

## DETAILED FINANCIAL POLICIES

### 1. INTRODUCTION

#### 1.1 General

- 1.1.1 These Detailed Financial Policies (DFPs) are issued in accordance Clinical Commissioning Group Constitution which require that each Clinical Commissioning Group (CCG) shall agree Prime Financial Policies (PFPs) for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Prime Financial Policies.
- 1.1.2 These DFPs 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 Schedule of Matters Reserved to the Clinical Commissioning Group and Scheme of Delegation adopted by the CCG.
- 1.1.3 These DFPs identify the financial responsibilities which apply to everyone working for the CCG and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Financial Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the DFPs then the advice of the Chief Financial Officer must be sought before acting. The user of these DFPs should also be familiar with and comply with the provisions of the CCG's PFPs.
- 1.1.5 **The failure to comply with PFPs and DFPs can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 **Overriding DFPs** – If for any reason these DFPs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Governing Body and staff have a duty to disclose any non-compliance with these DFPs to the Chief Financial Officer as soon as possible.

## **1.2 Responsibilities and delegation**

### **1.2.1 The Governing Body**

Governing Body exercises financial supervision and control by:

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

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

1.2.3 Governing Body will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the CCG.

### **1.2.4 The Accountable Officer and Chief Financial Officer**

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

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

1.2.5 It is a duty of the Accountable Officer to ensure that Members of Governing Body, employees and all new appointees are notified of, and

put in a position to understand their responsibilities within these Instructions.

#### **1.2.6 The Chief Financial Officer**

The Chief Financial Officer is responsible for:

- (a) implementing the CCG's financial policies and for co-coordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that sufficient records are maintained to show and explain the CCG's transactions, in order to disclose, with reasonable accuracy, the financial position of the CCG at any time;

and, without prejudice to any other functions of the CCG, and employees of the CCG, the duties of the Chief Financial Officer include:

- (d) provision of financial advice to other members of the Governing Body and employees;
- (e) design, implementation and supervision of systems of internal financial control; and
- (f) 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.

#### **1.2.7 Governing Body Members and Employees**

All members of the Governing Body 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 with the requirements of PFPs, DFPs, Financial Procedures and the Scheme of Delegation.

### 1.2.8 **Contractors and their employees**

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

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

## 2. **AUDIT - (Section 3 PFP)**

### 2.1 **Audit Committee**

- 2.1.1 An independent Audit Committee is a central means by which a Governing Body ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Governing Body. In accordance with PFPs the Governing Body shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2014) to perform the following tasks:

- (a) Ensuring there is an effective internal audit function established by management, that meets mandatory Public Sector Internal Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Governing Body;
- (b) Reviewing the work and findings of the external auditor appointed by the Audit Commission and considering the implications of and management's responses to their work;
- (c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;
- (d) ensuring that the systems for financial reporting to the Governing Body, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Governing Body;

- (e) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (f) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (g) Monitoring compliance with PFPs and DFPs;
- (h) Reviewing schedules of losses and compensations and making recommendations to the Governing Body;
- (i) Reviewing schedules of debtors/creditors balances. Debtors balances over 1 month old and £5,000 and explanations/action plans. Creditors as part of the Better Payment Practice Code achievement, and then on exception basis.
- (j) Review the annual report and financial statements prior to submission to the Governing Body focusing particularly on;
  - (i) the wording in the Statement of Internal control and other disclosures relevant to the Terms of Reference of the Committee;
  - (ii) changes in, and compliance with, accounting policies and practices;
  - (iii) unadjusted mis-statements in the financial statements;
  - (iv) major judgmental areas;
  - (v) significant adjustments resulting from audit.
- (k) Reviewing the annual financial statements and recommend their approval to the Governing Body;
- (l) Reviewing the external auditors report on the financial statements and the annual management letter;
- (m) Conducting a review of the CCGs major accounting policies;
- (n) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the CCGs published financial accounts or reputation;

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

2.1.2 The minutes of the Audit Committee meetings will be formally recorded and submitted to the Governing Body. The Chair of the committee will draw attention to the Governing Body any issues that require disclosure or require executive action. The committee will report to the Governing Body annually on its work in support of the Statement on Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation and the integration of governance arrangements.

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

## **2.2 Chief Financial Officer**

2.2.1 The Chief Financial Officer is responsible for:

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

2.2.2 The Chief Financial Officer or designated internal or external auditor is entitled without necessarily giving prior notice to require and receive:

- (a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (b) access at all reasonable times to any land, premises or members of the Governing Body or employee of the CCG;

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

## **2.3 Role of Internal Audit**

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

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

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

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

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

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

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

(b) Regular updates on the progress against plan;

(c) Reports of management's progress on the implementation of action agreed as a result of internal audit findings;

(d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the Governing Body to inform the SIC and by the National Commissioning Board as part of its performance management role;

(e) Additional reports as requested by the Audit Committee.

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

2.3.5 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Accountable Officer of the CCG.

2.3.6 The Head of Internal Audit reports to the Audit Committee and is managed by the Chief Financial Officer. The reporting system for Internal Audit shall be agreed between the Chief Financial 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 Public Sector Internal Standards. The reporting system shall be reviewed at least every three years.

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

## **2.4 External Audit**

2.4.1 The appointment of External Auditor is arranged by the National Audit Office on behalf of NHS England and NHS Improvement and paid for by the CCG.

The CCG must comply with the Local Audit and Accountability Act 2014. The main requirements of the legislation are:

- an auditor panel must be appointed to advise on the appointments (Part 3 section 8 and 9 of the Act)
- a local (external<sup>2</sup>) auditor must be appointed to audit the annual accounts by 31 December of the preceding year (Part 3, section 7(1) of the Act)
- an external auditor must be eligible for appointment in line with the Financial Reporting Council's (FRC) requirements (Part 4 and Schedule 5 of the Act)
- the appointment can be for longer than a year but there must be a new appointment at least once every 5 years (Part 3, section 7(2) of the Act) – see also paragraph 3.5 below
- an auditor can be re-appointed for further terms (Part 3, section 7(3) of the Act).

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

### **3. Fraud Corruption and Security management – (Section 4 PFP)**

#### **3.1 Fraud and Corruption**

- 3.1.1 In line with their responsibilities, the CCG Accountable Officer and Chief Financial Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 3.1.2 The CCG 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.
- 3.1.3 The LCFS shall report to the CCG Chief Financial Officer and shall work with staff in the NHS Counter Fraud Authority (NHS CFA) and the Operational Fraud Team (OFT) in accordance with the NHS Counter Fraud and Corruption Manual.
- 3.1.4 The LCFS will provide a written report, at least annually, on counter fraud work within the CCG.

#### **3.2 Security Management**

- 3.2.1 In line with their responsibilities, the CCG Accountable Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

- 3.2.2 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.
- 3.2.3 The CCG shall nominate a Non-Executive Director to oversee the NHS Security Management service who will report to the Governing Body.
- 3.2.4 The Accountable Officer has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

#### **4. EXPENDITURE LIMIT CONTROL - (Section 5 PFP)**

- 4.1. The group is required by statutory provisions to ensure that its expenditure does not exceed the aggregate of allotments from NHS England and NHS Improvement and any other sums it has received and is legally allowed to spend.
- 4.2. The accountable officer has overall executive responsibility for ensuring that the group 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.
- 4.3. The Chief Finance Officer will:
  - (a) provide reports in the form required by NHS England:
  - (b) ensure money drawn from NHS England and NHS Improvement 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 group to fulfil its statutory responsibility not to exceed its expenditure limits, as set by direction of NHS England.

#### **5. ALLOTMENTS, STRATEGIC PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING**

##### **5.1 Allotments - (SECTION 6 PFP)**

- 5.1.1 The Chief Financial Officer of the CCG will:

- (a) periodically review the basis and assumptions used by NHS England and NHS Improvement for distributing allocations and ensure that these are reasonable and realistic and secure the CCG's entitlement to funds;
- (b) prior to the start of each financial year submit to 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 Governing Body on significant changes to the initial allocation and the uses of such funds.

## **5.2 Preparation and Approval of Strategic Plans and Budgets – (SECTION 7 PFP)**

- 5.2.1 The Accountable Officer will compile and submit to Governing Body a strategic plan 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.
- 5.2.2 Prior to the start of the financial year the Chief Financial Officer will, on behalf of the Accountable Officer, prepare and submit budgets for approval by 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.
- 5.2.3 The Chief Financial Officer shall monitor financial performance against budget and plan, periodically review them, and report to Governing Body.
- 5.2.4 All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled.

5.2.5 The Chief Financial Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

### **5.3 Budgetary Delegation**

5.3.1 The Accountable Officer may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;
- (e) achievement of planned levels of service;
- (f) the provision of regular reports.

5.3.2 The Accountable Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the Governing Body.

5.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Accountable Officer, subject to any authorised use of virement.

5.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Accountable Officer, as advised by the Chief Financial Officer.

### **5.4 Budgetary Control and Reporting**

5.4.1 The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:

- (a) monthly / bi monthly financial reports to Governing Body in a form approved by Governing Body containing:
  - (i) income and expenditure to date showing trends and forecast year-end position;
  - (ii) movements in working capital;

- (iii) movements in cash and capital;
  - (iv) capital project spend and projected outturn against plan;
  - (v) explanations of any material variances from plan;
  - (vi) details of any corrective action where necessary and the Accountable Officer's and/or Chief Financial 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.

5.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of 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 authorized, subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Accountable Officer and Chief Finance Officer other than those provided for within the available resources and manpower establishment as approved by Governing Body.

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

## **5.5 Capital Expenditure**

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

## **5.6 Monitoring Returns**

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

## **6. ANNUAL ACCOUNTS AND REPORTS - (SECTION 8 PFP)**

6.1 The Chief Financial Officer will ensure the group:

- (a) prepares a timetable for producing the annual report and accounts and agrees it with external auditors and the governing body;
- (b) prepares the accounts according to the timetable approved by the Governing Body;
- (c) complies with statutory requirements and relevant directions for the publication of 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 group's website at <http://www.northumberlandccg.nhs.uk>.
- (f) prepare financial returns in accordance with the accounting policies and guidance given by NHS England and NHS Improvement and the Treasury, the CCG's accounting policies, and generally accepted accounting practice;
- (g) prepare and submit annual financial reports to NHS England certified in accordance with current guidelines;
- (h) submit financial returns to NHS England for each financial year in accordance with the timetable prescribed by NHS England.

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

6.3 The CCG will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health and Social Care (DHSC) group accounting manual (GAM).

## **7. INFORMATION TECHNOLOGY - (Section 9 PFP)**

### **7.1 Responsibilities and duties of the Chief Financial Officer**

7.1.1 The Chief Financial Officer, who is responsible for the accuracy and security of the computerised financial data of the CCG, shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the CCG's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

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

### **7.2.1 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

7.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of CCGs in the Region wish to sponsor jointly) all responsible directors and employees will send to the Chief Financial Officer:

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

### **7.3 Contracts for computer services with other health bodies or outside agencies**

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

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

### **7.4 Requirements for computer systems which have an impact on corporate financial systems**

Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (c) Chief Financial Officer staff have access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

## **8. BANK AND OPG ACCOUNTS - (Section 11 PFP)**

### **8.1 General**

- 8.1.1 The Chief Financial Officer is responsible for managing the CCG's banking arrangements and for advising Governing Body on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by NHS England. In line with 'Cash Management in the NHS' CCGs should minimize the use of commercial bank accounts and consider using Government Banking accounts for all banking services.

8.1.2 Governing Body shall approve the banking arrangements.

## **8.2 Bank and OPG Accounts**

8.2.1 The Chief Financial Officer is responsible for:

- (a) bank accounts and Government Banking accounts;
- (b) establishing separate bank accounts for the CCG's non-exchequer funds;
- (c) ensuring payments made from bank or Government Banking accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Governing Body all arrangements made with the CCG's bankers for accounts to be overdrawn;
- (e) monitoring compliance with Treasury guidance on the level of cleared funds.

## **8.3 Banking Procedures**

8.3.1 The Chief Financial Officer will prepare detailed instructions on the operation of bank accounts which must include:

- (a) the conditions under which each bank account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the CCG's accounts.

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

## **8.4 Tendering and Review**

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

8.4.2 Competitive tenders should be sought at least every 5 years. This review is not necessary for Government Banking arrangements. The results of the tendering exercise should be reported to the Governing Body.

**9. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS – (Section 12 PFP)**

**9.1 Income Systems**

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

9.1.2 The Chief Financial Officer is also responsible for the prompt banking of all monies received.

**9.2 Fees and Charges**

9.2.1 The CCG shall follow NHS England and NHS Improvement's advice in the "Costing" Manual in setting prices for NHS service agreements.

9.2.2 The Chief Financial 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.

9.2.3 All employees must inform the Chief Financial 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.

**9.3 Debt Recovery**

9.3.1 The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.

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

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

**9.4 Security of Cash, Cheques and other Negotiable Instruments**

9.4.1 The Chief Financial 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.

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

9.4.3 All cheques, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.

9.4.4 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.

## **10. TENDERING AND CONTRACTING PROCEDURE – (SECTION 13 PFP)**

### **10.1 Duty to comply with PFPs and DFPs**

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

### **10.2 EU Directives Governing Public Procurement**

- (a) Directives by the Council of the European Union promulgated by NHS England prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these PFPs and DFPs.
- (b) CCG's should consider obtaining support from the specialist advice for procurement to ensure compliance when engaging in tendering procedures.

### **10.3 Capital Investment Manual and other NHS England and NHS Improvement Guidance**

The CCG shall comply as far as is practicable with the requirements of NHS England and NHS Improvement s "Capital Investment, Property, Equipment and Digital Technology" approach and "Estate code" in respect of capital investment and estate and property transactions.

### **10.4 Formal Competitive Tendering**

#### **10.4.1 General Applicability**

The CCG shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by NHS England and NHS Improvement );
- for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

#### **10.4.2 Health Care Services**

Where the CCG elects to invite tenders for the supply of healthcare services these PFPs and DFPs shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with DFP 11 and 12.

#### **10.4.3 Exceptions and instances where formal tendering need not be applied**

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000**; or
- (b) where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with;
- (c) regarding disposals as DFP 15.6.

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

- (d) in very exceptional circumstances where the Accountable Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate CCG record;
- (e) where the requirement is covered by an existing contract;
- (f) where PASA agreements are in place and have been approved by the Governing Body;
- (g) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the 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.

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

- (m) where allowed and provided for by the "Capital Investment, Property, Equipment and Digital Technology" approach.  
The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate CCG record and reported to the Audit Committee at each meeting.

#### **10.4.4. Fair and Adequate Competition**

Where the exceptions set out in DFP No.10.4.3 apply, the CCG shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **10.4.5 List of Approved Firms**

The CCG and the Governing Body shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Chief Financial 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 Governing Body.

#### **10.4.6 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 NHS England and NHS improvement approval.

#### **10.4.7 Items which subsequently breach thresholds after original approval**

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

## 10.5 Contracting/Tendering Procedure

### 10.5.1 Invitation to tender

This section of the policy lays down high level procedures to be followed for paper based Tendering: In using any E-tendering system as an alternative to the paper based approach the Chief Financial Officer of the CCG must be satisfied that at least equivalent controls are in place to ensure a fair competitive process.

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

#### **10.5.2 Receipt and safe custody of tenders**

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

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

#### **10.5.3 Opening tenders and Register of tenders**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Accountable Officer and not from the originating department.
- (ii) A member of Governing Body will be required to be one of the two approved persons present for the opening of tenders estimated above £1,000,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the CCG's Scheme of Delegation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Financial Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The CCG's Company Secretary will count as a Director for the purposes of opening tenders.

- (vi) Every tender received shall be marked with the date of opening and initialed by those present at the opening.

(vii) A register shall be maintained by the Accountable Officer, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- the name of all firms individuals invited;
- the names of firms individuals from which tenders have been received;
- the date the tenders were received and opened;
- the persons present at the opening;
- the price shown on each tender;
- a note where price alterations have been made on the tender and suitably initialed.

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

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

(viii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his/her own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (DFP No. 17.6.5 below).

#### 10.5.4 **Admissibility**

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

### 10.5.5 Late tenders

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Accountable Officer or his/her nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Accountable Officer or his/her nominated officer or if the process of evaluation and adjudication has not started.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Accountable Officer or his/her nominated officer.
- (iv) Accepted late tenders will be reported to the Governing Body.

### 10.5.6 Acceptance of formal tenders )

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the CCG, or the highest, if payment is to be received by the CCG, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

It is accepted that for 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:

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

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

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

#### **10.5.7 Tender reports to the CCG Governing Body**

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

#### **10.5.8 List of approved firms**

##### **(a) Responsibility for maintaining list**

A manager nominated by the Accountable Officer shall on behalf of the CCG maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the CCG is satisfied. All suppliers must be made aware of the CCG's terms and conditions of contract.

##### **(b) Building and Engineering Construction Works**

Building and Engineering construction work are not activities that the CCG is currently authorised to engage in, however this section is included for completeness;

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

(c) **Financial Standing and Technical Competence of Contractors**

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

**10.5.9 Exceptions to using approved contractors**

If in the opinion of the Accountable Officer and the Chief Financial Officer or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Accountable Officer should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

## **10.6 Quotations: Competitive and non-competitive**

### **10.6.1 General Position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £15,000, but not exceed £49,999.

### **10.6.2 Competitive Quotations**

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

### **10.6.3 Non-Competitive Quotations**

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

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the Responsible Officer, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) miscellaneous services, supplies and disposals;

- (iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this DFP) apply.

#### **10.6.4 Quotations to be within Financial Limits**

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

### **10.7 In-house Services**

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

10.7.2 In all cases where the Governing Body or Clinical Management Board (CMB) determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Accountable Officer or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Accountable Officer and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Financial Officer representative. For services having a likely annual expenditure exceeding £100,000], a non-officer member should be a member of the evaluation team.

10.7.3 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.

10.7.4 The evaluation team shall make recommendations to the Governing Body or Clinical Management Board (CMB) .

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

## **10.8 Applicability of DFPs 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.

## **11. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES – (Section 14 PFP)**

### **11.1 Service Level Agreements (SLAs)**

11.1.1 The Accountable Officer, as the Accountable Officer, is responsible for ensuring the CCG enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services.

All SLAs should aim to implement the agreed priorities contained within the Strategic Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Accountable Officer should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHS National Performance Assessment Framework;
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

### **11.2 Involving Partners and jointly managing risk**

A good SLA will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Accountable Officer to ensure that the CCG works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA 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. Due consideration in all

provider/purchaser arrangements must be observed as the NHS moves toward a 'Patient-led NHS'.

## 11.2 What services will look like

In order to be patient-led, the NHS will develop new service models which build on current experience and innovation to:

- give patients more choice and control wherever possible;
- offer integrated networks for emergency, urgent and specialist care to ensure that everyone throughout the country has access to safe, high quality care;
- make sure that all services and all parts of the NHS contribute to health promotion, protection and improvement.

### Securing services

The NHS will develop the way it secures services for its patients. It will:

- promote more choice in acute care by offering choice to the patient both in number and type of provider;
- encourage development of new community and primary services alongside new practices;
- strengthen existing networks for emergency, urgent and specialist services;
- build on current practices in shared commissioning to create a far simpler contract management and administration system that can be professionally managed.

### Changing the way the NHS works

The NHS needs a change of culture as well as of systems to become truly patient-led, where:

- everything is measured by its impact on patients and type of provider
- the NHS is as concerned with health promotion and prevention as with sickness and injury;

- frontline staff have more authority and autonomy to better support the patient;
- barriers which create rigidity and inflexibility are tackled and codes of conduct and shared values are instilled into the culture.

### **Making the changes**

A Patient-led NHS needs effective organisations and incentives, with:

- a new development programme to help NHS Trusts become NHS Foundation Trusts;
- a similar structured programme to support CCGs in their development
- further development of Payment by Results to provide appropriate financial incentives for all services;
- greater integration of all the financial and quality incentives along with full utilisation of new human resources and IT programmes.

### **11.4 Reports to Governing Body on SLAs**

The Accountable Officer will need to ensure that regular reports are provided to Governing Body detailing actual and forecast expenditure against the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for across the range of SLAs.

## **12. COMMISSIONING – (Section 14 PFP)**

### **12.1 Role of the CCG in Commissioning Secondary Services**

12.1.1 The CCG has responsibilities for commissioning secondary services on behalf of the resident population. This will require the CCG to work in partnership with the National Commissioning Governing Body, local NHS Trusts, CCGs, and FTs, local authority, users, carers and the voluntary sector to develop a Strategic Plan.

### **12.2 Role of the Accountable Officer**

12.2.1 The Accountable Officer has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed in

the LDP. This will involve ensuring SLAs are put in place with the relevant providers, based upon integrated care pathways.

12.2.2 Contacts / SLAs will be the key means of delivering the objectives of the LDP and therefore they need to have a wider scope. The CCG Accountable Officer will need to ensure that all contracts / SLAs;

- Meet the standards of service quality expected;
- Fit the requirement of 'Standards for Better Health';
- Fit the relevant national service framework (if any);
- Enable the provision of reliable information on cost and volume of services;
- Fit the NHS National Performance Assessment Framework;
- build where appropriate on existing Joint Investment Plans;
- are based upon cost-effective services;
- are based on integrated care pathways.

12.2.3 The Accountable Officer will need to ensure that regular reports are provided to Governing Body detailing actual and forecast expenditure and activity for each contract / SLA for healthcare services.

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

### **12.3 Role of Chief Financial Officer**

12.3.1 A system of financial monitoring must be maintained by the Chief Financial Officer to ensure the effective accounting of expenditure under the SLA. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

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

## **13. RISK MANAGEMENT AND INSURANCE – (Section 15 PFP)**

### **13.1 Programme of Risk Management**

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

The programme of risk management shall include:

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

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

### **13.2 Insurance: Risk Pooling Schemes administered by NHSLA**

Governing Body shall decide if the CCG will insure through the risk pooling schemes administered by NHS Resolution 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.

### 13.3 Insurance arrangements with commercial insurers

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

(1) for **insuring motor vehicles** owned by the CCG including insuring third party liability arising from their use;

(2) where the CCG is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into;

(3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by 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 NHS Resolution. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

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

(1) Where the CCG decides to use the risk pooling schemes administered by NHS Resolution the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

(2) Where the CCG decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Chief Financial 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 Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

(3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Financial Officer should ensure documented procedures also cover

the management of claims and payments below the deductible in each case.

## **14. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE CCG GOVERNING BODY AND EMPLOYEES – (Section 16 PFP)**

### **14.1 Remuneration and Terms of Service**

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

14.1.2 The Committee will:

- (a) advise the Governing Body about appropriate remuneration and terms of service for the Accountable Officer, other officer members employed by the CCG and other senior employees including:
  - (i) all aspects of salary (including any performance-related elements/bonuses);
  - (ii) provisions for other benefits, including pensions and cars;
  - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the 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) monitor and evaluate the performance of individual officer members of Governing Body and other senior employees;
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

14.1.3 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 decisions, but remain accountable for taking decisions on the remuneration and terms of service of Governing Body members. Minutes of the Governing Body's meetings should record such decisions.

14.1.4 The Governing Body will consider and need to approve proposals presented by the Accountable Officer for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

14.1.5 The CCG will pay allowances to the Chair and non-officer members of the Governing Body in accordance with instructions issued by the Secretary of State for Health.

#### **14.2 Funded Establishment**

14.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.

14.2.2 The funded establishment of any department may not be varied without the approval of the Accountable Officer.

#### **14.3 Staff Appointments**

14.3.1 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 nature, or hire agency staff, or agree to changes in any aspect of remuneration:

(a) unless authorised to do so by the Accountable Officer and countersigned by the Chief Finance Officer; and

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

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

#### **14.4 Processing Payroll**

14.4.1 The Chief Financial 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.

14.4.2 The Chief Financial Officer will issue instructions regarding:

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

14.4.3 Appropriately nominated managers and Governing Body members have delegated responsibility for:

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

14.4.4 Regardless of the arrangements for providing the payroll service, the Chief Financial 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.

## **14.5 Contracts of Employment**

14.5.1 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.

## **15. NON-PAY EXPENDITURE – (Section 17 PFP)**

### **15.1 Delegation of Authority**

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

15.1.2 The Accountable Officer will set out:

- (a) the list of managers who are authorised to place requisitions for the supply of goods and services;

- (b) the maximum level of each requisition and the system for authorisation above that level.

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

## **15.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services**

### **15.2.1 Requisitioning**

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 (NHS Shared Business Services Commercial Procurement Service) shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Financial Officer (and/or the Accountable Officer) shall be consulted.

### **15.2.2 System of Payment and Payment Verification**

The Chief Financial 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.

### **15.2.3 The Chief Financial 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 PFPs and DFPs and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Gverning Body members / employees (including specimens of their signatures) 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 Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

(iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in DFP No. 15.2.4 below.

#### 15.2.4 **Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer member of Governing Body must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the CCG if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Chief Financial Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Accountable Officer if problems are encountered.

#### 15.2.5 **Official orders**

Official Orders must:

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

#### 15.2.6 **Duties of Managers and Officers**

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

15.2.7 The Accountable Officer and Chief Financial 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.

### **15.3 Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

15.3.1 Payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act **shall** comply with procedures laid down by the Chief Financial Officer which shall be in accordance with that Acts.

### **15.4 STORES AND RECEIPT OF GOODS - Section17 PFP**

#### **15.4.1 General position**

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

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

#### **15.4.2 Control of Stores, Stocktaking, condemnations and disposal**

15.4.2.1 Subject to the responsibility of the Chief Financial Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Accountable Officer. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Financial Officer. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

15.4.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.

15.4.2.3 The Chief Financial Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses.

- 15.4.2.4 Stocktaking arrangements shall be agreed with the Chief Financial Officer and there shall be a physical check covering all items in store at least once a year.
- 15.4.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.
- 15.4.2.6 The designated Manager shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with DFP No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **15.5 Goods supplied by NHS Logistics**

- 15.5.1 For goods supplied via the NHS Logistics central warehouses, the Accountable Officer shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Financial Officer who shall satisfy himself that the goods have been received before accepting the recharge.

## **15.6 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **15.6.1 Disposals and Condemnations**

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

- 15.6.2 When it is decided to dispose of a CCG asset, the Head of Department or authorised deputy will determine and advise the Chief Financial Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 15.6.3 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Financial Officer;

- (b) recorded by the Condemning Officer in a form approved by the Chief Financial 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 Financial Officer.

15.6.4 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 Financial Officer who will take the appropriate action.

## **15.7 Losses and Special Payments**

### **15.7.1 Procedures**

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

15.7.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Accountable Officer and the Chief Financial Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Financial Officer and/or Accountable Officer. Where a criminal offence is suspected, the Chief Financial 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 Financial Officer must inform the relevant LCFS and Operational Fraud Team (OFT) in accordance with Secretary of State for Health's Directions.

### **15.7.3 Suspected fraud**

The Chief Financial Officer must notify the NHS CFA and the External Auditor of all frauds. The CCG Governing Body will act in accordance with published Standards of Fraud for Commissioners, in order to raise awareness of Counter Fraud, Bribery and Corruption among staff and ensure that staff are equipped and alert to identify and report suspected fraud

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

- (a) the Governing Body, and

(b) the External Auditor.

- 15.7.5 Within limits delegated to it by NHS England, the Governing Body shall approve the writing-off of losses. (unless delegated by Governing Body as shown in the Delegated Financial Limits).
- 15.7.6 The Chief Financial Officer shall be authorised to take any necessary steps to safeguard the CCG's interests in bankruptcies and company liquidations.
- 15.7.7 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made.
- 15.7.8 The Chief Financial Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 15.7.9 No special payments exceeding delegated limits shall be made without the prior approval of the NHS England.
- 15.7.10 All losses and special payments must be scrutinised by Audit Committee prior to authorisation.

## **15.8. PAYMENTS TO INDEPENDENT CONTRACTORS**

### **15.8.1 Role of the CCG**

The CCG will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractors NHS terms and conditions of service.

### **15.8.2 Duties of the Accountable Officer**

The Accountable Officer shall:

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

### 15.8.3 Duties of the Chief Financial Officer

The Chief Financial Officer shall:

- (a) ensure that contractors who are included on a CCG's approved lists receives payments;
- (b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures;
- (c) ensure that regular independent verification of claims is undertaken, to confirm that:
  - (i) rules have been correctly and consistently applied;
  - (ii) overpayments are detected (or preferably prevented) and recovery initiated;
  - (iii) suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health's Directions on the management of fraud and corruption.
- (d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- (e) ensure that a prompt response is made to any query raised by either the Prescription Pricing Division or the Dental Practice Division of the NHS Business Services Authority, regarding claims from contractors submitted directly to them.

## 16. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS – (Section 18 PFP)

### 16.1 Capital Investment

16.1.1 The Accountable Officer:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;

- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

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

- (a) that a business case (in line with the guidance contained within the "Capital Investment, Property, Equipment and Digital Technology" approach) 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 Financial 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.

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

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

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

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender ( see overlap with DFP No. 10.5);
- (c) approval to accept a successful tender (see overlap with DFP No. 10.5).

The Accountable Officer will issue a scheme of delegation for capital investment management in accordance with Estate code guidance and the CCG's PFPs.

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

## **16.2 Private Finance**

- 16.2.1 The CCG should normally test for 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 Financial 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 or in line with any current guidelines.
- (c) The proposal must be specifically agreed by Governing Body.

## **16.3 Asset Registers**

- 16.3.1 The Accountable Officer is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Financial 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.

- 16.3.2 Each 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 Investment, Property, Equipment and Digital Technology" approach *Manual* as issued by NHS England

- 16.3.3 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.

16.3.4 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).

16.3.5 The Chief Financial Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

16.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the "Capital Investment, Property, Equipment and Digital Technology" approach issued by NHS England and NHS Improvement .

16.3.7 The value of each asset shall be depreciated using methods and rates as specified in the "Capital Investment, Property, Equipment and Digital Technology" approach issued by NHS England and NHS Improvement .

16.3.8 The Chief Financial Officer of the CCG shall calculate and pay capital charges as specified in the "Capital Investment, Property, Equipment and Digital Technology" approach *Manual* issued by NHS England and NHS Improvement .

#### **16.4 Security of Assets**

16.4.1 The overall control of fixed assets is the responsibility of the Accountable Officer.

16.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Financial Officer. This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;

- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset;
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

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

16.4.5 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.

16.4.6 Where practical, assets should be marked as CCG property.

## **16.5 NHS LIFT**

A CCG planning involvement with LIFT projects should access guidance from NHS Property Services Ltd

## **17. RETENTION OF RECORDS – (Section 19 PFP)**

17.1 The Accountable Officer shall be responsible for maintaining archives for all records required to be retained in accordance with NHS Code of Practice - Records Management 2006.

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

17.1.2 Records held in accordance with NHS Code of Practice - Records Management 2006, shall only be destroyed at the express instigation of the Accountable Officer. Detail shall be maintained of records so destroyed.

17.2 **ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT**

The Chief Financial Officer shall ensure that all staff are made aware of the CCG policy on acceptance of gifts and other benefits in kind by staff. This policy is deemed to be an integral part of the PFPs and DFPs