

# **NORTH DURHAM CLINICAL COMMISSIONING GROUP**

## **STANDING FINANCIAL INSTRUCTIONS**

**MAY 2017**

|                     |              |
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| <b>Approved by:</b> |              |
| Governing Body      | 24 May 2017  |
| Council of Members  | 27 June 2017 |

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# STANDING FINANCIAL INSTRUCTIONS

## 1. Introduction

### 1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Directions issued by the Secretary of State for Health under the provisions of the NHS Act 2006 as amended by the Health and Social Care Act 2012. They shall have effect as if incorporated into the Standing Orders (SOs)
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by NHS North Durham Clinical Commissioning Group (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 CCG Constitution which incorporates the Prime Financial Policies and the Scheme of Reservation and Delegation.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the CCG and its constituent organisations including any other organisation or third party authorised under a service level agreement to undertake financial responsibilities on behalf of the CCG. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Chief Finance Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Chief Finance Officer must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the CCG's SOs and Prime Financial Policies which can be found within the CCG's Constitution.
- 1.1.5 The failure to comply with SFIs and SOs can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 Overriding SFIs – If for any reason these SFIs 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 Risk and Audit Committee for referring action or ratification. All members of the Governing Body and CCG staff have a duty to disclose any non-compliance with these SFIs to the Chief Finance Officer as soon as possible.
- 1.1.7 In addition to the Interpretation and Definitions in the Constitution and SOs, these definition will apply to the SFIs:

- (a) wherever the title Accountable Officer, Chief Finance Officer, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees as have been duly authorised to represent them;
- (b) wherever the term “employees” is used and where the context permits, it shall be deemed to include employees of third parties contracted to the CCG when acting on behalf of the CCG.

## **1.2 Responsibilities and delegation**

### **1.2.1 The Governing Body**

1.2.1.1 The Governing Body exercises financial supervision and control by:

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

1.2.1.2 The CCG has resolved that certain powers and decisions may only be exercised by the Governing Body in formal session. These are set out in the Scheme of Reservation and Delegation within the CCG’s Constitution.

1.2.1.3 The Governing Body will delegate responsibility for the performance of its functions in accordance with the SOs and Scheme of Reservation and Delegation adopted by the CCG.

### **1.2.2 The Accountable Officer and Chief Finance Officer**

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

1.2.2.2 Within the SFIs, it is acknowledged that the Accountable Officer will have ultimate responsibility for ensuring that the CCG meets its obligation to perform its functions within the financial resources available to it. 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.

1.2.2.3 It is a duty of the Accountable Officer to ensure that members of the Governing Body, employees and all new appointees are notified of, and put in a position to understand their responsibilities within the SO's and SFI's.

### **1.2.3 The Chief Finance Officer**

1.2.3.1 The Chief Finance Officer is responsible for:

- (a) implementing the CCG's financial policies and for co-ordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions; and
- (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.

1.2.3.2 Without prejudice to any other functions of the CCG, and employees of the CCG, the duties of the Chief Finance Officer include:

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

### **1.2.4 Governing Body Members and Employees**

1.2.4.1 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 SOs, SFIs, financial procedures and the Scheme of Reservation and Delegation.

## **1.2.5 Contractors and their employees**

- 1.2.5.1 Any contractor or employee of a contractor who is empowered by the CCG to commit the CCG to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Accountable Officer to ensure that such persons are made aware of this.
- 10.2.9 For all members of the Governing Body and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Governing Body and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

## **2. Audit**

### **2.1 Risk and Audit Committee**

- 2.1.1 An independent Risk and Audit Committee is a central means by which the CCG ensures effective internal control arrangements are in place. In addition, the Risk and Audit Committee provides a form of independent check upon the executive arm of the CCG in the exercise of its functions through the Governing Body. In accordance with the SO's, the CCG shall formally establish a Risk and Audit Committee, with clearly defined terms of reference. The Risk and Audit Committee will provide an independent and objective view of internal control by:
- (a) overseeing internal and external audit services;
  - (b) reviewing financial and information systems, monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
  - (c) reviewing the establishment and maintenance of an effective system of risk management and internal control, across the whole of the organisation's activities, that supports achievement of the organisation's objectives;
  - (d) monitoring compliance with SOs and SFIs;
  - (e) ensuring that the organisation has adequate arrangements in place for countering fraud and reviewing the outcomes of counter fraud work;
  - (f) reviewing schedules of losses and compensations and making recommendations to the Governing Body;
  - (g) reviewing the work of other committees, and other significant assurance providers or functions, which can provide relevant assurances; and

(h) requesting and reviewing reports and positive assurances from directors and managers on overall arrangements for governance, risk management and internal control.

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

2.1.3 Where the Risk and 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 Risk and Audit Committee should raise the matter in the first instance with the Chief Finance Officer and the Accountable Officer. If the matter has still not been resolved to the Risk and Audit Committee's satisfaction, then the matter should be raised at a full meeting of the Governing Body.

## **2.2 Chief Finance Officer**

2.2.1 The Chief Finance Officer is responsible for:

(a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective internal audit function;

(b) ensuring that the internal audit function is adequate, meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the risk and audit sub-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 Risk and Audit Committee. The report must cover:

(i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;

(ii) major internal financial control weaknesses discovered;

(iii) progress on the implementation of internal audit recommendations;

(iv) progress against plan over the previous year;

(v) strategic audit plan covering the coming three years;

(vi) a detailed plan for the coming year

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

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

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

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 Risk and Audit Committee;
- (a) a risk-based plan of internal audit work, agreed with management and approved by the Risk and Audit Committee, based upon 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);
  - (e) Additional reports as requested by the Risk and Audit Committee.
- 2.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Finance Officer must be notified immediately.
- 2.3.5 The Head of Internal Audit, or nominated deputy, will normally attend Risk and Audit Committee meetings and has a right of access to all Risk and Audit Committee members, the Chair and Accountable Officer.
- 2.3.6 The Head of Internal Audit reports to the Risk and Audit Committee. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Risk and Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the *NHS Internal Audit Standards*. The reporting system shall be reviewed at least every three years.
- 2.3.7 The appointment and termination of the Head of Internal Audit and/or the internal audit service must be approved by the Risk and Audit Committee.

## **2.4 External Audit**

- 2.4.1 With effect from 1 April 2017, the external auditor is appointed by the CCG in accordance with the Local Audit and Accountability Act 2014. The Risk and Audit Committee has been appointed by the Governing Body to act as the CCGs Auditor Panel to advise on the appointment of the external auditor. The Risk and 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 relevant contract management procedures followed.

## **2.5 Fraud and Corruption**

- 2.5.1 In line with their responsibilities, the Accountable Officer and Chief Finance Officer shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.
- 2.5.2 The CCG shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified in the Anti-fraud, Bribery and Corruption policy and relevant guidance.
- 2.5.3 The LCFS shall report to the Chief Finance Officer and shall work with staff in NHS Protect in accordance with the Anti-fraud, Bribery and Corruption policy and relevant guidance.
- 2.5.4 The LCFS will provide a written report, at least annually, on counter fraud work within the CCG.

## **2.6 Security Management**

- 2.6.1 In line with their responsibilities, the Accountable Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 2.6.2 The CCG shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS Security Management.
- 2.6.3 The Accountable Officer has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the relevant officer and the appointed LSMS.

## **3. Resource Limit Control**

- 3.1.1 The CCG is required by statutory provisions not to exceed its resource Limit. The Accountable Officer has overall executive responsibility for the CCG's activities and is responsible to the CCG for ensuring that it stays within its resource Limit.
- 3.1.2 The Chief Finance Officer will:
  - (a) provide monthly reports in the form required by the Secretary of State;
  - (b) ensure money drawn from the Department of Health against the financing requirement arising from the resource limit is required for approved expenditure only, and is drawn down only at the time of need, follows best practice as set out in '*Managing Public Money*'; and

- (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the CCG to fulfill its statutory responsibility not to exceed its annual revenue and capital resource limits and cash limit.

## **4. Allocations, Budgets, Budgetary Control and Monitoring**

### **4.1 Allocations**

4.1.1 The Chief Finance Officer will:

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

### **4.2 Preparation and Approval of Budgets**

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

- (a) be in accordance with the strategic aims and objectives of the CCG;
- (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; and
- (e) identify potential risks.

4.2.2 The Chief Finance Officer shall monitor financial performance against budget and plan, periodically review them, and report to the Governing Body.

4.2.3 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled.

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

### **4.3 Budgetary Delegation**

- 4.3.1 The Accountable Officer may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports.
- 4.3.2 The Accountable Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the Governing Body.
- 4.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Accountable Officer, subject to any authorised use of virement.
- 4.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Accountable Officer, as advised by the Chief Finance Officer.

#### **4.4 Budgetary Control and Reporting**

- 4.4.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the Governing Body in a form approved by the Governing Body containing relevant information, including income and expenditure to date and forecast year-end position, explanations for any material variances from plan and details of any corrective action where necessary;
  - (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
  - (c) investigation and reporting of variances from financial, workload and manpower budgets;
  - (d) monitoring of management action to correct variances;
  - (e) arrangements for the authorisation of budget transfers.

4.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Governing Body;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Accountable Officer other than those provided for within the available resources and manpower establishment as approved by the Governing Body.

4.4.3 The Accountable Officer is responsible for identifying and implementing Quality, Innovation, Productivity and Prevention (QIPP) schemes in accordance with the requirements of the annual operational plan, the strategic plan and a balanced budget.

#### **4.5 Capital Expenditure**

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

#### **4.6 Monitoring Returns**

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

### **5. Annual Accounts and Reports**

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

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health, NHS England and the Treasury, the CCG's accounting policies, and generally accepted accounting practice;
- (b) prepare and submit annual financial reports to the relevant organisation certified in accordance with relevant guidelines and timescales;
- (c) submit financial returns to the relevant organisation for each financial year in accordance with the timetable prescribed by NHS England.

5.2 The CCG's annual accounts must be audited by the CCGs external auditor. The CCG's audited annual accounts must be presented to a public meeting and made available to the public.

- 5.3 The CCG will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the NHS Finance Manual.

## **6. Banking Arrangements**

### **6.1 General**

- 6.1.1 The Chief Finance Officer is responsible for managing the CCG's banking arrangements and for advising the CCG on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued from time to time by the Department of Health or NHS England. In line with '*Managing Public Money*' the CCG should minimise the use of commercial bank accounts and use Government Banking Service (GBS) accounts for all banking services.
- 6.1.2 The Governing Body shall approve the banking arrangements.

### **6.2 Bank and GBS Accounts**

- 6.2.1 The Chief Finance Officer is responsible for:
- (a) bank accounts and GBS accounts;
  - (b) establishing separate bank accounts for the CCG's non-exchequer funds;
  - (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made; and
  - (d) reporting to the Governing Body all arrangements made with the CCG's bankers for accounts to be overdrawn.
- 6.2.2 All accounts should be held in the name of the CCG. No officer other than the Chief Finance Officer shall open any account in the name of the CCG or for the purpose of furthering CCG activities.

### **6.3 Banking Procedures**

- 6.3.1 The Chief Finance Officer will prepare detailed instructions on the operation of bank and GBS accounts which must include:
- (a) the conditions under which each bank and GBS account is to be operated;
  - (b) those authorised to sign cheques or other orders drawn on the CCG's accounts; and
  - (c) the limit to be applied to any overdraft.

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

## **6.4 Tendering and Review**

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

6.4.2 Competitive tenders should be sought at least every five years. This review is not necessary for GBS accounts. The results of the tendering exercise should be reported to the Governing Body.

## **7. Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments**

### **7.1 Income Systems**

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

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

### **7.2 Fees and Charges**

7.2.1 The CCG shall follow relevant guidance issued by the Department of Health and NHS England in setting prices for NHS service agreements.

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

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

### **7.3 Debt Recovery**

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

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

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

## **7.4 Security of Cash, Cheques and other Negotiable Instruments**

7.4.1 The Chief Finance Officer is responsible for:

(a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;

(b) ordering and securely controlling any such stationery;

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

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

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

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

7.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the CCG is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the CCG from responsibility for any loss.

## **8. Tendering and Contracting Procedure**

### **8.1 Duty to comply with Standing Orders and Standing Financial Instructions**

8.1.1 The procedure for awarding all contracts by or on behalf of the CCG shall comply with the SOs and SFIs. The purpose of these SFIs is to set out clear rules and procedures for the procurement of goods, leases, services and works for the CCG.

8.1.2 This section of the SFIs is structured in the following sections:

- This section: *Legislation and Policy Framework*, referring to the main requirements of law and policy. This section is not definitive

and other guidance may also be applicable to any decision or procurement (SFIs 8.1 to 8.3 inclusive);

- The decision to tender and exceptions to the requirements to tender (SFI 8.4 to 8.5);
- Tendering Procedure, where a decision is made to tender pursuant to SFI 8.4 and SFI 8.5 (SFI 8.6);
- Quotations where no tender process (SFI 8.7);
- Evaluation of tenders and quotations (SFI 8.8);
- Award of contracts (SFI 8.9);
- Form of contract (SFI 8.10) and compliance requirements (SFI 8.11); and
- Specific requirements in respect of disposals and funds held in trust (SFI 8.12 to 8.12 inclusive).

## **8.2 Legislation Governing Public Procurement**

8.2.1 The CCG shall comply with the Public Contracts Regulations 2015 (the “Regulations”) and any EU Directives relating to EU procurement law having direct effect in England (the “Directives”) and any other duties derived from the EU Treaty (“Treaty Obligations”) and any duties derived from the UK common law (“Common Law Duties”) (the Regulations, Directives, Treaty Obligations and Common Law Duties together are referred to elsewhere in these Standing Financial Instructions as “Procurement Legislation”). The Procurement Legislation as from time to time amended shall have effect as if incorporated in the SOs and SFIs. The CCG should also demonstrate compliance with the NHS (Procurement, Patient Choice & Competition) Regulations (2) 2012 (‘the PCC Regulations’) for the procurement of healthcare services.

8.2.2 The CCG should consider obtaining support from the NHS Supply Chain and/or the Government Procurement Service where relevant and/or any suitably qualified professional advisor (including, where appropriate, legal advisors) to ensure compliance with Procurement Legislation when engaging in tendering procedures.

8.2.3 The CCG shall consider the application of any applicable duty to consult or engage the public or any relevant overview and scrutiny committee of a local authority prior to commencing any procurement process for a contract opportunity.

## **8.3 Guidance on Procurement and Commissioning**

8.3.1 The CCG should have regard to all relevant guidance issued by the Department of Health or NHS England in relation to the conduct of procurement practice and the commissioning of health care services. The CCG should also demonstrate compliance with the 'Light Touch Regime' (LTR) of 'the Regulations' for contracts above the threshold. (Currently £589,148) and comply with the PPCC Regulations for all healthcare services contracts.

## **8.4 Decisions to Tender and Exceptions to Requirement to Tender**

### **8.4.1 *Presumption to Tender***

8.4.1.1 Where:

a contract opportunity that is required to be tendered under the Regulations (i.e. the contract opportunity is governed by the Regulations and the value of the contract opportunity as calculated pursuant to the regulations exceeds the relevant financial threshold for the requirement to run a formal tender process); or

8.4.1.2 the contract would pass the Cross Border Test. The Cross Border Test is passed (subject to any subsequent judicial precedent in the UK Courts or the European Court of Justice) if the contract opportunity under consideration would be (whatever the value of the contract and whether or not the contract opportunity subject to the LTR under the Regulations, or falls outside the requirement to tender under the Regulations) of certain interest to anybody located in a member state of the European Union other than the United Kingdom;

8.4.1.3 then subject to SFI 8.4.4 the CCG shall ensure that contract opportunities with the CCG are advertised in accordance with SFI 8.6.2 and where more than one response is received that competitive tenders are invited in accordance with SFI 8.6.4 for:

(a) the supply of goods, materials and manufactured articles;

(b) the rendering of services including all forms of management consultancy services; and

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

### **8.4.2 *Commissioning Health Care Services: Decision to Tender***

8.4.2.1 Health care services are subject to the LTR of the Regulations.

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

8.4.3.1 Where a contract opportunity is required to be tendered under SFI 8.4.1, such contract opportunities need not be advertised and tendered and formal tendering procedures **need not be applied** where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed the EU limit (currently £164,176 (non-healthcare) for services and supplies);
- (b) any disposals falling within SFI 8.12 and/or within SFI 14;
- (c) the requirement can be met under an existing contract without infringing procurement legislation;
- (d) the CCG is entitled to call off from a framework agreement and the requirements of SFI 8.5 (Use of Framework Agreements) have been followed; or
- (e) a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the CCG.

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

- (a) in very exceptional circumstances where the Accountable Officer or Chief Finance 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;
- (b) where the timescale genuinely precludes competitive tendering for reasons of extreme urgency brought about by events unforeseeable by the CCG and not attributable to the CCG. Failure to plan the work properly is not a justification for waiving the requirement;
- (c) where the works, services or supply required are available from only one source for technical or artistic reasons or for reasons connected with the protection of exclusive rights;
- (d) when the goods required by the CCG are a partial replacement for, or in addition to, existing goods and to obtain the goods from a supplier other than the supplier who supplied the existing goods would oblige the CCG to acquire goods with different technical characteristics and this would result in:
  - (i) incompatibility with the existing goods; or
  - (ii) disproportionate technical difficulty in the operation and maintenance of the existing goods;

but no such contract may be entered in for a duration of more than three years.

- (e) when works or services required by the CCG are additional to works or services already contracted for but for unforeseen circumstances such additional works or services have become necessary and that such additional works or services:
  - (i) cannot for technical or economic reasons be carried out separately from the works or services under the original contract without major inconvenience to the CCG; or
  - (ii) can be carried out or provided separately from the works or services under the original contract but are strictly necessary to the latest stages of performance of the original contract;

provided that the value of such additional works or services does not exceed 50% of the value of the original contract;

- (f) for the provision of legal advice and/of services provided that any provider of legal advice and/or services commissioned by the CCG is regulated by the Solicitors Regulation Authority for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

#### **8.4.5 *Monitoring and Audit of Decision to Tender***

- 8.4.5.1 The waiving of competitive tendering procedures should not be used with the object of avoiding competition or solely for administrative convenience or, subject to SFIs 8.4.4 (d) to (e), to award further work to a provider originally appointed through a competitive procedure.
- 8.4.5.2 Where it is decided that competitive tendering need not be applied or 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 Risk and Audit Committee.
- 8.4.5.3 Where the CCG proposes not to conduct a tender process in relation to a contract opportunity for a new health care service or a significantly changed health care service then the CCG shall consider such proposal at a meeting of the Governing Body, ensuring the decision is compliant with the LTR of the Regulations and PPCC Regulations.

#### **8.4.6 *Contracts which subsequently breach thresholds after original approval not to tender***

- 8.4.6.1 Contract opportunities estimated to be below the financial limits set out in SFI 8 or below the threshold for the application of the requirement to tender under the Regulations, for which formal tendering procedures are not used

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

## **8.5 Use of Framework Agreements**

8.5.1 The CCG may utilise any available framework agreement to satisfy its requirements for works, services or goods but only if it complies with the requirements of Procurement Legislation in doing so, which include (but are not limited to) ensuring that:

- (a) the framework agreement was procured on its behalf. The CCG should satisfy itself that the original procurement process included the CCG within its scope;
- (b) the framework agreement includes the CCG's requirement within its scope. The CCG should satisfy itself that this is the case;
- (c) where the framework agreement is a multi-operator framework agreement, the process for the selection of providers to be awarded call-off contracts under the framework agreement is followed; and
- (d) the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

## **8.6 Tendering Procedure**

### **8.6.1 *Equality of treatment***

8.6.1.1 The CCG shall ensure that no sector of any market (public, private, third sector/social enterprise) is given an unfair advantage in the design or conduct of any tender process.

8.6.1.2 The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The CCG should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers or their suppliers.

8.6.1.3 All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

### **8.6.2 *Advertisement of contract opportunities***

8.6.2.1 Where advertisement of a contract opportunity is required then:

- (a) where a contract opportunity falls within the regulations and a process compliant with the regulations is required, an Official Journal of the European Community (OJEU) notice should be utilised; or

- (b) where a contract opportunity does not fall within the regulations the CCG shall utilise a form of advertising for such contract opportunity that is sufficient to enable potential providers (including providers in member states of the European Union (EU) other than the UK) to access appropriate information about the contract opportunity so as to be in a position to express an interest; and
- (c) in relation to any contract opportunity for health care services the CCG shall as a minimum advertise on Contracts Finder at [www.contractsfinder.service.gov.uk](http://www.contractsfinder.service.gov.uk).

### **8.6.3 Choice of Procedure**

- 8.6.3.1 Where a contract opportunity falls within the regulations and a process compliant with the regulations is required then the CCG shall utilise an available tender procedure under the regulations.
- 8.6.3.2 In all other cases the CCG shall utilise a tender procedure proportionate to the value, complexity and risk of the contract opportunity and shall ensure that invitations to tender are sent to a sufficient number of providers to provide fair and adequate competition (in any event no less than three where the CCG is able to identify three providers within the relevant market).
- 8.6.3.3 To the extent that such a process complies with the requirements set out in these SFI's, the CCG may use an e-tendering process (including the use of reverse e-auctions) for the tendering of contract opportunities. Consultation with the Chief Finance Officer or their nominated representative is required before using e-auctions.

### **8.6.4 Invitation to tender**

- 8.6.4.1 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- 8.6.4.2 All invitations to tender shall state that no tender will be accepted unless:
- all tender documents are submitted via the eTendering portal in accordance with the tender instructions by the specified date and time.

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

- 8.6.5.1 The Accountable Officer or his/her nominated representative (who may not be from the department that sponsored or commissioned the relevant invitation to tender, referred to as the "originating department") will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.
- 8.6.5.2 The date and time of receipt of each tender shall be endorsed on the tender envelope/package. Where an electronic tendering package is used the tender documents will be stored in the electronic mailbox until the closing

date and time. An audit log within the e-tendering system will record the date and time the offer documents are received.

### **8.6.6 Opening tenders and Register of tenders**

8.6.6.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior managers designated by the Accountable Officer (who may not be from the Originating Department). Where an electronic tendering package is used the tender documents will be opened electronically by two officers independent from the originating department.

8.6.6.2 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.

8.6.6.3 The involvement of finance staff in the originating department's preparation of an invitation to tender will not preclude the Chief Finance Officer or any approved finance senior manager from serving as one of the two senior managers to open tenders.

8.6.6.4 All executive directors / lay 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.

8.6.6.5

When using an electronic tendering package the details of the persons opening the documents will be recorded in the audit trail together with the date and time of the document opening.

8.6.6.6 A register shall be maintained by the Accountable Officer, or a person authorised by him/her, to show for each competitive invitation to tender despatched:

(a) the names of all organisations/individuals invited;

(b) the names of all organisations/individuals from which tenders have been received;

(c) the date the tenders were received and opened;

(d) the persons present at the opening;

(e) the price shown on each tender; and

(f) a note where price alterations have been made on the tender and suitably initialled.

8.6.6.7 Each entry to this register shall be signed by those present at the opening of the relevant tenders.

8.6.6.8 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.

### **8.6.7 *Admissibility of Tenders***

8.6.7.1 If for any reason the designated officers are of the opinion that the tenders received are not sufficient to demonstrate competition (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.

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

### **8.6.8 *Late tenders***

8.6.8.1 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. despatched in good time but delayed through no fault of the tenderer.

8.6.8.2 Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Accountable Officer or his/her nominated officer or if the process of evaluation and adjudication has not started.

8.6.8.3 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Accountable Officer or his/her nominated officer.

8.6.8.4 Accepted late tenders will be reported to the Risk and Audit Committee.

8.6.9 The CCG shall have policies and procedures in place for the control of all tendering activity carried out through dynamic purchasing systems and electronic auctions if such mechanisms are to be utilised by the CCG for tendering any contract opportunity.

## **8.7 *Quotations: competitive and non-competitive***

### **8.7.1 *General position on quotations***

8.7.1.1 Subject to SFI 8.7.1.2 and SFI 8.7.1.3 below, competitive quotations are required for all contract opportunities where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is

reasonably expected to exceed £25,000 but not exceed the EU limit (currently £164,176).

8.7.1.2 Competitive quotations are not required where a contract opportunity need not be advertised and tendered under SFI 8.4.3.

8.7.1.3 Competitive quotations are not required where the requirement to advertise and tender a contract opportunity has been waived under SFI 8.4.4.

### **8.7.2 *Competitive quotations***

8.7.2.1 Where competitive quotations are required:

(a) quotations should be obtained from at least three organisations / individuals based on specifications or terms of reference prepared by, or on behalf of, the CCG;

(b) quotations should be obtained in writing unless the Accountable Officer or his/her nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations in writing should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in an appropriate CCG record.

(c) all quotations should, subject to compliance with the provisions of the Freedom of Information Act 2000, be kept confidential and should be retained for six months from the date of receipt for inspection.

(d) the Accountable Officer or his/her nominated officer (who shall not be from the originating department) should evaluate each quotation received applying evaluation criteria in accordance with SFI 8.8 and select the quote which gives the best value for money.

### **8.7.3 *Non-competitive quotations***

8.7.3.1 Non-competitive quotations in writing must be obtained for any contract opportunity where formal tendering procedures are not adopted and where competitive quotations are not required.

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

8.7.4.1 No quotation shall be accepted by the CCG which will commit expenditure in excess of that which has been allocated by the CCG except with the authorisation of either the Accountable Officer or Chief Finance Officer.

#### **8.8 Evaluation of Tenders and Quotations**

8.8.1 The CCG shall ensure that it seeks to obtain best value for each contract opportunity.

8.8.2 The CCG must for each contract opportunity which is subject to a tender or a competitive quotation choose to adopt

(a) the most economically advantageous tender, based on criteria linked to the subject matter of the contract opportunity including but not limited to some or all of:

- (i) quality;
- (ii) price;
- (iii) technical merit;
- (iv) aesthetic and functional characteristics;
- (v) environmental characteristics;
- (vi) running costs;
- (vii) cost effectiveness;
- (viii) after sales service;
- (ix) technical assistance;
- (x) delivery date;
- (xi) delivery period; and/or
- (xii) period of completion.

8.8.3 Each invitation to tender or invitation to supply a competitive quotation must state the evaluation criteria to be used to evaluate the tender or quotation and the relative weightings of each such criteria.

#### **8.9 Award of Contracts**

##### **8.9.1 Acceptance of formal tenders**

8.9.1.1 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.

- 8.9.1.2 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 own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders.
- 8.9.1.3 Where examination of tenders reveal errors which would affect the tender figure, the tenderer may be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.
- 8.9.1.4 No tender shall be accepted by the CCG which will commit expenditure in excess of that which has been allocated by the CCG except with the authorisation of the Accountable Officer or Chief Finance Officer.
- 8.9.1.5 No tender shall be accepted by the CCG which is obtained contrary to these SFIs except with the authorisation of the Accountable Officer or Chief Finance Officer.
- 8.9.1.6 All tenders should subject to compliance with the provisions of the Freedom of Information Act 2000, be kept confidential and should be retained for 12 months from the date set for the receipt of tenders for inspection.

## **8.9.2 *Authorisation of tenders and competitive quotations***

- 8.9.2.1 Providing all the requirements set out in these SFI have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with the approved delegated financial limits at set out in the CCG's Scheme of Delegation.
- 8.9.2.2 Formal authorisation must be put in writing. In the case of authorisation by the Governing Body this shall be recorded in their minutes.
- 8.9.3 Reports to the Governing Body will be made on an exceptional circumstance basis only. Regular summary reports of completed tender and quotation exercises will be reported to the Risk and Audit Committee.

## **8.10 Form of Contract**

- 8.10.1 Subject to the remainder of SFI 8.10 below the CCG shall consider the most applicable form of contract for each contract opportunity (including to the extent appropriate any NHS standard contract conditions available) and should consider obtaining support from a suitably qualified professional advisor (including, where appropriate, legal advisors).
- 8.10.2 The CCG must ensure that all contracts that are governed by mandatory statutory requirements (whether contained in statute, regulations or directions) comply with such requirements.
- 8.10.3 Where a mandatory requirement of the Department of Health or NHS England, the CCG shall utilise the most relevant NHS commissioning

contract for the commissioning of health care services, or where a mandatory requirement of the Department of Health or NHS England, include relevant standard provisions.

- 8.10.4 The Accountable Officer shall nominate officers with delegated authority to enter into permanent and temporary contracts of employment and other contracts for agency staff or persons engaged on a consultancy basis.

## **8.11 Compliance requirements for all contracts**

- 8.11.1 The CCG may only enter into contracts within the statutory powers delegated to it by the Secretary of State or otherwise derived from statute and each such contract shall:

- (a) comply with the CCG's SOs and SFIs;
- (b) comply with the requirements of all EU directives directly enforceable in the UK and all other statutory provisions;
- (c) comply with any relevant directions including the Capital Investment Manual, Estatecode and other relevant guidance;
- (d) comply with such of the NHS standard contract conditions as are applicable;
- (e) embody substantially the same terms and conditions of contract as were the basis on which tenders or quotations were invited;
- (f) be entered into and managed to obtain best value;
- (g) have an officer nominated by the Accountable Officer to oversee and manage each contract on behalf of the CCG.

## **8.12 Disposals**

- 8.12.1 Competitive tendering or quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Accountable Officer or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the CCG;
- (c) items to be disposed of with an estimated sale value of less than £25,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract.

## **8.13 Applicability of SFIs on tendering and contracting to funds held in trust**

8.12.1 These Instructions shall not only apply to expenditure from exchequer funds but also to works, services and goods purchased from any CCG trust funds and private resources.

## **9. Commissioning**

### **9.1 Role of the CCG in Commissioning Healthcare Services**

9.1.1 The CCG has responsibilities for commissioning healthcare services on behalf of the resident population. This will require the CCG to work in partnership with NHS England, local NHS CCGs and FTs, local authority, users, carers and the voluntary sector and social enterprise to develop an annual operational plan.

### **9.2 Role of the Accountable Officer**

9.2.1 The Accountable Officer is responsible for ensuring the CCG enters into suitable contracts and for considering the extent to which any NHS standard contract conditions are mandatory for the commissioning of NHS services.

9.2.2 All contracts should aim to implement the agreed priorities contained within the annual operational plan and wherever possible, be based upon integrated care pathways to reflect the expected patient experience. The Accountable Officer will need to ensure that all contracts;

(a) are commissioned in accordance with these SFIs;

(b) meet the standards of service quality expected;

(c) fit the relevant national service framework (if any);

(d) enable the provision of reliable information on cost and volume of services;

(e) fit the NHS National Performance Assessment Framework;

(f) build where appropriate on existing joint investment plans;

(g) include any mandatory NHS standard conditions of contract;

(h) are based upon cost-effective services.

9.2.3 The Accountable Officer will need to ensure that regular reports are provided to the Governing Body detailing actual and forecast expenditure and activity for each contract.

- 9.2.4 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.

### **9.3 Role of the Chief Finance Officer**

- 9.3.1 A system of financial monitoring must be maintained by the Chief Finance Officer to ensure the effective accounting of expenditure under the contract. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.
- 9.3.2 The Chief Finance Officer must account for out of area treatments / non contract activity financial adjustments in accordance with national guidelines.

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

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

## **10. Terms of Service, Allowances and Payment of Members of the Governing Body and Other Senior Employees**

### **10.1 Remuneration and Terms of Service (see overlap with SO No. 4)**

- 10.1.1 In accordance with the SOs, the CCG shall establish a remuneration and terms of service committee with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

- 10.1.2 The subcommittee will:

(a) advise the Governing Body about appropriate remuneration and terms of service for the Accountable Officer, other 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) 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.

10.1.3 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. Minutes of the Governing Body's meetings should record such decisions.

10.1.4 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.

## **10.2 Funded Establishment**

10.2.1 The staffing plans incorporated within the annual budget will form the funded establishment.

10.2.2 The funded establishment of any department may not be varied without the approval of the Accountable Officer or his/her nominated representative.

## **10.3 Staff Appointments**

10.3.1 No member of the Governing Body or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

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

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

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

## **10.4 Processing Payroll**

10.4.1 The Chief Finance Officer is responsible for:

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

10.4.2 The Chief Finance Officer will issue instructions regarding:

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

10.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Chief Finance Officer's instructions and in the form prescribed by the Chief Finance Officer;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement.

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

## **10.5 Contracts of Employment**

10.5.1 The Governing Body shall delegate responsibility to an nominated 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.

## **11. Non-pay Expenditure**

### **11.1 Delegation of Authority**

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

11.1.2 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.

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

## **11.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with SFI No. 8)**

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

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

11.2.3 The Chief Finance Officer will:

- (a) advise the Governing Body regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the SOs and SFIs 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 members/employees (including specimens of their signatures) who are authorised to certify invoices;
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;

- where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct;
  - the account is in order for payment.
- (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
- (iv) Instructions to employees regarding the handling and payment of accounts within the finance department.
- (e) be responsible for ensuring that payment for goods and service is only made once the goods and services are received. The only exceptions are set out in SFI No. 11.3 below.

### **11.3 Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- (b) The appropriate officer of the CCG 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 Finance Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (in accordance with SFI8 (Tendering and Contract Procedure));
- (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 officer or Accountable Officer if problems are encountered.

### **11.4 Official orders**

11.4.1 Official Orders placed on behalf of the CCG must, follow the prescribed process for the requisitioning of goods and services. This includes e-requisitioning.

11.4.2 Only those employees duly authorised by the Accountable Officer can place such orders.

11.4.3 Each order will have a unique reference number and will state the CCG's terms and conditions of trade.

## **11.5 Duties of Managers and Officers**

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

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Finance Officer in advance of any commitment being made;
- (b) they comply with the requirements of SFI 8 (Tendering and Contract Procedure);
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health or NHS England;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to officers or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits.

(This provision needs to be read in conjunction with relevant national guidance and the CCG policy in respect of *Standards of Business Conduct and Declarations of Interest*.)

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Accountable Officer;
- (f) all goods, services, or works are ordered using the official electronic process. Except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Accountable Officer and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "confirmation order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

- (i) goods are not taken on trial or loan in circumstances that could commit the CCG to a future uncompetitive purchase;
- (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer; and
- (l) petty cash records are maintained in a form as determined by the Chief Finance Officer.

11.5.2 The Accountable Officer and Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within concode and estatecode. The technical audit of these contracts shall be the responsibility of the relevant officer.

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

11.6.1 Payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act 2006 shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with the Act and any relevant directions issued by the Secretary of State.

## **12. Capital Investment, Fixed Asset Registers and Security of Assets**

### **12.1 Capital Investment**

12.1.1 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.

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

- (a) that a business case is produced setting out:

- (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefit to costs; and
    - (ii) appropriate project management and control arrangements.
  - (b) that the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate CCG personnel and external agencies in the process.
- 12.1.3 For capital schemes where the contracts stipulate stage payments, the Accountable Officer will issue procedures for their management, incorporating the recommendations of concode/estatecode and the NHS capital accountancy manual.
- 12.1.4 The Chief Finance Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 12.1.5 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 12.1.6 The Accountable Officer shall issue to the manager responsible for any scheme:
- (a) specific authority to commit expenditure;
  - (b) authority to proceed to tender;
  - (c) approval to accept a successful tender .
- 12.1.7 Where relevant, the Accountable Officer will issue a scheme of delegation for capital investment management in accordance with relevant guidance published by the Department of Health and NHS England and the CCG's Standing Orders.
- 12.1.8 The Chief Finance Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## **12.2 Asset Registers**

- 12.2.1 The Accountable Officer is responsible for the maintenance of registers of any assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 12.2.2 The Chief Finance Officer is responsible for ensuring there are processes in place to define the items of equipment which will be recorded on either the capital asset register or the inventory register.

- 12.2.3 Any 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.
- 12.2.4 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).
- 12.2.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 12.2.6 The value of each asset shall be measured in accordance with the CCGs accounting policies and any relevant guidance issued by the Department of Health or NHS England.
- 12.2.7 The value of each asset shall be depreciated using methods and rates as specified in the CCGs accounting policies, taking account of any relevant guidance issued by the Department of Health or NHS England.

### **12.3 Security of Assets**

- 12.3.1 The overall control of fixed assets is the responsibility of the Accountable Officer.
- 12.3.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;

- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset; and
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 12.3.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 12.3.4 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.
- 12.3.5 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.
- 12.3.6 Where practical, assets should be marked as CCG property.

## **13. Stores and Receipt of Goods**

### **13.1 General position**

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

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

- 13.2.1 Subject to the responsibility of the Chief Finance 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 Finance Officer.

- 13.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as health service property.
- 13.2.3 The Chief Finance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues and returns to stores and losses.
- 13.2.4 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.
- 13.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 13.2.6 The designated manager shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated manager shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **14. Disposals and Condemnations, Losses and Special Payments**

### **14.1 Disposals and Condemnations**

- 14.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 14.1.2 When it is decided to dispose of a CCG asset, the Head of Service or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 14.1.3 All unserviceable articles shall be:
  - (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
  - (b) recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.

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

## **14.2 Losses and Special Payments**

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

14.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of service, who must immediately inform the Accountable Officer and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and / or Accountable Officer. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant local counter fraud services (LCFS) and NHS Protect in accordance with Secretary of State for Health's Directions.

14.2.3 The Chief Finance Officer must notify the LCFS and the external auditor of all frauds.

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

(a) the Governing Body, and

(b) the external auditor.

14.2.5 Within limits set by the Department of Health or NHS England, the Risk and Audit Committee shall approve the writing-off of losses; on behalf of the Governing Body.

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

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

14.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.

14.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health or NHS England.

14.2.10 All losses and special payments must be reported to the Risk and Audit Committee.

## **15. Information Technology**

### **15.1 Responsibilities and duties of the Chief Finance Officer**

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

(a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the CCG's data, programs and computer hardware for which the he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;

(b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

(c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;

(d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he / she may consider necessary are being carried out.

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

15.1.3 The officer responsible shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model publication scheme approved by the Information Commissioner. A publication scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the CCG that we make publicly available.

15.1.4 The CCG shall have a named Caldicott Guardian who will ensure that Caldicott principles for the security and use of patient information are implemented and that Data Protection and Subject Access legislation are complied with.

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

15.2.1 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 officers and employees will send to the responsible senior officer for information and technology:

(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.

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

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

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

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

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

(a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;

(b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;

(c) relevant staff have access to such data;

(d) such computer audit reviews as are considered necessary are being carried out.

## **16. Acceptance of Gifts by Staff and Link to Standards of Business Conduct**

16.1 The Chief Finance 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 defined in the *Standards of Business Conduct and Declarations of*

*Interest policy* and is deemed to be an integral part of the CCGs Standing Orders and these SFIs.

## **17. Payments to Independent Contractors**

17.1 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.

17.2 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.

17.3 The Chief Finance Officer shall:

- (a) ensure that contractors who are included on the 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.

## **18. Retention of Records**

- 18.1 The Chief Finance Officer shall be responsible for ensuring systems are in place to maintain archives for all records required to be retained in accordance with Department of Health guidelines and CCG policy.
- 18.2 The records held in archives shall be capable of retrieval by authorised persons.
- 18.3 Records held in accordance with Department of Health guidance, shall only be destroyed in accordance with that guidance and CCG policy. Detail shall be maintained of records so destroyed.

## **19. Risk Management and Insurance**

### **19.1 Programme of Risk Management**

- 19.1.1 The Accountable Officer shall ensure that the CCG has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Governing Body.
- 19.1.2 The programme of risk management shall include:
- (a) a process for identifying and quantifying risks and potential liabilities;
  - (b) engendering among all levels of staff a positive attitude towards the control of risk;
  - (c) 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.
- 19.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the annual report and accounts as required by current Department of Health guidance.

### **19.2 Insurance: Risk Pooling Schemes administered by NHS Litigation Authority**

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

### **19.3 Insurance arrangements with commercial insurers**

19.3.1 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:

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

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

(c) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the CCG for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Litigation Authority. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements the Chief Finance Officer should consult the Department of Health or NHS England.

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

19.4.1 Where the Governing Body decides to use the risk pooling schemes administered by the NHS Litigation Authority the Chief Finance Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Finance Officer shall ensure that documented procedures cover these arrangements.

19.4.2 Where the Governing Body decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Chief Finance Officer shall ensure that the Governing Body is informed of the nature and extent of the risks that are self insured as a result of this decision. The Chief Finance Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

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