



Hampshire, Southampton and Isle of Wight
Clinical Commissioning Group

Standing Financial Instructions

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INTRODUCTION

1. Introduction

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

1.6 Over-riding Standing Financial Instructions

If, for any reason, these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit and Risk Committee for referring action or ratification. All members of the Governing Body and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

- 1.7 In addition to the Interpretation and Definitions in the CCG's Constitution, these definitions will apply to the Standing Financial Instructions:
 - a) wherever the term 'Legal Advisor' is used, this means a properly qualified person appointed by a CCG to provide legal advice;
 - b) wherever the title 'Chief Executive', 'Chief Finance Officer' or other nominated officer is used in these Standing Financial Instructions, it shall be deemed to include such other Directors or employees who have been duly authorised to represent them;
 - c) wherever the term 'employee' is used and where the context permits, it shall be deemed to include employees of third parties contracted to the CCG when acting on behalf of the CCG.

RESPONSIBILITIES AND DELEGATION

2. Governing Body

2.1 The CCG Governing Body will exercise financial supervision and control by:

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

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

3. The Chief Executive (Accountable Officer) and Chief Finance Officer

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

3.2 Within the Standing Financial Instructions, it is acknowledged that the Chief Executive, as Accountable Officer, is ultimately accountable to the Governing Body and is the 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 Chief Executive has overall executive responsibility for the CCG's activities; is responsible to the Chair and Governing Body for ensuring that its financial obligations and targets are met and has overall responsibility for the CCG's systems of internal control.

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

4. The Chief Finance Officer

4.1 The Chief Finance Officer is responsible for:

- a) Implementing the CCGs' financial policies and for co-ordinating any corrective action necessary to further these policies;
- b) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems, incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- c) Ensuring that sufficient records are maintained to show and explain the CCG's transactions in order to disclose, with reasonable accuracy, the financial position of the CCG at any time;
- d) Without prejudice to any other functions of the CCG, and employees of the CCG, the duties of the Chief Finance Officer include:
 - the provision of financial advice to other members of the Governing Body and employees;
 - the design, implementation and supervision of systems of internal financial control; and
- e) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the CCG may require for the purpose of carrying out its statutory duties.
- f) Ensuring that appropriately qualified and experienced personnel are employed within the Finance team and that they maintain their continuing professional development. This to be facilitated through appropriate training and development offered to the finance team.

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

5. Governing Body Members and Employees

5.1 All members of the CCG Governing Body and all employees are responsible for:

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

6. Contractors and their employees

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

6.2 For all members of the Governing Body and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Governing Body

and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

AUDIT

7. Audit and Risk Committee

In accordance with its Constitution NHS Hampshire, Southampton and Isle of Wight CCG Governing Body has established an Audit and Risk Committee. It will be a central means by which the Governing Body of the CCG ensures there is strategic oversight of an effective system of integrated governance, risk management and internal control, across the whole of the CCG's activities (both clinical and non-clinical), supporting the achievement of the organisation's objectives. In addition, the Audit and Risk Committee provides an independent check upon the actions of the Governing Body and has those executive powers specifically delegated by the CCG Governing Body within the Scheme of Reservation and Delegation and in their Terms of Reference.

The Terms of Reference for the Audit and Risk Committee form part of the CCG's Constitution (and are set out in full in Appendix 3).

The responsibilities of the Audit and Risk Committee are to:

- a) Support the Governing Body in delivering its responsibilities for the stewardship of funds within its control;
- b) Ensure an appropriate level of internal control is in place through the audit and the local counter fraud work programmes and through the Assurance Framework/Strategic Risk Register;
- c) Approve a CCG internal/external audit plans, local counter fraud and security management plans for the year;
- d) Review and scrutinise the CCG's Annual Report and Annual Accounts and provide a recommendation to the Governing Body for its approval and adoption;
- e) Approve the CCGs Letter of Representation to the External Auditor;
- f) Ensure there are robust governance systems in place for reporting and monitoring activity and finance, and any associated risks and mitigations;
- g) Assure itself about the delivery of year-end targets financial reporting and be satisfied that governance processes are in place;
- h) Assure itself that arrangements are in place for the management of Conflicts of Interest, Gifts and Hospitality and Data Security and Protection;
- i) Conduct annual effectiveness reviews of internal/external audit and the committee itself;
- j) To hold an Auditor Panel as and when required for the appointment of external and internal auditors as appropriate;

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

7.3 Where the Audit and Risk Committee considers there is evidence of ultra vires transactions or improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit and Risk Committee should raise the matter at a full meeting of the CCG's Governing Body.

8. Chief Finance Officer

8.1 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 is adequate and meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit and Risk Committee and the Chief Executive;
- c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d) ensuring that an annual Head of Internal Audit report is prepared for the consideration of the Audit and Risk Committee. The report must cover:
 - o a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by NHS England including, for example, compliance with control criteria and standards;
 - o major internal financial control weaknesses discovered;
 - o progress on the implementation of Internal Audit recommendations;
 - o progress against plan over the previous year;
 - o a strategic audit plan covering the coming three years;
 - o a detailed plan for the coming year.

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

9. Role of Internal Audit

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

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

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

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

9.3 The Head of Internal Audit will provide to each Audit and Risk Committee:

- a) A risk-based plan of internal audit work, agreed with management and approved by the Audit and Risk Committee, based upon the Assurance Framework, that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;
- b) Regular updates on progress against plan;
- c) Reports of progress on the implementation of actions agreed as a result of internal audit findings;

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

9.4 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.

9.5 Internal Audit will normally attend Audit and Risk Committee meetings and have a right of access to all members of the Audit and Risk Committee, Chair and the Chief Executive.

9.6 Internal Audit reports to the Audit and Risk 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 and Risk 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.

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

10. External Audit

10.1 CCGs are able to appoint their own External Auditors in line with regulations laid down by the Local Audit and Accountability Act 2014. The Act allows the CCG to create an Auditor Panel, chaired by an independent member who is not part of the management structure, such as a Lay Member.

11. Fraud and Corruption

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

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

11.3 The LCFS shall report to the Chief Finance Officer.

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

11.5 Bribery Act 2010

- a) It is a criminal offence, contrary to the Bribery Act 2010, for an employee to offer or accept a bribe in the course of their duties. Employees should demonstrate the highest standards of honesty and integrity when undertaking business dealings on behalf of the CCG.
- b) Further information is available in the Fraud, Bribery and Corruption Policy.

12. Security Management

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

13. Resource limit control

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

ALLOCATIONS, OPERATING PLAN, BUDGETARY CONTROL AND MONITORING

14. Allocations

- 14.1 The Chief Finance Officer will:
 - a) periodically review the basis and assumptions used by NHS England for distributing allocations and ensure that these are reasonable and realistic and secure the CCG's entitlement to funds;
 - b) prior to the start of each financial year (or in line with NHSE guidance and timetables if different), 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.

15. Preparation and Approval of Budgets

- 15.1 Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Executive, prepare and submit budgets for approval by the CCG's Governing Body. Such budgets will:
- a) be in accordance with the aims and objectives set out in the CCG's strategy;
 - b) ensure the achievement of the CCG's financial plan and control total;
 - c) accord with workload and manpower plans;
 - d) be produced following discussion with appropriate budget holders;
 - e) be prepared within the limits of available funds;
 - f) identify potential risks.
- 15.2 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review and report to the Chief Executive and the Governing Body.
- 15.3 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 15.4 The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them to manage their budgets successfully.

16. Budgetary Delegation

- 16.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- a) the amount of the budget;
 - b) the purpose of each budget heading;
 - c) individual and group responsibilities;
 - d) authority to exercise virement;
 - e) Achievement of planned levels of service;
 - f) the provision of regular reports.

- 16.2 The Chief Executive and delegated budget holders must not exceed the budgetary total set by the CCG Governing Body.
- 16.3 Any budgeted funds not required for their designated purpose revert to the immediate control of the Chief Executive, subject to any authorised adjustment.
- 16.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Chief Finance Officer.

17. Budgetary Control and Reporting

- 17.1 The Chief Finance Officer will devise and maintain systems of budgetary control.

These will include:

- a) financial reports to each Governing Body meeting and to the Quality, Performance and Finance Committee and any other sub-committees that the Governing Body determines. Financial reports to be in a form approved by the Governing Body, containing:
- income and expenditure to date and forecast year-end position;
 - explanations of any material variances from plan;
 - details of any corrective action and the Chief Executive's and/or Chief Finance Officers' 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;
- d) monitoring of management action to correct variances;
- e) arrangements for the authorisation of budget transfers.
- 17.2 Each Budget Holder is responsible for ensuring that:
- a) they sign off their budgets at the start of the year and provide accurate forecasts of outturn on a monthly basis during the course of the year;
- b) any likely overspending or reduction of income is not incurred without appropriate authorisation, and is accompanied by a full variance analysis from budget and a list of the corrective actions being taken;
- c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised;
- d) permanent employees are only appointed in line with the approved Establishment Control Process.
- 17.3 The Chief Executive is responsible for identifying and implementing cost improvement and income generation initiatives in accordance with the requirements of the Operating Plan and a balanced budget.

18. Total Value Expenditure

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

19. Capital Expenditure

- 19.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. Any CCG capital expenditure should follow the processes and guidance as set out by NHS England / Improvement.

20. Monitoring Returns

- 20.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms for the CCG are submitted to the requisite monitoring organisation.

ANNUAL ACCOUNTS AND REPORTS

21. The Chief Finance Officer will:

- a) prepare financial returns in accordance with the accounting policies and guidance given by NHS England and the Treasury, the CCG's accounting policies and generally accepted accounting practice;
 - b) prepare and submit annual financial reports to NHS England certified in accordance with current guidelines;
 - c) submit financial returns to NHS England for each financial year in accordance with the timetable prescribed by NHS England.
- 21.1 The CCG's annual accounts must be audited by the External Auditor appointed by the CCG. In addition, the CCG will publish an annual report in accordance with guidelines on local accountability and complying with Annual Reporting Guidance. The CCG's audited annual report and accounts must be presented to a public meeting and made available to the public.

BANK ACCOUNTS

- 21.2 The Chief Finance Officer is responsible for managing the CCG's banking arrangements and for advising the CCG's Governing Body on the provision of banking services and operation of

accounts. This advice will take into account guidance and Directions issued from time to time by NHS England.

21.3 The Governing Body shall approve their banking arrangements.

22. Banking and other financial services

22.1 The Chief Finance Officer is responsible for:

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

22.2 The Director of Finance is responsible for the issue, monitoring and control of Prepaid Card(s), in line with the CCG's Prepaid Card Policy.

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

23. Income Systems

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

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

24. Fees and Charges

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

25. Debt Recovery

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

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

25.3 Overpayments should be detected and recovery initiated.

TENDERING AND CONTRACTING PROCEDURE

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

- 26.1 The procedure for making all contracts by, or on behalf of, the CCG shall comply with these Standing Orders and Standing Financial Instructions.
- 26.2 The Governing Body of the CCG may only negotiate and enter into contracts within the statutory framework set up by the National Health Service Act 2006, as amended by the Health and Social Care Act 2012. Such contracts shall comply with:
- a) the CCG's Standing Orders;
 - b) the Public Contract Regulation 2015, any successor legislation and any other applicable law (including but not limited to the National Health Service (procurement, patient choice and competition) (no.2) Regulations 2013; and
 - c) take into account as appropriate any applicable NHS England or NHS Improvement guidance that does not conflict with (b) above.
- 26.3 These Standing Financial Instructions will also apply to any delegated body procuring contracts on the CCG's behalf.
- 26.4 The Governing Body may negotiate contracts on behalf of other CCGs working jointly under a collaborative agreement. These contracts will be negotiated within the statutory framework.
- 26.5 Equality Impact Assessments will be undertaken at various points in any procurement and certainly before the final recommendation on the preferred provider is made to the Governing Body.
- 26.6 All tendering and contracting processes will follow the CCG's policy on Conflicts of Interest. Anyone involved in the procurement process will declare all Conflicts of Interest in line with the policy. The Executive Director, or designated officer leading the procurement process shall put in place mitigations against conflicts of interest, which may include excluding individuals from the process or from decisions.

FORMAL COMPETITIVE TENDERING

27. General Applicability

- 27.1 The CCG shall ensure that competitive tenders are invited for:
- i) the supply of goods, materials and manufactured articles;
 - ii) the rendering of services including all forms of management consultancy services (other than specialised services sought from, or provided by, NHS England);

- iii) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens).

28. Health Care Services

28.1 Healthcare services are subject to the Public Contracts Regulations under the Light Touch Regime therefore the CCG shall consider whether a competitive process should be followed in line with the NHS Procurement, Patient Choice and Competition Regulations 2013 and these Standing Orders and Standing Financial Instructions.

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

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

- a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£100,000** (but such contract should be published on Contracts Finder where they are £25,000 or above);
- b) where the supply is proposed under special arrangements negotiated by NHS England in which event the said special arrangements must be complied with;
- c) in relation to disposals as set out in Standing Financial Instructions.

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

- i) in very exceptional circumstances where the Chief Executive, Chief Finance Officer or delegated Committee together with the Director of Finance or a Deputy Director of Finance, 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;
- ii) where the requirement is covered by an existing contract and the change is not material to the contract;
- iii) where a framework or other nationally negotiated contract exists, this would not require a tender waiver as the tendering process has already been conducted nationally;
- iv) 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;
- v) where specialist expertise is required and it is demonstrated that it is available from only one source where there is no reasonable alternative and not because the requirements have been designed to exclude competition;
- vi) 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;

- vii) where 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;
- viii) for the provision of legal representation providing that any legal firm or partnership commissioned by the CCG 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 (this waive does not apply to legal advice as such)..

- 29.3 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. Appropriate legal advice may be sought if required.
- 29.4 Where it is decided that competitive tendering should be waived or is not required, the fact of the waiver and the reasons should be documented and recorded in an appropriate CCG record and reported to the Audit and Risk Committee.
- 29.5 These SFIs will apply to any revenue resource received from NHS England, or national NHS Body, for a specific purpose.

30. Fair and Adequate Competition

- 30.1 Where any exceptions set out in Standing Orders apply, the CCG shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

31. Items which subsequently breach thresholds after original approval

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

CONTRACTING/TENDERING PROCEDURE

32. Invitation to tender

- (i) All invitations to tender that have been agreed in conjunction with the CCG's procurement advisor will be advertised via the electronic tendering system that enables procurement professionals and suppliers to conduct the strategic activities of the procurement process electronically.
- (ii) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (iii) Every tender for goods, materials, services or disposals 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, when the content of the work is primarily engineering, the general conditions of Contract recommended by the Institute of Engineering and Technology and the Association for Consulting and Engineering or (in the case of civil engineering work) the general conditions of Contract recommended by the Institution of Civil Engineers, the Association for Consulting and Engineering and the Civil Engineering Contractors Association. These documents shall be modified and/or amplified to accord with NHS England 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.

33. Receipt and safe custody of tenders

- 33.1 The tender documents will be stored in the electronic mailbox until the closing date and time. An audit log within the e-tendering system will record the date and time the offer documents are received.

34. Admissibility

- 34.1 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 Chief Executive.
- 34.2 Where only one tender is sought and/or received, the Chief Executive and Chief Finance Officer shall, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the CCG.

35. Late tenders

- 35.1 Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or their nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- 35.2 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 Chief Executive or their nominated officer or if the process of evaluation has not started.
- 35.3 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 Chief Executive or their nominated officer.

35.4 Accepted late tenders will be reported to the CCG's Governing Body.

36. Acceptance of formal tenders

- 36.1 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of their tender before the award of a contract will not disqualify the tender.
- 36.2 The best value tender (taking quality and finances into account), if payment is to be made by the CCG, or the highest, if payment is to be received by the CCG, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be recorded by the CCG.
- 36.3 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 best value tender clearly stated.
- 36.4 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 Chief Executive.
- 36.5 All tenders should be treated as confidential and should be retained for inspection.

37. Tender reports to the CCG's Governing Body

- 37.1 Reports to the CCG's Governing Body will be made on an exceptional circumstance basis only.
- 37.2 The CCG shall provide a register of procurement decisions in line with NHS England guidance.

38. Grants

- 38.1 Any grants issued by the CCG should be in line with the CCG standard operating procedure. The decision to issue a grant should be documented. All conflicts of interest, or perceived conflicts of interest should be dealt with in line with the CCG policy.

QUOTATIONS: COMPETITIVE AND NON-COMPETITIVE

39. General position on quotations

- 39.1 Quotations are required when formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed **£25,000** but not exceed **£100,000**.

40. Competitive Quotations

- 40.1 Quotations should be obtained from at least **three** firms / individuals based on specifications or

terms of reference prepared by, or on behalf of, the CCG.

- 40.2 Quotations should be in writing unless the Chief Executive or their nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation, in writing, of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 40.3 All quotations should be treated as confidential and should be retained for inspection.
- 40.4 The Chief Executive or their nominated officer should evaluate the quotations and select the quote which gives the best value for money. If this is not the lowest quotation and 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.

41. Quotations to be within Financial Limits

- 41.1 No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the CCG and which is not in accordance with SFIs except with the authorisation of either the Chief Executive or the Chief Finance Officer.
- 41.2 Items estimated to be below the limits set out in these SFIs for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive and be recorded in an appropriate CCG record.

42. Authorisation of Tenders and Competitive Quotations

- 42.1 Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided as per Appendix 4, based on the value of the contract.

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

- 43.1 Where competitive tendering or a competitive quotation is not required, the CCG should adopt one of the following alternatives:
 - a) the CCG shall use the NHS Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented;
 - b) if the CCG does not use the NHS Supply Chain where tenders or quotations are not required, because expenditure is below **£25,000**, the CCG shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

44. Personnel and Agency or Temporary Staff Contracts

- 44.1 The Chief Executive shall nominate officers with delegated authority to enter into contracts of

employment regarding staff, agency staff or temporary staff service contracts.

- 44.2 The use of temporary contract or agency staff shall be governed by the CCG policy and comply with all instructions issued by NHS England.
- 44.3 In all cases, when engaging temporary, contract or agency staff the CCG shall have due regard to the rules of IR35. All such staff shall be tested against the IR35 rules and any payments treated accordingly.
- 44.4 The use of agency, contract or consultancy staff shall follow all relevant guidance set by NHS England. NHS England approval must be sought if the CCG is appointing people who fall into any of the below categories:
- where the daily rate is above £600 (excluding VAT and expenses but including agency fees);
 - where the individual is engaged for a period greater than 6 months; or
 - in roles of significant influence (e.g. member of the CCG Governing Body).

45. Healthcare Services Contracts

- 45.1 Contracts with NHS providers for the supply of healthcare services shall be drawn up in accordance with the relevant Health & Social Care Act and the National Health Service (procurement, patient choice and competition) (no.2) Regulations 2013.
- 45.2 The Chief Executive shall nominate officers within the CCG to commission contracts with providers of healthcare in line with a commissioning plan approved by the Governing Body.

46. In-house Services

- 46.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The CCG may also determine from time to time that in-house services should be market tested by competitive tendering.
- 46.2 In all cases where the CCG determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- a) Specification group, comprising the Chief Executive or nominated officer/s and specialist;
 - b) In-house tender group, comprising a nominee of the Chief Executive and technical support;
 - c) Evaluation team, normally comprising a specialist officer, a supplies officer and a Chief Finance Officer representative. For services having a likely annual expenditure exceeding **£500,000**, a non-officer member should be a member of the evaluation team.
- 46.3 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.
- 46.4 The evaluation team shall make recommendations to the Governing Body.
- 46.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of

the CCG.

NHS CONTRACTS FOR PROVISION OF SERVICES

47. Contracts and Commissioning

- 47.1 The CCG has responsibilities for commissioning secondary care services on behalf of its registered population. This will require the CCG to work in partnership with NHS England, local NHS Trusts, other CCGs, Foundation Trusts, local authorities, users, carers and the voluntary sector.
- 47.2 The Chief Executive, as the Accountable Officer, is responsible for ensuring the CCG enters into suitable contracts with service commissioners for the provision of NHS services.

48. Role of the Chief Executive

- 48.1 The Chief Executive, as the Accountable Officer of the CCG, has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed. This will involve ensuring contracts are put in place with the relevant providers and, wherever possible, based upon integrated care pathways to reflect expected patient experience.
- 48.2 Contracts will be the key means of delivering objectives and therefore they need to have a wide scope. The Chief Executive will need to ensure that all contracts:
- meet the standards of service quality expected;
 - fit the relevant national service framework (if any);
 - enable the provision of reliable information on cost and volume of services;
 - fit the CCG Oversight Framework;
 - build where appropriate on existing Joint Investment Plans;
 - are based upon cost-effective services;
 - are based on integrated care pathways.
- 48.3 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Governing Body detailing actual and forecast expenditure and activity for each contract.
- 48.4 Where a CCG makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, 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 fully explore the scope to make maximum cost-effective use of NHS facilities.

49. Role of the Chief Finance Officer

- 49.1 A system of financial monitoring must be maintained by the Chief Finance Officer to ensure the effective accounting of expenditure under the contract. This should provide a suitable audit trail for all payments made under the contracts but maintain patient confidentiality.

- 49.2 The Chief Finance Officer must account for Out of Area Treatments/Non Contract Activity financial adjustments in accordance with national guidelines.

50. Involving partners and jointly managing risk

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

51. Reports to Governing Body on contracts

- 51.1 The Chief Executive, as the Accountable Officer, will ensure that regular reports are provided to the Quality, Performance and Finance Committee detailing actual and forecast expenditure and performance against contracts.

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

52. Remuneration and Terms of Service

- 52.1 In accordance with Standing Orders the Governing Body shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting.
- 52.2 The Committee will:
- a) determine appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the CCG and other senior employees including:
 - all aspects of salary (including any performance-related elements);
 - provisions for other benefits, including pensions and cars;
 - arrangements for termination of employment and other contractual terms.
 - b) make such recommendations to the Governing Body on the remuneration and terms of service of officer members of the Governing Body (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) 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.
- 52.3 The Committee shall report in writing to the Governing Body the basis for its recommendations.

The Governing Body shall use the report as the basis for their decision but remain accountable for taking decisions on remuneration. Minutes of the Governing Body meetings should record such decisions.

- 52.4 The Governing Body will consider, and need to approve, proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee or national Agenda for Change terms and conditions.
- 52.5 The CCG will pay allowances to the Chairman and non-officer members of the Governing Body in accordance with instructions issued by the Secretary of State for Health.

53. Funded Establishment

- 53.1 The workforce plans incorporated within the annual budget of the CCG will form the funded establishment of the CCG.
- 53.2 The funded establishment of any department may not be varied without the approval of the relevant Executive Director, Managing Director or designated officers, in accordance with the CCG's approved Establishment Control process.

54. Staff Appointments

- 54.1 No officer or member of the CCG Governing Body or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration unless:
 - a) authorised to do so by the relevant Executive Director, Managing Director or designated officer as set out in the Establishment Control process; and
 - b) it is within the limit of their approved budget and funded establishment; and
 - c) it follows the approved Establishment Control process.

55. Processing Payroll

- 55.1 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.
- 55.2 The Chief Finance Officer, or approved delegated Payroll Service provider, will issue instructions regarding:

- a) verification and documentation of data;
- b) the timetable for receipt and preparation of payroll data and the payment of employees' salaries and allowances;
- c) maintenance of subsidiary records for superannuation, income tax, national insurance and other authorised deductions from pay;
- d) security and confidentiality of payroll information;
- e) checks to be applied to completed payroll before and after payment;
- f) authority to release payroll data under the provisions of the Data Protection legislation;
- g) methods of payment available to various categories of employees and officers;
- h) pay advances and their recovery, including the recovery of overpayments;
- i) maintenance of regular and independent reconciliation of pay control accounts;
- j) separation of duties between preparing records and making payments;
- k) a system to ensure the recovery from those leaving the employment of the CCG of sums of money and property due by them to the CCG.

55.3 Appropriately nominated managers have delegated responsibility for:

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

55.4 Regardless of the arrangements for providing the payroll service, the Chief Finance Officer shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

56. Contracts of Employment

56.1 The 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 Governing Body and which complies with employment legislation; and
- b) dealing with variations to, or termination of, contracts of employment.

NON-PAY EXPENDITURE

57. Delegation of Authority

- 57.1 The Governing Body will approve the budget for non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.
- 57.2 The Chief Executive 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.
- 57.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

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

58. Requisitioning

- 58.1 The requisitioner, in choosing the item to be supplied (or the service to be performed), shall always obtain the best value for money for the CCG. In so doing, the advice of the CCG's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Executive) shall be consulted.

59. System of Payment and Payment Verification

- 59.1 The Chief Finance Officer shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 59.2 The Chief Finance Officer will:
- a) advise the 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 Reservation and 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 Governing Body members/employees (including specimens of their signatures) authorised to certify invoices;

- ii) certification that:
 - o goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - o 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;
 - o in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the timesheets, 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;
 - o where appropriate the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - o the account is arithmetically correct;
 - o the account is in order for payment.
- iii) a timetable and system for submission 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.
- 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. 59 below.

60. Prepayments

- 60.1 Prepayments are only permitted where exceptional circumstances apply. This may include instances where a prepayment ensures the availability of services to patients. In such instances:
- a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%);
 - b) the Chief Finance Officer must be satisfied with the proposal before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
 - c) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the Chief Finance Officer or Chief Executive if problems are encountered.

61. Official orders

- 61.1 Official orders must:
- a) be consecutively numbered;
 - b) be in a form approved by the Chief Finance Officer;

- c) state the CCG's terms and conditions of trade;
- d) only be issued to, and used by, those duly authorised by the Chief Executive.

62. Duties of managers and officers

- 62.1 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 NHS England;
 - 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:
 - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
 - conventional hospitality, such as lunches in the course of working visits
 - 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 Chief Executive;
 - 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 Chief Executive and only in cases of emergency or urgent necessity. They 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.
- 62.2 The Chief Executive 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 current guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

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

61.2 Payments to local authorities, private and voluntary organisations made under the powers of section 75/6 of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer in accordance with that Act.

64. Operating Framework

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

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

65. Capital Investment

65.1 The Chief Executive:

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

65.2 For every capital expenditure proposal the Chief Executive shall ensure:

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

65.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue

procedures for their management, incorporating the recommendations of Estatecode.

- 65.4 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 65.5 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 65.6 The Chief Executive shall issue to the manager responsible for any scheme:
- a) specific authority to commit expenditure;
 - b) authority to proceed to tender;
 - c) authority to accept a successful tender.
- 65.7 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with Estatecode guidance and the CCGs' Standing Orders.
- 65.8 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.
- 65.9 CCG commissioner capital will be assigned through the NHS England process. All assets will be recorded on the central fixed asset register as set out in NHS England guidance.

66. Private Finance (PFI)

- 66.1 CCGs should normally test for PFI when considering capital procurement. When the CCG proposes to use finance which is to be provided through this route, 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) where the sum involved exceeds delegated limits, the business case must be referred to NHS England in line with any current guidelines;
 - c) the proposal must be specifically agreed by the appropriate Governing Body.

67. Asset Registers

- 67.1 The Chief Executive 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.
- 67.2 The CCG shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by NHS England.
- 67.3 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.

- 67.4 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).
- 67.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 67.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Capital Accounting Manual* issued by NHS England.
- 67.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual* issued by NHS England.
- 67.8 The Chief Finance Officer shall calculate and pay capital charges as specified in the *Capital Accounting Manual* issued by NHS England.

68. Security of Assets

- 68.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 68.2 Asset control procedures (including fixed assets, cash, cheques, negotiable instruments and donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- a) recording managerial responsibility for each asset;
 - b) identification of additions and disposals;
 - c) identification of all repairs and maintenance expenses;
 - d) physical security of assets;
 - e) periodic verification of the existence, condition and title to assets recorded;
 - f) identification and reporting of all costs associated with the retention of an asset;
 - g) reporting, recording and safekeeping of cash, cheques and negotiable instruments.
- 68.3 All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the Chief Finance Officer.
- 68.4 Whilst each employee and officer has a responsibility for the security of property of the CCG, it is the responsibility of Governing Body members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by their Governing Body. Any breach of agreed security practices must be reported in accordance with agreed procedures.

- 68.5 Any damage to the CCG's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Governing Body members and employees in accordance with the procedure for reporting losses.
- 68.6 Where practical, assets should be marked as CCG property.

STORES AND RECEIPT OF GOODS

69. General position

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

70. Goods supplied by NHS Supply Chain

- 70.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance who shall satisfy him/her self that the goods have been received before accepting the recharge.

DISPOSALS, CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

71. Disposals and Condemnations Procedures

- 71.1 The Chief Finance Officer must agree detailed procedures for the disposal of assets, including condemnations, and ensure that these are notified to managers.
- 71.2 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.
- 71.3 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.
- 71.4 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.

72. Losses and Special Payments Procedures

- 72.1 The Chief Finance Officer must agree procedural instructions on the recording of, and accounting for, condemnations, losses and special payments.
- 72.2 All losses and special payments must be reported to the CCG Audit and Risk Committee.
- 72.3 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive 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 Chief Executive. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant Local Counter Fraud Service (LCFS) in accordance with Secretary of State for Health's Directions.

73. Suspected fraud

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

INFORMATION TECHNOLOGY

74. Responsibilities and Duties of the Chief Finance Officer

- 74.1 The Chief Finance Officer is responsible for the accuracy and security of the computerised

financial data of the CCG and shall:

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

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

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

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

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

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

76. Contracts for computer services with other health bodies or outside agencies

76.1 The Chief Finance Officer shall ensure that contracts for computer services for financial applications with another health organisation, the CSU 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.

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

77. Requirements for computer systems which have an impact on corporate financial systems

- 77.1 Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall be satisfied that:
- a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
 - b) data produced for use with financial systems is adequate, accurate, complete and timely and that a management audit trail exists;
 - c) appropriate Finance staff have access to such data;
 - d) such computer audit reviews as are considered necessary are being carried out;
 - e) all data held and shared is compliant with the latest Information Governance legislation.

78. Acceptance of gifts by staff and link to standards of business conduct

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

PAYMENTS TO INDEPENDENT CONTRACTORS

79. Duties of the Chief Executive

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

80. Duties of the Chief Finance Officer

- 80.1 The Chief Finance Officer shall:
- a) ensure that contractors who are included on the CCG's approved list receives payments;

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

81. Retention of Records

- 81.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with the Records Management Code of Practice for Health and Social Care 2016.
- 81.2 The records held in archives shall be capable of retrieval by authorised persons.
- 81.3 Records held in accordance with the Records Management Code of Practice for Health and Social Care 2016 shall only be destroyed at the express instigation of the Chief Executive. Details shall be maintained of records so destroyed.

RISK MANAGEMENT AND INSURANCE

82. Programme of Risk Management

- 82.1 The Chief Executive shall ensure that the CCG has a consistent programme of risk management, in accordance with current NHS England assurance framework requirements, which must be approved and monitored by the Governing Body.
- 82.2 The programme of risk management shall include:
 - a) a process for identifying and quantifying risks and potential liabilities;
 - b) engendering among all levels of staff a positive attitude towards the control of risk;
 - c) appropriate training in risk management for all staff and governing body members;
 - d) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;
 - e) contingency plans to offset the impact of adverse events;

- f) audit arrangements including: internal audit, clinical audit, health and safety reviews;
- g) a clear indication of which risks shall be insured;
- h) arrangements to review the risk management programme.

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

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

83.1 The Governing Body shall decide if the CCG will insure through the risk pooling schemes administered by the NHSLA or self-insure for some or all of the risks covered by the risk pooling schemes. If the Governing Body decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

84. Insurance arrangements with commercial insurers

- 84.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** the CCG 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. However, if the income generation activity is an activity normally carried out by the CCG for an NHS purpose the activity may be covered in the NHSLA risk pool. Confirmation of coverage in the risk pool must be obtained from the NHSLA. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult NHS England.

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

- 85.1 Where the Governing Body decides to use the risk pooling schemes administered by the NHSLA the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the CCG's risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.
- 85.2 Where the Governing Body decides not to use the risk pooling schemes administered by the NHSLA for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Governing Body is informed of the nature and extent of the risks that are self-

insured as a result of this decision. The Chief Finance Officer shall draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

- 85.3 All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible') should ensure documented procedures also cover the management of claims and payments below the deductible amount in each case.