK website at www.partnershipsforhealth.co.uk.
- 14.5.2 LIFTCo will demonstrate to the Chief Finance Officer that any proposals put forward represent value for money and transfer risk to LIFTCo.
- 14.5.3 Proposals must be referred to the NHS England, and DH as necessary, for approval (see 13.2).
- 14.5.4 All proposals must be specifically approved by the CCG Governing Body.

15.0 STORES AND RECEIPT OF GOODS

15.1 General position

- 15.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
 - (a) kept to a minimum;
 - (b) subjected to annual stock take;
 - (c) valued at the lower of cost and net realisable value.

15.2 Control of Stores, Stocktaking, condemnations and disposal

- 15.2.1 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of any stores shall be delegated to an employee by the Accountable Officer.
- 15.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as health service property.
- 15.2.3 The Chief Finance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses.
- 15.2.4 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.
- 15.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 15.2.6 The designated Manager 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 overlap with SFI No.16 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.

15.3 Goods supplied by NHS Supply Chain

- 15.3.1 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 and advise the CFO of any discrepancies. A copy of the delivery note must be retained in accordance with the Retention of Records Policy.

16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 Disposals and Condemnations

16.1.1 Procedures

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

- 16.1.2 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.

- 16.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose 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.

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

16.2 Losses and Special Payments

16.2.1 Procedures

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

16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the 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 LCFS and NHS Protect in accordance with Secretary of State for Health's Directions.

16.2.3 Suspected fraud

The Chief Finance Officer must notify NHS Protect and the External Auditor of all frauds.

16.2.4 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 CCG Governing Body, and
- (b) the External Auditor.

16.2.5 Within limits delegated to it by the Department of Health, the CCG Governing Body shall approve the writing-off of losses.

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

16.2.7 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.

- 16.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 16.2.10 All losses and special payments must be reported to the Audit Committee periodically, and at least once per year.

17.0 INFORMATION TECHNOLOGY

17.1 Responsibilities and duties of the Chief Finance Officer

- 17.1.1 The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the CCG, 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 Data Protection Act 1998;
 - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
 - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 17.1.2 The Chief Finance Officer shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 17.1.3 The CCG shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about CCGs that is made publicly available.
- ### **17.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

17.2.1 In the case of computer systems which are proposed General Applications 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 either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

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

The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

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

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) Staff responsible to the Chief Finance Officer has access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

18.0 PATIENTS' PROPERTY

18.1 Although the CCG is a commissioning organisation, and as such is unlikely to be directly responsible for patients' property, the ~~Each~~ CCG has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients

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

18.3 The Chief Finance Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property.

19.0 FUNDS HELD ON TRUST

.19.1 Corporate Trustee

- (1) The CCG's responsibilities as a corporate trustee for the management of funds it holds on trust is defined by the Charities Commission latest guidance and best practice.
- (2) The discharge of CCG corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

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

19.2 Accountability to Charity Commission and Secretary of State for Health

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

19.3 Applicability of Standing Financial Instructions to funds held on Trust

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.
- (2) The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

19.4 Responsibility of the Chief Finance Officer

The CCG Governing Body hereby nominates the Chief Finance Officer to have primary responsibility for ensuring that these Standing Financial Instructions are applied.

19.5 Existing Funds

The Chief Finance Officer shall arrange for the administration of all existing trust funds.

He shall ensure that a governing instrument exists for every trust and shall produce detailed procedures covering every aspect of the financial management of funds held on trust, for the guidance of Directors and employees. Such guidelines shall identify the restricted nature of certain funds.

The Chief Finance Officer shall periodically review the funds in existence and shall make recommendations to the Corporate Trustee regarding the potential for rationalisation of such funds within statutory guidelines.

The Chief Finance Officer shall ensure that an unrestricted umbrella charity is officially registered with the Charity Commission.

19.6 Deletion of Funds

A governing document shall be provided to the Corporate Trustee which will include details of the power to assign the residue of the trust to the trust fund of another fund contingent upon certain conditions, e.g. discharge of original objects.

19.7 Legacies & Bequests

Where a legacy or bequest is made to a Fund, the charitable funds manager should ensure that a copy or extract of the Will is obtained from the solicitor.

When notified of a legacy or bequest, this should be followed up with the solicitor involved on a periodic basis e.g. quarterly until the receipt is confirmed.

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

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 the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff'; the Code of Conduct for NHS Managers 2002; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

21.0 RETENTION OF RECORDS

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

22.0 RISK MANAGEMENT AND INSURANCE

22.1 Programme of Risk Management

The Accountable Officer shall ensure that the CCG has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the CCG Governing Body.

The programme of risk management shall include:

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

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

22.2 Insurance: Risk Pooling Schemes administered by NHSLA

The CCG Governing Body shall decide if the CCG will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the CCG 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.

22.3 Insurance arrangements with commercial insurers

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

- (1) for **insuring motor vehicles** owned by the CCG including insuring third party liability arising from their use;
- (2) 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;
- (3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by a CCG for an NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Litigation Authority. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health.

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

- (1) Where the CCG Governing Body decides to use the risk pooling schemes administered by the NHS Litigation Authority the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.
- (2) Where the CCG Governing Body decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the CCG 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 will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Finance Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.