



**Wandsworth
Clinical Commissioning Group**

Prime Financial Policies

v.3

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1. INTRODUCTION

1.1. General

- 1.1.1. These Prime Financial Policies and supporting detailed financial policies shall have effect as if incorporated into the Clinical Commissioning Group's (CCG) Constitution.
- 1.1.2. The Prime Financial Policies are part of the CCG's control environment for managing the organisation's financial affairs. They contribute to good corporate governance, internal control and managing risks. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services. They also help the Accountable Officer (Chief Officer) and Chief Finance Officer to effectively perform their responsibilities. They should be used in conjunction with the Scheme of Reservation and Delegation.
- 1.1.3. Where any procedures set out in the Prime Financial Policies are undertaken by a Shared Service provider, the Service Level Agreement with the Shared Service provider should specify adherence to the CCG's financial policies.
- 1.1.4. These Prime Financial Policies identify the financial responsibilities which apply to everyone working for the CCG and its constituent organisations. The Chief Officer/Chief Finance Officer is responsible for approving all financial policies.
- 1.1.5. Should any difficulties arise regarding the interpretation or application of any of the Prime Financial Policies then the advice of the Chief Officer/Chief Finance Officer must be sought before acting. The user of these Prime Financial Policies should also be familiar with and comply with the provisions of the CCG's Constitution, Standing Orders and Scheme of Reservation and Delegation.
- 1.1.6. Failure to comply with Prime Financial Policies and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 1.1.7. If for any reason these Prime Financial Policies 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 Governing Body's Audit Committee for referring action or ratification. All of the CCG's members and employees have a duty to disclose any non-compliance with these Prime Financial Policies to the Chief Finance Officer as soon as possible.

1.2. Responsibilities and delegation

- 1.2.1. The financial decisions delegated by members of the CCG are set out in the CCG's Scheme of Reservation and Delegation.

1.3. Amendment of Prime Financial Policies

- 1.3.1. To ensure that these Prime Financial Policies remain up-to-date and relevant, the Chief Finance Officer will review them at least annually. Following consultation with the Chief Officer and scrutiny by the Governing Body's Audit Committee, the Chief Finance Officer will recommend amendments, as fitting, to

the Governing Body for approval. As these Prime Financial Policies are an integral part of the CCG's Constitution, any amendment will not come into force until the CCG applies to NHS England and that application is granted.

2. INTERNAL CONTROL

POLICY – the CCG will put in place a suitable control environment and effective internal controls that provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and policies

2.1. The Governing Body

2.1.1. The 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);
- d) defining specific responsibilities placed on members of the Governing Body and employees as indicated in the Scheme of Delegation and Reservation; and
- e) approving the provision of shared services.

2.1.2. The Governing Body has resolved that certain powers and decisions may only be exercised by the Governing Body in formal session. These are set out in the Scheme of Delegation and Reservation. All other powers have been delegated to Committees and Sub-committees as have been established by the Governing Body.

2.2. The Chief Officer and Chief Finance Officer

2.2.1. The Chief Officer and Chief Finance Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control. Within the Prime Financial Policies, it is acknowledged that the Chief Officer is ultimately accountable to the Governing Body, and 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 Officer has overall executive responsibility for the activities of the CCG and is responsible to the Chair and the Governing Body for ensuring that its financial obligations and targets are met and has overall responsibility for the system of internal control.

2.2.2. It is a duty of the Chief Officer to ensure that Members of the Governing Body, employees and all new appointees are notified of, and put in a position to understand their responsibilities within Wandsworth CCG's financial policies.

2.2.3. The Chief Officer has overall responsibility for the CCG's systems of internal control.

2.3. The Chief Finance Officer

2.3.1. The Chief Finance Officer is responsible for:

- a) implementing the CCG's financial policies and for 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 transactions, in order to disclose, with reasonable accuracy, the financial position at any time;
- d) the provision of financial advice to other members of the Governing Body and employees;
- e) the design, implementation and supervision of systems of internal financial control;
- f) 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; and
- g) ensuring there are proper arrangements in place for the preparation of estimates and records as the CCG may require for the purpose of carrying out its statutory duties (whether such estimates and records are prepared and maintained by any Shared Service provider, or otherwise).

2.3.2. The Chief Finance Officer will ensure that:

- a) financial policies are considered for review and update annually;
- b) a system is in place for proper checking and reporting of all breaches of financial policies; and
- c) a proper procedure is in place for regular checking of the adequacy and effectiveness of the control environment.

2.4. CCG Members, Governing Body and Primary Care Committee members, and employees

2.4.1. All members of the CCG, Governing Body, Primary Care Committee, and employees, severally and collectively, 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) conforming to the requirements of Standing Orders, Prime Financial Policies, and the Scheme of Delegation and Reservation.

2.5. Contractors and their employees

- 2.5.1. Any contractor or employee of a contractor who is empowered by the CCG to commit the CCG to expenditure or who is authorised to obtain income shall be covered by these Prime Financial Policies. It is the responsibility of the Chief Officer to ensure that such persons are made aware of this.
- 2.5.2. 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.

3. AUDIT

POLICY – the CCG will keep an effective and independent internal audit function and fully comply with the requirements of external audit and other statutory reviews

3.1. Audit Committee

- 3.1.1. The Governing Body is required to establish an Audit Committee with terms of reference agreed by the Governing Body (Appendix 7 of the Constitution).
- 3.1.2. In line with the terms of reference for the Governing Body’s Audit Committee, the person appointed by the CCG to be responsible for internal audit and the Audit Commission appointed external auditor will have direct and unrestricted access to Audit Committee members and the Chair of the Governing Body, Chief Officer and Chief Finance Officer for any significant issues arising from audit work that management cannot resolve, and for all cases of fraud or serious irregularity.
- 3.1.3. The person appointed by the CCG to be responsible for internal audit and the external auditor will have access to the Audit Committee and the Accountable Officer to review audit issues as appropriate. All Audit Committee members, the Chair of the Governing Body and the Accountable Officer will have direct and unrestricted access to the Head of Internal Audit and external auditors.

3.2. Chief Finance Officer

- 3.2.1. The Chief Finance Officer will ensure that:
- a) the CCG has a professional and technically competent internal audit function; and
 - b) the Audit Committee approves any changes to the provision or delivery of assurance services to the CCG.
- 3.2.2. 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 Chief Officer;
- c) Deciding, with the Chief Officer, at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d) Ensuring that annual Internal Audit reports are prepared for the consideration of the Audit Committee and the Governing Body. These reports must cover:
 - i) A clear opinion on the effectiveness of internal control in accordance with any published national guidance including for example compliance with control criteria and standards;
 - ii) Major internal financial control weaknesses discovered;
 - iii) Progress on the implementation of Internal Audit recommendations;
 - iv) Progress against plan over the previous year;
 - v) A strategic audit plan covering the coming three years;
 - vi) A detailed plan for the coming year.

3.2.3. 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, Primary Care Committee, or CCG members and employees;
- c) The production of any cash, stores or other property of the CCG under the control of a member of the Governing Body, Primary Care Committee, or employee's control; and
- d) Explanations concerning any matter under investigation.

3.3. Role of Internal Audit

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

- a) An independent and objective opinion to the Chief Officer, the 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;
- b) An independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

3.3.2. 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.

3.3.3. 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 (ie the organisation's system of internal control). This opinion is used by the Governing Body to inform NHS England as part of its performance management role;
- e) A report supporting Trust assurances on compliance with Care Quality Commission standards, and
- f) Additional reports as requested by the Audit Committee.

3.3.4. 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.

3.3.5. The Head of Internal Audit will normally attend the Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and the Chief Officer.

3.3.6. 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.

3.3.7. In obtaining third party assurance from other auditors, the Head of Internal Audit should seek assurance from the Shared Service provider's Auditors.

3.3.8. The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

3.4. External Audit

3.4.1. The External Auditor is appointed by the Public Sector Audit Appointment. The Audit Committee must ensure a cost-efficient service and will monitor the performance and independence of the external auditors in accordance with the provision of its Terms of Reference. 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 to the Public Sector Audit Appointment if the issue cannot be resolved.

4. FRAUD AND CORRUPTION

POLICY – the CCG requires all staff to always act honestly and with integrity to safeguard the public resources they are responsible for. The CCG will not tolerate any fraud perpetrated against it and will actively chase any loss suffered

The Governing Body's Audit Committee will satisfy itself that the CCG has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work. It shall also approve the counter fraud work programme.

The Governing Body's Audit Committee will ensure that the CCG has arrangements in place to work effectively with NHS Protect.

4.1. Fraud and Corruption

4.1.1. In line with responsibilities, the Chief Officer and Chief Finance Office shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.

4.1.2. The Governing Body, having received advice from the Audit Committee, shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud and Corruption Manual, and guidance.

4.1.3. The Chief Finance Officer shall also prepare protocols and policies that set out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

4.1.4. The LCFS shall report to the Chief Finance Officer and shall work with staff in NHS Protect and the Operational Fraud Team (OFT) in accordance with the NHS Counter Fraud and Corruption Manual.

4.1.5. The LCFS will provide a written report, at least annually, on counter fraud work within Wandsworth CCG to the Audit Committee.

4.2. Security Management

4.2.1. In line with responsibilities, the Chief Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS Security Management.

4.2.2. The Governing Body, having received advice from the Audit Committee, 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.

4.2.3. The Governing Body, having received advice from the Audit Committee, shall nominate an Executive Director to oversee the NHS Security Management service who will report to the Governing Body.

4.2.4. The Governing Body shall prepare a "Security Management Policy" that sets out measures to protect staff, visitors, premises and assets.

4.2.5. The Chief 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 (LSMS).

5. EXPENDITURE CONTROL

5.1. The CCG is required by statutory provisions to ensure that its expenditure does not exceed the aggregate of allotments from the NHS England and any other sums it has received and is legally allowed to spend.

5.2. The Accountable Officer has overall executive responsibility for ensuring that the CCG complies with certain of its statutory obligations, including its financial and accounting obligations, and that it exercises its functions effectively, efficiently and economically and in a way which provides good value for money.

5.3. The Chief Finance Officer will:

- a) provide reports in the form required by the NHS England;
- b) ensure money drawn from the NHS England is required for approved expenditure only is drawn down only at the time of need and follows best practice;
- c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the CCG to fulfil its statutory responsibility not to exceed its expenditure limits, as set by direction of the NHS England.

6. ALLOCATIONS

6.1. The CCG's Chief Finance Officer will:

- a) periodically review the basis and assumptions used by the NHS England for distributing allotments and ensure that these are reasonable and realistic and secure the CCG's entitlement to funds;
- b) prior to the start of each financial year submit to the Governing Body for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- c) regularly update the Governing Body on significant changes to the initial allocation and the uses of such funds.

7. COMMISSIONING STRATEGY, BUDGETS, BUDGETARY CONTROL AND MONITORING

POLICY – the CCG will produce and publish an annual commissioning plan that explains how it proposes to discharge its financial duties. The CCG will support this with comprehensive medium term financial plans and annual budgets.

7.1. Commissioning Strategy and Budgets

7.1.1. The Chief Officer will compile and submit to the Governing Body a commissioning strategy 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.

7.1.2. Prior to the start of the financial year the Chief Finance Officer will, on behalf of the Chief Officer, prepare and submit budgets for approval by the 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.

7.1.3. The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Governing Body. This report should include explanations for variances. These variances must be based on any significant departures from agreed financial plans or budgets.

7.1.4. The Chief Officer is responsible for ensuring that information relating to the CCG's accounts or to its income or expenditure, or its use of resources is provided to the NHS England as requested.

- 7.1.5. The Governing Body will approve consultation arrangements for the CCG's commissioning plan under guidance from the Director of Commissioning.
- 7.1.6. All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.
- 7.1.7. The Chief Finance Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

7.2. Budgetary Delegation

- 7.2.1. The Chief Officer may delegate the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under s75 of the National Health Service Act 2006. 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.
- 7.2.2. The Chief Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the Governing Body.
- 7.2.3. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Officer, subject to any authorised use of virement.
- 7.2.4. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Officer, as advised by the Chief Finance Officer.

7.3. Budgetary Control and Reporting

- 7.3.1. The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
- a) Monthly financial reports to the 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 Chief 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.

7.3.2. Each budget holder is responsible for ensuring that:

- a) Any likely overspending or reduction of income, which cannot be met by virement approved in accordance with the Operational Scheme of Delegation and Reservation, is not incurred without the prior consent of the 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 Chief Officer other than those provided for within the available resources and manpower establishment as approved by the Governing Body.

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

7.4. Capital Expenditure

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

8. ANNUAL ACCOUNTS AND REPORTS

POLICY – the CCG will produce and submit to the NHS England accounts and reports in accordance with all statutory obligations, relevant accounting standards and accounting best practice in the form and content and at the time required by the NHS England.

8.1. The Chief Finance Officer will ensure the CCG:

- a) prepares a timetable for producing the annual report and accounts and agrees it with external auditors and the Audit Committee;

- b) prepares the accounts according to the timetable approved by the Audit Committee;
- c) complies with statutory requirements and relevant directions for the publication of the annual report;
- d) considers the external auditor's management letter and fully address all issues within agreed timescales; and
- e) publishes the external auditor's management letter on the CCG's website at <http://www.wandsworthccg.nhs.uk/aboutus/Governance/Pages/Policies-and-Procedures.aspx>

9. INFORMATION TECHNOLOGY

POLICY – the CCG will ensure the accuracy and security of the CCG's computerised financial data.

- 9.1. The Chief Finance Officer is responsible for the accuracy and security of the CCG's computerised financial data and shall
- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the CCG's data, programs and computer hardware 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 Chief Finance Officer may consider necessary are being carried out.
- 9.2. In addition, 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.
- 9.3. The Chief Officer 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 the CCG that are made publicly available.
- 9.4. 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) User acceptance tests are carried out to confirm that service or applications using interfaces, new versions or any enhancements are fit for purpose;
- c) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- d) Exception security reports are generated on a daily basis and examined to identify invalid sign on attempts both source and user id; password violations, access attempts invalid and valid outside standard business hours; unauthorised transaction attempts; unauthorised data access attempts;
- e) Finance Directorate staff have access to such data;
- f) Such computer audit reviews as are considered necessary are being carried out.

10. ACCOUNTING SYSTEMS

POLICY – the CCG will run an accounting system that creates management and financial accounts.

- 10.1. The Chief Finance Officer will ensure:
 - a) the CCG has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of the NHS England;
 - b) 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.
- 10.2. 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.

11. BANK ACCOUNTS

POLICY – the CCG will keep enough liquidity to meet its current commitments

11.1. General

- 11.1.1. The Chief Finance Officer is responsible for managing banking arrangements and for advising the Finance Resource Committee on the provision of banking services and operation of accounts.
- 11.1.2. The Finance Resource Committee shall approve the banking arrangements.

11.2. Bank and GBS Accounts

11.2.1. The Chief Finance Officer is responsible for:

- a) Bank accounts and GBS (Government Banking Service) accounts;
- b) Establishing separate bank accounts for non-exchequer funds;
- 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 Finance Resource Committee all arrangements made with the CCG's bankers for accounts to be overdrawn;
- e) Monitoring compliance with DH guidance on the level of cleared funds.

11.2.2. Where such processes set out in paragraph 11.2.1 above are undertaken by a Shared Service provider, the Chief Finance Officer shall still retain the ultimate responsibility as set out in paragraph 11.2.1. In particular, the Chief Finance Officer will approve the detailed bank mandate procedures with the Shared Service provider who will ensure an adequate panel of Shared Service officers to approve transactions on behalf of the CCG. These procedures will be approved as above.

11.3. Banking Procedures

11.3.1. 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 each of the CCG's accounts.

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

11.3.3. Where an agreement is entered into with the Shared Service provider for payment to be made on behalf of a CCG from bank accounts maintained in the name of the Shared Service provider, or by Electronic Funds Transfer (BACS), the Chief Finance Officer shall ensure that satisfactory security regulations of the Shared Service provider relating to bank accounts exist and are observed.

11.4. Tendering and Review

11.4.1. The Chief Finance Officer will review the banking arrangements of the CCG at regular intervals to ensure reflect best practice and represent best value for money by periodically seeking competitive tenders for the CCG's banking business.

11.4.2. Competitive tenders should be sought at least every five years. This review is not necessary for GBS accounts. The results of the tendering exercise should be reported to the Finance Resource Committee for approval.

11.4.3. Where banking arrangements are undertaken by Shared Service arrangements, adequate value for money should be demonstrated at periodic intervals to the CCG by the Shared Service provider.

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

POLICY – the CCG will operate a sound system for prompt recording, invoicing and collection of all monies due seek to maximise its potential to raise additional income only to the extent that it does not interfere with the performance of the CCG or its functions ensure its power to make grants and loans is used to discharge its functions effectively

12.1. Income Systems

12.1.1. The Chief Finance Officer is responsible for:

- a) designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due;
- b) the prompt banking of all monies received;
- c) establishing and maintaining systems and procedures for the secure handling of cash and other negotiable instruments;
- d) approving and regularly reviewing the level of all fees and charges other than those determined by the NHS England or by statute. Independent professional advice on matters of valuation shall be taken as necessary;
- e) for developing effective arrangements for making grants or loans.

12.2. Fees and Charges

12.2.1. Each CCG shall follow the Department of Health's advice in the "Costing" manual in setting prices for NHS service agreements.

12.2.2. 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. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of health's "Commercial Sponsorship – Ethical Guidance in the NHS" shall be followed.

12.2.3. 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.

12.3. Debt Recovery

12.3.1. The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts and for ensuring that the Shared Service provider takes all appropriate recovery action.

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

12.4. Security of Cash, Cheques and other Negotiable Instruments

12.4.1. 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 CCG.

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

12.4.3. 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.

12.4.4. 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 CCG from responsibility for any loss.

13. TENDERING AND CONTRACTING

POLICY – the CCG: will ensure proper competition that is legally compliant within all purchasing to ensure we incur only budgeted, approved and necessary spending, will seek value for money for all goods and services, 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 Department of Health); and for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens) for disposals

13.1. **Duty to comply with Standing Orders and Prime Financial Policies**

13.1.1. The procedure for making all contracts by or on behalf of the CCG shall comply with these Standing Orders and Prime Financial Policies (except where Suspension of Standing Orders is applied).

13.2. **EU directives governing Public Procurement**

13.2.1. 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 Prime Financial Policies. For example, for supplies contracts and service contracts (Part A), the threshold applying from 1 January 2014 for the lifetime value is £111,676, including VAT at the prevailing rate.

13.2.2. Support will be sought from the NHS Purchasing and Supply Agency for procurement to ensure compliance when engaging in tendering procedures.

13.3. **Capital Investment Manual and other Department of Health Guidance**

13.3.1. The CCG shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estatecode" in respect of capital investment and estate and property transactions. This should be in accordance with the agreed roles and responsibilities of the CCG and NHS Property Services.

13.4. **Formal Competitive Tendering**

13.4.1. **Non-Clinical Goods and Services**

The CCG shall ensure that it awards contracts for all non-clinical goods and services (known as Part A requirements), in a manner which is compliant with the Public Contracts Regulations 2006, the Public Sector Directive (Directive 2004/18/EC) and general European (EU) Law and its own Prime Financial Policies.

13.4.2. **Part B Services including Healthcare Services**

The CCG shall satisfy its duties under the NHS (Procurement, Patient Choice and Competition) (No.2) Regulations 2013, which were made pursuant to sections 75, 76, 77 and 304(9) and (10) of the Health and Social Care Act 2012.

Where a review of its duties under the above causes the CCG to invite tenders for the supply of healthcare services, Standing Orders, Scheme of Reservation and Delegation and Prime Financial Policies shall apply as far as they are applicable to the tendering procedure.

Where tendering activity is undertaken, the CCG shall also satisfy its duties under the following legislative requirements:

- Commissioners duties under Chapters A1 and A2 of Part 2 of the NHS Act 2006
- The Local Government and Public Involvement in Health Act 2007
- The Equality Act 2010
- The Public Services (Social Value) Act 2012

13.4.3. **Exceptions and instances where formal tendering need not be applied**

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

- a) The estimated aggregated expenditure or income does not, or is not reasonably expected to, exceed £19,999; or
- b) Where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- c) Regarding disposals as set out in section 19.1.

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

- a) where the Chief Officer or Chief Finance Officer decides that formal tendering (under the OJEU threshold and where for Part B a genuine cross border interest is deemed not to exist) and the associated costs would be disproportionate to the benefit of the outcomes of the tendering process, both in terms of the interests of patients and tax payers, and these circumstances are detailed in an appropriate CCG record;
- b) where the requirement is covered by an existing contract or compliant contract variation;
- c) where there is a compliant framework agreement available under which a call off contract can be awarded without the need for further competition. Framework agreements are available from Crown Commercial Solutions, NHS Shared Business Services and other procurement organisations;
- d) where the timescale genuinely precludes competitive tendering and a solution is required to meet the CCG's obligations to provide healthcare services. Failure to plan the work properly would not be regarded as a justification for a single tender;
- e) award of a contract to one provider to protect exclusive rights (eg intellectual property) that the provider holds, but only if another provider could not offer an equivalent service or way of providing the service, which would achieve the same outcome or aim;
- f) where it can be demonstrated that specialist expertise is required and is available from only one source;
- g) 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. This should only be a short-term approach as spend should not be unnecessarily disaggregated under EU procurement rule;
- h) where allowed and provided for in the Capital Investment Manual. The waiving of competitive tendering procedures should not be used to avoid competition.

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.

An approved waiver does not entirely mitigate the risk of legal challenge or Monitor investigation, if any such challenges are raised. Any waivers therefore need to have a clear case in line with the above and be reviewed and approved with caution.

13.4.4. Fair and Adequate Competition

The CCG shall ensure that the firms / individuals invited to tender (and where appropriate, quote) are among those on approved lists or where necessary a framework agreement. Where in the opinion of the Chief Finance Officer it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Accountable Officer or the CCG's Audit Committee.

13.4.5. 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 Department of Health approval.

13.4.6. Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set for which formal tendering procedures are not used, which subsequently prove to have a value above such limits, shall be reported to the Chief Officer, and be recorded in an appropriate CCG record.

13.4.7. Contracting/Tendering Procedure

Wandsworth CCG via its procurement partners, will use appropriate e-tendering systems to manage all tenders electronically and provide a transparent audit trail of all tendering activity.

13.4.8. Invitation to Tender

All tendering requirements that are agreed in conjunction with this policy will be advertised via the e-tendering system that enables procurement professionals and suppliers to conduct the procurement process electronically, efficiently whilst also capturing the audit trail.

- a) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- b) All invitations to tender shall state that no tender will be accepted unless:
 - i) It is submitted electronically using the stated e-tendering system;
 - ii) Complies with all of the requirements set out in the individual tender (as these may vary on a case by case basis);
 - iii) All bidders must comply with the mandatory terms and conditions as stated in each invitation to tender;
 - iv) Every tender must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.

13.4.9. Receipt and safe custody of tenders

All tenders will be formally accepted and receipted on the electronic tendering portal by the CCG's procurement advisor. The electronic tendering portal will date and time stamp all receipts for transparency and audit purposes.

- a) The electronic tendering portal will record the date and time of submission of the tenders for audit purposes.
- b) Received tenders will only be distributed to the project team once they have completed and signed a conflict of interest declaration form specifically for the subject matter.
- c) The project team must confirm receipt of the received tenders.
- d) Tender responses must be kept confidential at all times.

13.4.10. **Opening tenders, pre-qualification questions (PQQs) and Register of tenders**

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 the procurement advisor and checked for compliance with tender instructions.

The electronic tendering portal will date and time stamp all receipts for transparency and audit purposes.

- a) **Electronic Systems** – The Chief Officer will designate and agree a list of officers who will be able to access the electronic tenders and release them once the sealed date and time has passed, ie the individual evaluation panel members. This will be agreed as part of each procurement project board when the evaluation panel members are selected.
- b) PQQs, as part of the tender process, will be treated in the same way as tenders in terms of confidentiality and requirements for submission and opening.
- c) Incomplete tenders, ie those from which information necessary for the adjudication of the tender is missing, will be reviewed by the procurement lead and dealt with in accordance with the roles set out in the individual invitation to tender. The principle of maximising but not distorting competition will be followed along with the principles of fairness and transparency.

13.4.11. **Admissibility**

- a) If for any reason the designated officers are of the opinion that the tenders received are not viable in any way (for example, because their pricing or resource models are insufficient or incomplete or unduly-qualified) no contract shall be awarded without the approval of the Chief Officer. All tenders will be designed to mitigate the above and ensure that sufficient information is available to test the viability and value for money of each bid.
- b) Where only one tender is sought and/or received, the Chief Officer and Chief Finance Officer shall, as far as practicable, satisfy themselves that the price bid is fair and reasonable and will ensure value for money for the CCG.

13.4.12. **Late Tenders**

- a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the rules set out in the invitation to tender will allow a fair process to continue.

- b) Accepted late tenders will be reported to the Audit Committee. If they are included in the Minutes of the Audit Committee they are automatically reported to the Governing Body.

13.4.13. **Acceptance of formal tenders**

- a) 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 as long as such discussions are directed via the e-tendering portal for audit purposes and the generic information is provided to all other potential bidders.
- b) Either the lowest value tender or the Most Economically Advantageous Tender (MEAT) shall be accepted. These criteria must be published transparently as part of the invitation to tender.
- c) It is accepted that for many services, including healthcare services and professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
 - i) Experience and qualifications of team members;
 - ii) Understanding of client's needs;
 - iii) Feasibility and credibility of proposed approach;
 - iv) Ability to complete the project on time.
- d) Where other factors are taken into account in selecting a tendered, these must be clearly communicated to bidders and reflected in the award criteria and the evaluation methodology.
- e) 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 Governing Body.
- f) The use of these procedures must demonstrate that the award of the contract was:
 - i) To the best placed provider, assessed in accordance with the award criteria;
 - ii) The best value for money option solution, aligned with the point above.
- g) All tenders should be treated as confidential and should be retained for inspection.

13.4.14. **Tender notification reports to the Governing Body**

All tender notification reports should go to the Governing Body for approval prior to any award of contract.

13.4.15. **Private Finance for capital procurement**

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

- a) The Chief Officer shall demonstrate that the use of private finance represents value for money and genuinely transfer risk to the private sector.
- b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health for approval or treated as per current guidelines.
- c) The proposal must be specifically agreed by the Board of the CCG.
- d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

13.4.16. Compliance requirements for all contracts

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

- a) The CCG's Standing Orders and Prime Financial Policies
- b) EU Directives and other statutory provisions
- c) The NHS Standard Contract Conditions
- d) 'Essential Standards for Quality and Safety'
- e) Care Quality Commission Registration Requirements
- f) Contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance
- g) 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
- h) In all contracts made by the CCG, the Governing Body must be able to demonstrate it has obtained best value for money. The Chief Officer shall nominate an officer who shall oversee and manage each contract on behalf of the CCG.

13.4.17. Personnel and Agency or Temporary Staff Contracts

The Chief Officer shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

13.4.18. In-house Services

The Chief 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.

In all cases where the Governing Body or Management Team determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- a) Specification group, comprising the Chief Officer or nominated offer/s and specialist.
- b) In-house tender group, comprising a nominee of the Chief 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 £1m, a non-officer member should be a member of the evaluation team.

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.

The evaluation team shall make recommendations to the Board.

The Chief Officer shall nominate an officer to oversee and manage the contract on behalf of the CCG.

Applicability of PFPs on Tendering and Contracting to funds held in trust: 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.

13.4.19. **Cancellation of Contracts**

Except where specific provision is made in standard NHS contracts or standard schedules of conditions approved for use within the NHS and in accordance with these procedures, there shall be inserted in every written contract a clause empowering the CCG to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the CCG, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the CCG, or if the like acts shall have been done by any person employed by him/her or acting on his/her behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the CCG the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts 1889 and 1916 and other appropriate legislation.

13.4.20. **Determination of Contracts for Failure to Deliver Goods or Materials**

There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the CCG may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

14. COMMISSIONING

POLICY – working in partnership with relevant national and local stakeholders, the CCG will commission certain health services to meet the reasonable requirements of the persons for whom it has responsibility

14.1. Role of the CCG in Commissioning Services

14.1.1. The CCG has responsibilities for commissioning services on behalf of the resident population. The CCG will coordinate its work with the NHS England, other clinical commissioning CCGs, local providers of services, Local Authority(ies), including through Health and Wellbeing Boards, patients and their carers, the voluntary sector, and others as appropriate to develop a robust Commissioning Strategy Plan (CSP).

14.2. Role of the Chief Officer

14.2.1. The Chief Officer has responsibility for ensuring services are commissioned in accordance with the priorities agreed in the CSP. This will involve ensuring contracts and SLAs are put in place with the relevant providers, based upon integrated care pathways.

14.2.2. Contracts and SLAs will be the key means of delivering the objectives of the CSP and therefore they need to have a wide scope. The Chief Officer will need to ensure that all SLAs;

- a) Meet the standards of service quality expected;
- b) Fit the requirement of "Healthwatch" (or any successor body);
- c) Fit the relevant national service framework (if any);
- d) Enable the provision of reliable information on cost and volume of services;
- e) Fit the NHS national performance Assessment Framework;
- f) Build, where appropriate, on existing Joint Investment Plans;
- g) Are based upon cost-effective services; and
- h) Are based on integrated care pathways.

14.2.3. The Chief Officer will establish arrangements to ensure that regular reports are provided to the Finance Resource Committee detailing actual and forecast expenditure and activity for each contract or SLA.

14.2.4. Where the CCG makes arrangements for the provision of services by non-NHS providers, it is the Chief 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.

14.3. Role of the Chief Finance Officer

14.4. The Chief Finance Officer will maintain a system of financial monitoring to ensure the effective accounting of expenditure under contracts. This should provide a suitable audit trail for all payments made under the contracts whilst maintaining patient confidentiality.

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

15. RISK MANAGEMENT AND INSURANCE

POLICY – the CCG will put arrangements in place for evaluation and management of its risks

15.1. Risk Management

- 15.1.1. The Chief Officer shall ensure that the CCG has a risk management strategy and assurance framework, in accordance with current Department of Health requirements, which must be approved and monitored by the Governing Body.
- 15.1.2. The Audit Committee will oversee the management of the assurance framework ensuring that it meets the needs of the CCG in being able to identify and reduce risk.
- 15.1.3. The Integrated Governance Committee, a formal committee of the Governing Body, gives assurance to the Governing Body that robust governance arrangements are in place to manage risk. It ensures that risks are identified and managed across the CCG and commissioned services, so that emerging issues, tensions and trade-offs are identified and managed effectively. This includes regularly reviewing all risks rated 12 and above. The Integrated Governance Committee is responsible for ratifying the risk management related policies.
- 15.1.4. 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.
- 15.1.5. The CCG's risk register will be reviewed and updated regularly at the Integrated Governance Committee, and then reported to the Governing Body on a quarterly basis.
- 15.1.6. 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 Department of Health guidance.

15.2. Insurance: Risk Pooling Schemes administered by NHSLA

15.2.1. The 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 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.

15.3. Insurance arrangements with commercial insurers

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

- a) For insuring motor vehicles owned by the CCG including insuring third party liability arising from their use;
- b) Where the CCG is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into;
- c) Where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the CCG for a 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.

15.4. Arrangements to be followed by the Governing Body in agreeing insurance cover

15.4.1. Where the Governing Body decided 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.

15.4.2. Where the 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 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.

15.4.3. 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.

16. PAYROLL

POLICY – the CCG will put arrangements in place for an effective payroll service

- 16.1. The Chief Finance Officer will ensure that the payroll service selected:
- a) is supported by appropriate (i.e. contracted) terms and conditions;
 - b) has adequate internal controls and audit review processes;
 - c) has suitable arrangements for the collection of payroll deductions and payment of these to appropriate bodies.
- 16.2. In addition the Chief Finance Officer shall set out comprehensive procedures for the effective processing of payroll.
- 16.3. Appropriately nominated line managers have delegated responsibility for:
- a) Submitting payroll notifications in accordance with agreed timetables;
 - b) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement.
- 16.4. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the payroll provider must be informed immediately.
- 16.5. 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.
- 16.6. 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.

17. NON-PAY EXPENDITURE

POLICY – the CCG will seek to obtain the best value for money goods and services received

17.1. Finance Resource Committee

The Finance Resource Committee will approve the level of non-pay expenditure on an annual basis and the Chief Officer will determine the level of delegation to budget managers.

17.2. Chief Officer

17.2.1. The Chief 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.

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

17.3. Chief Finance Officer

17.3.1. The Chief Finance Officer will:

- a) advise the Audit Committee on 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 the Scheme of Reservation and Delegation;
- b) be responsible for the prompt payment of all properly authorised accounts and claims;
- c) 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 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.
- d) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received.

17.4. Duties of Managers and Officers

17.4.1. 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 and Reservation), 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;
 - iii) 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 Officer;
 - iv) 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;

- v) Verbal orders must only be issued very exceptionally – by an employee designated by the Chief Officer and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked “Confirmation Order”;
- vi) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- vii) Goods are not taken on trial or loan in circumstances that could commit the CCG to a future uncompetitive purchase;
- viii) Changes to the list of members/employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- ix) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
- x) The Chief 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.

17.5. Joint Finance Arrangements with Local Authorities and Voluntary Bodies

- 17.5.1. Payments to Local Authorities and voluntary organisations made under the powers of Section 256 of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with that Act.
- 17.5.2. The Board may confirm contracts to purchase from a voluntary organisation or a Local Authority using its powers under Section 256 of the NHS Act 2006.
- 17.5.3. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health related functions of Local Authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 256 of the NHS Act 2006, as amended by section 29 of the Health Act 1999.

18. CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

POLICY – the CCG will put arrangements in place to manage capital investment, maintain an asset register recording fixed assets and put in place policies to secure the safe storage of the CCG’s fixed assets

18.1. Capital Investment

- 18.1.1. The Chief Officer will

- a) 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) be 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;

18.1.2. For every capital expenditure proposal the Chief 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.

18.1.3. For capital schemes where the contracts stipulate stage payments, the Chief 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.

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

18.1.5. The Chief Officer shall issue to the manager responsible for any scheme:

- a) Specific authority to commit expenditure;
- b) Authority to proceed to tender;
- c) Approval to accept a successful tender.

18.1.6. The Chief Officer will issue a Scheme of Reservation and Delegation for capital investment management in accordance with Estatecode guidance.

18.1.7. The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in Annex C of HSC (1999) 246.

18.2. Private Finance

18.2.1. The CCG should normally test for Private Finance Initiative (PFI) when considering capital procurement. When the 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 present a detailed business case demonstrating that the use of private finance represents value for money as against an internally funded alternative and genuinely transfers significant risk to the private sector with no reasonable prospect of recourse to the CCG.
- b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
- c) The proposal must be specifically agreed by the Governing Body.

18.3. Asset Registers

- 18.3.1. The Chief 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.
- 18.3.2. The CCG shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health.
- 18.3.3. 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.
- 18.3.4. 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).
- 18.3.5. The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 18.3.6. The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual issued by the Department of Health.
- 18.3.7. The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the Department of Health.

18.3.8. The Chief Finance Officer shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department of Health.

18.3.9. The Shared Service provider shall maintain an asset register where applicable.

18.4. Security of Assets

18.4.1. The overall control of fixed assets is the responsibility of the Chief Officer.

18.4.2. 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 or, 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.

18.4.3. All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.

18.4.4. Whilst each employee and officer has a responsibility for the security of property of the CCG, it is responsibility of Governing Body and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Governing Body. Any breach of agreed security practices must be reported in accordance with agreed procedures.

18.4.5. Any damage to 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.

18.4.6. Where practical, assets should be marked as the CCG's property.

18.5. NHS Local Investment Finance Trusts (LIFT)

18.5.1. When planning involvement with LIFT projects, the CCG should access guidance from the joint DH and Partnerships UK website at www.partnershipsforhealth.co.uk. The provisions of 18.2.1 should apply to any proposed involvement.

19. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

19.1. Disposals and Condemnations

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

- a) 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. The disposal of any asset with a book value or estimated market value greater than £50,000 shall require prior approval of the CCG Governing Body.

19.1.2. 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.

19.1.3. 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.

19.2. Losses and Special Payments

19.2.1. The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for losses and special payments by way of a "Losses and Special Payments Policy".

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

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

19.2.4. 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 Governing Body,

- b) The External Auditor, and
 - c) The Local Security Management Specialist.
- 19.2.5. Within limits delegated to it by the Department of Health, the Governing Body shall approve the writing-off of losses.
- 19.2.6. The Chief Finance Officer shall specify to the Shared Service provider to take any necessary steps to safeguard the CCG's interests in bankruptcies and company liquidations.
- 19.2.7. For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 19.2.8. The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded, where applicable the register shall be maintained by the Shared Service provider.
- 19.2.9. No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 19.2.10. All losses and special payments must be reported to the Audit Committee at every meeting.
- 19.3. No payment(s) exceeding delegated limits determined by the Governing Body shall be made without the prior approval of the Chief Finance Officer. This requirement will also be specified to the Shared Service provider in the Service Level Agreement.

20. RETENTION OF RECORDS

POLICY – the CCG will put arrangements in place to retain all records in accordance with NHS Code of Practice Records Management 2006 and other relevant notified guidance

- 20.1. The Chief Officer shall:
- a) be responsible for maintaining all records required to be retained in accordance with NHS Code of Practice Records Management 2006 and other relevant notified guidance;
 - b) ensure that arrangements are in place for effective responses to Freedom of Information requests;
 - c) publish and maintain a Freedom of Information Publication Scheme.
- 20.2. The records held in archives shall be capable of retrieval by authorised persons.
- 20.3. Record held in accordance with NHS Code of Practice – Records Management 2006, shall only be destroyed at the express instigation of the Chief Officer. Details shall be maintained of records so destroyed.

21. TRUST FUNDS AND TRUSTEES

POLICY – the CCG will put arrangements in place to provide for the appointment of trustees if the CCG holds property on trust

- 21.1. The discharge of the CCG's corporate trustee responsibilities is 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.
- 21.2. 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.
- 21.3. The trustee responsibilities must be discharged separately and full recognition given to the CCG's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 21.4. In so far as it is possible to do so, most of the sections of these detailed financial policies will apply to the management of funds held on trust.
- 21.5. The overriding 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.