



**West Hampshire**  
Clinical Commissioning Group

# **NHS WEST HAMPSHIRE CLINICAL COMMISSIONING GROUP**

## **STANDING FINANCIAL INSTRUCTIONS (SFIs)**

This document sets out the Standing Financial Instructions for  
NHS West Hampshire CCG

July 2019

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## **1.0 INTRODUCTION**

### **1.1 General**

- 1.1.1 These Standing Financial Instructions 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, with responsibilities set out under that and subsequent secondary legislation for the regulation of the conduct of NHS West Hampshire Clinical Commissioning Group (CCG) in relation to all financial matters and are applicable to the whole organisation.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by NHS West Hampshire CCG. They are designed to ensure that NHS West Hampshire CCG's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by NHS West Hampshire CCG.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for NHS West Hampshire 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 Standing Financial Instructions then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of NHS West Hampshire CCG's Standing Orders.
- 1.1.5 The failure to comply with Standing Financial Instructions and standing orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next meeting of the Audit Committee for referring action or ratification. All members of NHS West Hampshire CCG Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

### **1.2 Responsibilities and delegation**

#### **1.2.1 NHS West Hampshire CCG Board**

1.2.1.1 NHS West Hampshire CCG Board 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 NHS West Hampshire CCG Board and other committees and employees as indicated in the Scheme of Delegation document.

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

## **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 Standing Financial Instructions, it is acknowledged that the Accountable Officer is ultimately accountable to NHS West Hampshire CCG Board, and as Accountable Officer, to NHS England (the NHS Commissioning Board), and ultimately the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Accountable Officer has overall executive responsibility for NHS West Hampshire CCG's activities; is responsible to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for NHS West Hampshire CCG's system of internal control.

1.2.2.3 The Accountable Officer, through the Chief Finance Officer, shall be responsible for the implementation of the CCG's financial policies and for co-ordinating any corrective action necessary to further these policies.

1.2.2.4 It shall be the responsibility of the Accountable Officer to ensure that existing staff and all new employees are notified of their responsibilities within these instructions, and in particular policy in relation to potential corruption and the acceptance of gifts and hospitality. The general principle is that all staff and members of the Board must be, and must be seen to be, fair, impartial and unbiased at all times. The offer or receipt of any gift and hospitality can create actual or perceived conflicts of interest, but at the same time refusal could cause embarrassment or unintentional offence. The offer of a gift, favour, or exceptionally generous hospitality should be treated with caution.

1.2.2.5 The Accountable Officer shall ensure that NHS West Hampshire CCG has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which shall be approved by the Board and monitored by the Audit Committee. 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 that all significant risks and potential liabilities are addressed including effective systems of internal control 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 and health and safety reviews;
- (f) Arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of internal control within the annual report and accounts as required by the Department of Health.

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

1.2.3.1 The Chief Finance Officer is responsible for:

- (a) Implementing NHS West Hampshire 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;
- (c) Ensuring that sufficient records are maintained to show and explain NHS West Hampshire CCG's transactions, in order to disclose, with reasonable accuracy, the financial position of NHS West Hampshire CCG at any time;

and, without prejudice to any other functions of NHS West Hampshire CCG, and employees of NHS West Hampshire CCG, the duties of the Chief Finance Officer include:

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

## **1.2.4 Board Members and Employees**

1.2.4.1 All members of the Board, other committees and employees, severally and collectively, are responsible for:

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

## **1.2.5 Contractors and their employees**

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

1.2.5.2 For all members of the Board and other committees 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 Board and other committees and any employees discharge their duties must be to the satisfaction of the Chief Finance Officer.

## **2. AUDIT**

### **2.1 Audit Committee**

2.1.1 In accordance with Standing Orders NHS West Hampshire CCG Board shall formally establish an Audit Committee, with clearly defined terms of reference which will provide an independent and objective view of internal control by:

- (a) Ensuring there is an effective internal audit function established by management, that meets statutory NHS Internal Audit standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Board;
- (b) Reviewing the work and findings of the external auditor appointed by the Audit Commission and considering the implications of the managements responses to their work;
- (c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organization
- (d) Ensuring that the systems for financial reporting to the Board, including those of budgetary control are subject to review as to completeness and accuracy of the information provided to the Board;
- (e) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
- (f) Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities, both clinical and non-clinical, that supports the achievement of the organisation's objectives;
- (g) Monitoring compliance with Standing Orders and Standing Financial Instructions; reviewing schedules of losses and compensations and making recommendations to the Board;
- (h) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly;
- (i) Review the annual report and financial statements of the CCG prior to submission to the Board with a particular focus on:
  - the wording in disclosures relevant to the Terms of Reference of the Committee;
  - changes in, and compliance with, accounting policies and practices;
  - unadjusted mis-statements in the financial statements;
  - major judgmental areas;
  - significant adjustments resulting from audit
- (j) Reviewing the annual financial statements of the CCG and recommend their approval to the Board;

- (k) Reviewing the external auditors report on the financial statements and the annual management letter;
- (l) Conducting a review of NHS West Hampshire CCGs major accounting policies;
- (m) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on NHS West Hampshire CCG published financial accounts or reputation;
- (n) Reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;
- (o) Reviewing major findings from internal and external audit reports and ensure appropriate action is taken;
- (p) Reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;
- (q) Reviewing the mechanisms and levels of authority (e.g. Standing Orders, Standing Financial instructions, Delegated limits) and make recommendations to the Board;
- (r) Reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by NHS West Hampshire CCG Board;
- (s) Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
- (t) Reviewing waivers to standing orders;
- (u) Reviewing hospitality and sponsorship registers;
- (v) Reviewing the information prepared to support the controls assurance statements prepared on behalf of NHS West Hampshire CCG Board and advising NHS West Hampshire CCG Board accordingly.

2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter in the first instance with the Chief Finance Officer and the Accountable Officer. If the matter has still not been resolved to the Audit Committee's satisfaction then the matter will be raised at a full meeting of the Board.

2.1.3 The minutes of the Audit Committee meetings shall be formally recorded by the Board Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action. The Committee will report to the Board annually on its work in support of Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of any regulatory self assessments.

2.1.4 It is the responsibility of the Chief Finance Officer to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

## **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 is adequate and meets the government mandatory audit standards;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption; and
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee (and the Board). The report must cover:
  - 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;
  - major internal financial control weaknesses discovered;
  - progress on the implementation of internal audit recommendations;
  - progress against plan over the previous year;
  - strategic audit plan covering the coming three years; and
  - a detailed plan for the coming year.

2.2.2 The Chief Finance Officer or designated auditors are 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 Board or employee of the CCG; and
- (c) explanations concerning any matter under consideration.

## **2.3 Role of Internal Audit**

2.3.1 Internal audit will provide an independent and objective opinion on risk management, control and governance arrangements by measuring and evaluating their effectiveness. The Head of Internal Audit will provide an annual opinion on the effectiveness of the whole system of internal control.

2.3.2 The opinion will be based on a systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:

- (a) establish and monitor the achievement of the organisation's strategic and operational objectives, including its oversight of the wider commissioning system;
- (b) identify, assess and manage strategic and operational risks to achieving the organisation's objectives;
- (c) identify the extent of compliance with, and the financial effect of, the relevant established policies, plans and procedures;
- (d) identify the adequacy and application of financial and other related management controls;
- (e) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes; and
- (f) identify the extent to which NHS West Hampshire CCGs assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences;
  - waste, extravagance, inefficient administration;
  - poor value for money; or
  - other causes.

2.3.3 Internal Audit shall also independently verify the Board Assurance Framework statements in accordance with guidance from the Department of Health.

2.3.4 The Head of Internal Audit will make suitable provision to form an opinion on key systems operated on behalf of other organisations, and key systems being operated by other organisations, either by deriving the opinions themselves or by relying on the opinions provided by other auditors/review bodies.

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

2.3.6 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Accountable Officer of NHS West Hampshire CCG.

2.3.7 The Head of Internal Audit reports to the Audit Committee and shall be managed on a day to basis by the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with guidance on reporting contained in the Government Internal Audit Standards. The reporting system shall be reviewed at least every three years. The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

## **2.4 External Audit**

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

## **2.5 Fraud and Corruption**

- 2.5.1 These instructions help protect NHS West Hampshire CCG against fraud and financial impropriety and must be followed at all times. Any instance where the SFI is not followed should be referred to the Local Counter Fraud Specialist who will deal with the matter in accordance with the CCG's Local Fraud and Corruption Policy.
- 2.5.2 In line with their responsibilities, NHS West Hampshire CCG's Accountable Officer and Chief Finance Officer shall monitor and ensure compliance with good practice to counter fraud and corruption.
- 2.5.3 NHS West Hampshire CCG shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist for CCG as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 2.5.4 The Local Counter Fraud Specialist shall report to NHS West Hampshire CCG Chief Finance Officer and shall work with staff in the Regional and National Counter Fraud Offices in accordance with the Department of Health Fraud and Corruption Manual.
- 2.5.5 The Local Counter Fraud Specialist will provide a written work programme prior to the start of the financial year, and a written report, at least annually, on counter fraud work within NHS West Hampshire 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 NHS West Hampshire CCG shall nominate a suitable person to carry out the duties of the Security Management Specialist 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 director and the appointed Security Management Specialist.

### **3 RESOURCE LIMIT CONTROL**

#### **3.1 Cash and resource limits**

3.1.1 NHS West Hampshire CCG is required by statutory provisions not to exceed its Resource Limit or any delegated budget. The Accountable Officer has overall executive responsibility for NHS West Hampshire CCG's activities and is responsible to NHS England and the Board for ensuring that NHS West Hampshire CCG stays within its resource limit.

3.1.2 The definition of use of resources is set out in Resource Accounting Budgeting Directions on use of resources (available on the Department of Health Finance Manual web-site).

3.1.3 The Chief Finance Officer will:

- (a) Provide monthly reports in the form required by the Secretary of State for the CCG;
- (b) Provide regular financial reports in the form required by the Board;
- (c) Ensure money drawn from the Department of Health against the financing requirement arising from the resource limit is required for approved expenditure only, and is drawn down only at the time of need, follows best practice as set out in 'Cash Management in the NHS';
- (d) Be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the CCG to fulfil their statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits (where applicable), as well as its Annual Cash Limit.



## **4 ALLOCATIONS, OPERATING PLAN, BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **4.1 Allocations**

4.1.1 The Chief Finance Officer of NHS West Hampshire CCG will:

- (a) Prior to the start of each financial year submit to the NHS West Hampshire CCG Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- (b) Regularly update the NHS West Hampshire CCG Board on significant changes to the initial allocation and the uses of such funds.
- (c) Establish a system for management of the Capital Resource Limit and the approval of investment proposals.

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

4.2.1 The Accountable Officer will compile and submit to the Board an Operating Plan which takes into account financial targets and forecast limits of available resources. The plan will contain:

- (a) A statement of the significant assumptions on which the plan is based;
- (b) Details of major changes in workload, delivery of services or resources required to achieve the plan.

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

- (a) Be in accordance with the aims and objectives set out in the plan;
- (b) Accord with workload and manpower plans;
- (c) Be produced following discussion with appropriate budget holders;
- (d) Be prepared within the limits of available funds;
- (e) Identify potential risks.

4.2.3 The Chief Finance Officer shall monitor financial performance against budget and plan, review them on a monthly basis, and report to the Board, Board of Directors and other committees as appropriate.

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

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

### **4.3 Budgetary Delegation**

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

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

4.3.2 The Accountable Officer and delegated budget holders must not exceed the budgetary total or virement limits set by NHS West Hampshire CCG Board.

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 NHS West Hampshire CCG Board in a form approved by NHS West Hampshire CCG Board containing:
  - Income and expenditure to date showing trends and forecast year- end position;
  - Movements in cash and resource;
  - Capital project spend and projected outturn against plan (where appropriate and applicable);
  - Explanations of any material variances from plan;
  - Details of any corrective action where necessary and the Accountable Officer's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;

- (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) Investigation and reporting of variances from financial, activity and workforce 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 Board;
- (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 Board.

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

## **4.5 Capital Expenditure**

4.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 14).

## **4.6 Monitoring Returns**

4.6.1 The Chief Finance 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 NHS West Hampshire CCG, will:
- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, NHS West Hampshire CCG's accounting policies, and International Financial Reporting Standards (IFRS).
  - (b) Prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
  - (c) Submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
- 5.2 The CCG's annual accounts must be audited by an auditor appointed by the Audit Commission. The CCG's audited annual accounts must be presented to a public meeting and made available to the public.
- 5.3 The CCG will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Manual for Accounts.

## **6 BANK AND OPG ACCOUNTS**

### **6.1 General**

6.1.1 The Chief Finance Officer is responsible for managing NHS West Hampshire CCG's banking arrangements and for advising NHS West Hampshire 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. In line with 'Cash Management in the NHS'. NHS West Hampshire CCGs should minimise the use of commercial bank accounts and consider using Office of Postmaster General (OPG) accounts for all banking services.

6.1.2 NHS West Hampshire CCG Board shall approve the banking arrangements.

### **6.2 Bank and OPG Accounts**

6.2.1 The Chief Finance Officer is responsible for:

- (a) Bank accounts and OPG accounts;
- (b) Establishing separate bank accounts for NHS West Hampshire CCG's non-exchequer funds where these exist;
- (c) Ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the Board all arrangements made with NHS West Hampshire CCG's bankers for accounts to be overdrawn.
- (e) Monitoring compliance with DH guidance on the level of cleared funds.

### **6.3 Banking Procedures**

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

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

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 NHS West Hampshire CCG at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the

CCGs' banking business where this is in line with Department of Health policy and guidance.

- 6.4.2 Competitive tenders should be sought at least every 5 years. This review is not necessary for OPG accounts. The results of the tendering exercise should be reported to NHS West Hampshire CCG Board.

## **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 Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's Commercial Sponsorship – Ethical standards in the NHS shall be followed.
- 7.2.2 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 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 NHS West Hampshire CCG;

- (e) Procedures relating to the proper use and security of credit cards will be agreed and staff who have responsibility for the use of credit cards will agree to abide by these procedures.

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 NHS West Hampshire CCG is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving NHS West Hampshire 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 making all contracts by or on behalf of NHS West Hampshire CCG shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.9 Suspension of Standing Orders is applied).

### **8.2 EU Directives Governing Public Procurement**

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

8.2.2 NHS West Hampshire CCG's should consider obtaining support from a specialised procurement provider to ensure compliance when engaging in tendering procedures.

### **8.3 Reverse eAuctions**

8.3.1 NHS West Hampshire CCG should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions contact the procurement advisor

### **8.4 Capital Investment Manual and other Department of Health Guidance**

8.4.1 NHS West Hampshire CCG shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the CCG shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

### **8.5 Formal Competitive Tendering**

#### **8.5.1 General Applicability**

8.5.1.1 NHS West Hampshire CCG shall ensure that competitive tenders are invited for:

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

## 8.5.2 Health Care Services

8.5.2.1 Where NHS West Hampshire CCG elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to refer to the procurement decision matrix outlined below through the CCG's Procurement Group and Corporate Governance Committee. This instruction needs to be read in conjunction with Standing Financial Instructions No. 9 and No. 10.

| Level | Procurement Route   | Key Criteria  |
|-------|---|---|
| 1     | <b>Variation to existing service contract without competition</b> | <p>Technical reasons that mean there is only one provider who could provide the service.</p> <p>There is a matter of real urgency that requires immediate action so prohibiting a procurement process.</p>  |
| 2     | <b>Limited Local Competition</b>                                  | <p>If the procurement needs to take proportionality into account in terms of scale of value, known market conditions and risk assessment.</p> <p>Value of up to £250k is applicable.</p>  |
| 3     | <b>Any Qualified Provider (AQP)</b>                               | <p>Market Management (i.e. desire to increase competition and plurality of providers).</p> <p>Where multiple providers can be successfully managed.</p> <p>Clinical service is non-complex (routine).</p> <p>Good levels of competition in the market place.</p> <p>Providers are paid a fixed price determined by a national or local tariff.</p> <p>Premises must be provider supplied.</p> |
| 4     | <b>Full Tender</b>  | <p>For all other situations an open tender process will be followed.</p>  |
| 5     | <b>Partnership Agreements</b>                                     | <p>If the procurement responsibilities have been delegated to another commissioning body or local authority then the prevailing procurement framework of that organisation will prevail.</p>  |

8.5.2.2 NHS West Hampshire CCG will develop a Procurement framework that outlines the CCG's approach to procurement for healthcare and non-healthcare related expenditure, which will be refreshed on an ongoing basis in light of any changes to legislation or procurement guidance.

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

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

- (a) The estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000**; or
- (b) Where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
- (c) Regarding disposals as set out in Standing Financial Instructions No. 16.

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

- (a) In very exceptional circumstances where the Accountable Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate NHS West Hampshire CCG record;
- (b) When a framework or other nationally negotiated contract exists, this would not require a tender waive as the tendering process has already been conducted nationally;
- (c) Where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (d) Award a contract to one provider to protect exclusive rights (e.g. intellectual property) that the provider holds, but only if another provider could not offer an equivalent service or way of providing the service, which would achieve the same outcome or aim.
- (e) Where it can be demonstrated that specialist expertise is required and is available from only one source;
- (f) When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate. This should only be a short-term arrangement;
- (g) There is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;

(h) Where allowed and provided for in the Capital Investment Manual.

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

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

#### **8.5.4 Fair and Adequate Competition**

8.5.4.1 Where the exceptions set out in SFI Nos. 8.3 and 8.5.3 apply, NHS West Hampshire CCG shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **8.5.5 Building and Engineering Construction Works**

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

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

8.5.6.1 Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Accountable Officer, and be reported to the CCG Audit Committee.

### **8.6 Contracting/Tendering Procedure**

#### **8.6.1 Invitation to tender**

8.6.1.1 All invitations to tender that have been agreed in conjunction with the CCG's procurement advisor will be advertised via the electronic tendering system that enables procurement professionals and suppliers to conduct the strategic activities of the procurement process electronically

8.6.1.2 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.

8.6.1.3 Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

8.6.1.4 Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard Forms of Contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

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

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

8.6.2.1 All tenders will be formally accepted and receipted on the electronic tendering portal by the CCGs Procurement Advisor.

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

8.6.2.3 The electronic tendering portal will record the date and time of submission of the tenders for audit purposes.

8.6.2.4 Received tenders will only be distributed to the project team once they have completed and signed a conflict of interest declaration form specifically for the subject matter.

8.6.2.5 The project team must confirm receipt of the received tenders.

8.6.2.6 Tender responses must be kept confidential at all times.

## **8.6.3 Opening tenders and Register of tenders**

8.6.3.1 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 the procurement advisor and checked for compliance with tender instructions.

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

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

#### **8.6.4 Admissibility**

- 8.6.4.1 If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Accountable Officer.
- 8.6.4.2 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 value for money for NHS West Hampshire CCG.

#### **8.6.5 Late tenders**

- 8.6.5.1 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. dispatched in good time but delayed through no fault of the tenderer.
- 8.6.5.2 Accepted late tenders will be reported to the Board.

#### **8.6.6 Acceptance of formal tenders**

- 8.6.6.1 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, as far as such discussions are directed via the e-tendering portal for audit purposes.
- 8.6.6.2 The lowest tender, if payment is to be made by NHS West Hampshire CCG or the highest, if payment is to be received by NHS West Hampshire CCG, shall be accepted unless there are good and sufficient reasons to the contrary, e.g. quality assessment. Such reasons shall be set out in either the contract file, or other appropriate record.
- 8.6.6.3 It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
- (a) Experience and qualifications of team members;
  - (b) Understanding of client's needs;
  - (c) Feasibility and credibility of proposed approach;
  - (d) Ability to complete the project on time.

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

8.6.6.4 No tender shall be accepted which will commit expenditure in excess of that which has been allocated by NHS West Hampshire CCG and which is not in accordance with these Instructions except with the authorisation of the Accountable Officer.

8.6.6.5 The use of these procedures must demonstrate that the award of the contract was:

- (a) Not in excess of the going market rate / price current at the time the contract was awarded;
- (b) That best value for money was achieved.

All Tenders should be treated as confidential and should be retained for inspection.

### **8.6.7 Tender reports to NHS West Hampshire CCG Board**

8.6.7.1 Reports to NHS West Hampshire CCG Board will be made on an exceptional circumstance basis only.

### **8.6.8 Financial Standing and Technical Competence of Contractors**

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

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

### **8.7.1 General Position on quotations**

8.7.1.1 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure is less than £50,000.

### **8.7.2 Competitive Quotations**

8.7.2.1 Quotations should be obtained from Firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the CCG in line with the following limits:

- (a) One competitive quotation is to be obtained for expenditure/contracts less than £5,000.
- (b) Two competitive quotations are to be obtained for expenditure/contracts exceeding £5,000 but less than £20,000.
- (c) Three competitive quotations are to be obtained for expenditure/contracts exceeding £20,000 but less than £50,000.

- 8.7.2.2 Quotations should be in writing unless the Accountable Officer or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 8.7.2.3 All quotations should be treated as confidential and should be retained for inspection.
- 8.7.2.4 The Accountable Officer or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by NHS West Hampshire CCG, or the highest if payment is to be received by NHS West Hampshire CCG, then the choice made and the reasons why should be recorded in a permanent record.

### **8.7.3 Non-Competitive Quotations**

- 8.7.3.1 Non-competitive quotations in writing may be obtained in the following circumstances:
  - (a) The supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the Accountable Officer or Chief Finance Officer, possible or desirable to obtain competitive quotations;
  - (b) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
  - (c) Miscellaneous services, supplies and disposals;
  - (d) Where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (a) and (b) of this SFI) apply.

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

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

## **8.8 Authorisation of Tenders and Competitive Quotations**

- 8.8.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as follows (N.B. all values quoted are over the lifetime of the contract):

### **Healthcare Contracts**

|                          |       |         |
|--------------------------|-------|---------|
| Designated budget holder | up to | £50,000 |
|--------------------------|-------|---------|



|  |       |            |
|--|-------|------------|
| Executive Director                           | up to | £250,000   |
| Chief Finance Officer                        | up to | £1,000,000 |
| Accountable Officer and Chair acting jointly | up to | £2,000,000 |
| CCG Board                                    | over  | £2,000,000 |

**Supplies, Services and Disposal Contracts**

|  |       |          |
|--|-------|----------|
| Designated Budget Holder                     | up to | £10,000  |
| Executive Director                           | up to | £50,000  |
| Chief Finance Officer                        | up to | £250,000 |
| Accountable Officer and Chair acting jointly | up to | £500,000 |
| CCG Board                                    | over  | £500,000 |

**Annual Review of NHS Contracts**

|  |       |             |
|--|-------|-------------|
| Two out of three of Accountable Officer,<br>Chief Finance Officer and Deputy Chief Finance Officer | over  | £10,000,001 |
| Chief Finance Officer  | up to | £10,000,000 |

8.8.2 These levels of authorisation may be varied or changed and need to be read in conjunction with NHS West Hampshire CCG Board's Scheme of Delegation. Formal authorisation must be put in writing. In the case of authorisation by NHS West Hampshire CCG Board this shall be recorded in their minutes.

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

8.9.1 Where tenders or quotations are not required because expenditure is below £5,000, NHS West Hampshire CCG shall procure goods and services in accordance with procurement procedures approved by the Chief Finance Officer.

**8.10 Private Finance for capital procurement (see overlap with SFI No. 14.2)**

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

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

competitive tendering or quotations.

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

8.11.1 NHS West Hampshire CCG Board may only enter into contracts on behalf of the CCG within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) NHS West Hampshire CCG's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) Any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (d) Such of the NHS Standard Terms and Conditions or NHS Standard Contract as are applicable;
- (e) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which framework agreements were utilised;
- (f) In all contracts made by NHS West Hampshire CCG, the Board shall endeavour to obtain best value for money by use of all systems in place. The Accountable Officer shall nominate an officer who shall oversee and manage each contract on behalf of NHS West Hampshire CCG.

## **8.12 Personnel and Agency or Temporary Staff Contracts**

8.12.1 The Accountable Officer shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts. Requests to recruit permanent, agency and temporary staff shall be processed by procedures set by the Corporate Governance Committee.

## **8.13 Healthcare Services Agreements (see overlap with SFIs No. 9 and 10)**

8.13.1 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the Health and Social Care Act 2012 and the associated guidance, and with the National Health Service (procurement, patient choice and Competition) (no.2) Regulations 2013 also known as Section 75 Regulations, including the use of NHS Model Contracts, and administered by NHS West Hampshire CCG. Service agreements are not contracts in law and are not enforceable by the courts between public organisations. However, a contract with a Foundation Trust is a legal document and is enforceable in law.

8.13.2 The Accountable Officer shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by NHS West Hampshire CCG Board.

## **8.14 Disposals (See overlap with SFI No. 16)**

8.14.1 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/her nominated officer;
- (b) Obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of NHS West Hampshire CCG;
- (c) Items to be disposed of with an estimated sale value of less than £5,000 (this figure to be reviewed on a periodic basis);
- (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) Land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

## **8.15 In-house Services**

8.15.1 The Accountable Officer shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. NHS West Hampshire CCG may also determine from time to time that in-house services should be market tested by competitive tendering or awarded to another Public organization, e.g. Teckal case law principles apply.

8.15.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Accountable Officer or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Accountable Officer and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Finance Officer representative. For services having a likely annual expenditure exceeding £500,000 a non-officer member should be a member of the evaluation team.

8.14.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

8.14.4 The evaluation team shall make recommendations to NHS West Hampshire CCG Board.

8.14.5 The Accountable Officer shall nominate an officer to oversee and manage the contract on behalf of NHS West Hampshire CCG.

## **9 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 10)**

### **9.1 Contracts**

9.1.1 The Accountable Officer is responsible for ensuring the CCG enters into suitable contracts for the provision of NHS services.

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

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

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

9.2.1 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 NHS West Hampshire 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 NHS West Hampshire CCG can jointly manage risk with all interested parties.

### **9.3 Reports to Board on Contracts**

9.3.1 The Accountable Officer, will need to ensure that regular reports are provided to NHS West Hampshire CCG Board detailing actual and forecast expenditure against the contract. This will include information on costing arrangements, which should be based primarily upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency across the range of contracts.

## **10. COMMISSIONING**

### **10.1 Role of NHS West Hampshire CCG in Commissioning Secondary Services**

10.1.1 The CCG has responsibilities for commissioning secondary services on behalf of the resident population; this will require NHS West Hampshire CCG to work in partnership with the NHS England, neighbouring CCGs, local NHS Trusts and Foundation Trusts, independent sector providers, local Authorities, Users, Carers and the voluntary sector to develop an Operating Plan.

### **10.2 Role of the Accountable Officer**

10.2.1 The Accountable Officer has responsibility for ensuring secondary services are commissioned in accordance with the priorities agreed in the Operating Plan. This will involve ensuring contracts are put in place with the relevant providers, based upon integrated care pathways.

10.2.2 Contracts will be the key means of delivering the objectives of the Operating Plan and therefore they need to have a wider scope. NHS West Hampshire CCG's Accountable Officer will need to ensure that all contracts;

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

10.2.3 The Accountable Officer, will need to ensure that regular reports are provided to NHS West Hampshire CCG Board detailing actual and forecast expenditure and activity for each SLA.

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

### **10.3 Role of Chief Finance Officer**

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

## **11 ALLOWANCES AND PAYMENT OF MEMBERS OF THE CCG BOARD AND EMPLOYEES**

### **11.1 Remuneration**

11.1.1 In accordance with Standing Orders NHS West Hampshire CCG Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

11.1.2 The Committee will:

- (a) Advise NHS West Hampshire CCG Board about appropriate remuneration for the Accountable Officer, other officer members employed by NHS West Hampshire 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 NHS West Hampshire CCG Board on the remuneration of officer members of NHS West Hampshire CCG Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to NHS West Hampshire CCG - having proper regard to NHS West Hampshire CCG's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) Monitor and evaluate the performance of individual officer members and other senior employees;
- (d) Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

11.1.3 The Committee shall report in writing to NHS West Hampshire CCG Board the basis for its recommendations. NHS West Hampshire CCG Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration of Executive officer members. Minutes of NHS West Hampshire CCG Board's meetings should record such decisions.

11.1.4 NHS West Hampshire CCG Board will consider and need to approve proposals presented by the Accountable Officer for the setting of remuneration for those employees and officers not covered by the Committee.

## **11.2 Funded Establishment**

- 11.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.
- 11.2.2 The funded establishment of any department may not be varied without the approval of the Accountable Officer or Chief Finance Officer.

## **11.3 Staff Appointments**

- 11.3.1 No officer or Member of NHS West Hampshire CCG Board or any other 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 via the Corporate Governance Committee; and
  - (b) within the limit of their approved budget and funded establishment.
- 11.3.2 The Board will approve procedures presented by the Accountable Officer for the determination of commencing pay rates, etc, for employees.

## **11.4 Processing Payroll**

- 11.4.1 The Chief Finance Officer is responsible for:
  - (a) Specifying timetables for submission of properly authorised time records and other notifications;
  - (b) The final determination of pay and allowances;
  - (c) Making payment on agreed dates;
  - (d) Agreeing method of payment.
- 11.4.2 The Chief Finance Officer will issue instruction 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 Data Protection Legislation;



- (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.

11.4.3 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. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.

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

## **11.5 Contracts of Employment**

11.5.1 The Board shall delegate responsibility to an officer for:

- (a) Ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
- (b) Dealing with variations to, or termination of, contracts of employment.

## **12. NON-PAY EXPENDITURE**

### **12.1 Delegation of Authority**

12.1.1 NHS West Hampshire CCG Board will approve the level of non-pay expenditure on an annual basis and the Chief Finance Officer will determine the level of delegation to budget managers.

12.1.2 The Chief Finance 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.

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

### **12.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 8) Requisitioning**

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

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

12.2.2 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.

12.2.3 The Chief Finance Officer will:

- (a) Advise NHS West Hampshire CCG Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) Be responsible for the prompt payment of all properly authorised accounts and claims;

- (d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (i) A list of NHS West Hampshire CCG Board members / employees (including specimens of their signatures) authorised to certify invoices, including their delegated limits.
  - (ii) Certification that:
    - Goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
      - The account is arithmetically correct;
      - The account is in order for payment.
  - (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
  - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in prepayments below.

### **Prepayments**

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

- (a) Prepayments are only permitted where the financial advantages are deemed to outweigh the disadvantages

- (b) The appropriate officer members 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 NHS West Hampshire 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 (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Accountable Officer if problems are encountered.

### **Official Orders**

#### 12.2.5 Official Orders must:

- (a) Be consecutively numbered;
- (b) Be in a form approved by the Chief Finance Officer;
- (c) State NHS West Hampshire CCG's terms and conditions of trade;
- (d) Only be issued to, and used by, those duly authorised by the Accountable Officer.

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

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

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

- (ii) Conventional hospitality, such as lunches in the course of working visits;

*This provision needs to be read in conjunction with section 8 of the CCG Constitution and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff"; the Code of Conduct for NHS Managers 2002; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.*

- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Accountable Officer;
- (f) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash; or where an order cannot be reasonably raised e.g. hotel bookings
- (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 employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- (k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer;
- (l) Petty cash records are maintained in a form as determined by the Chief Finance Officer.

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

## Joint Finance Arrangements with Local Authorities and Voluntary Bodies

- 12.2.8 Payments to local authorities and voluntary organisations made under the powers of sections 75, 256 and 257 of the NHS Act 2006 **shall** comply with procedures laid down by the Chief Finance Officer which shall be in accordance with these Acts.

## **13 FINANCIAL FRAMEWORK**

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

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

### 14.1 Capital Investment

#### 14.1.1 The Accountable Officer:

- (a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- (b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) Shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.
- (d) For every capital expenditure proposal the Accountable Officer shall ensure:
  - i. That a business case (in line with the guidance contained within the *Capital Investment Manual*) is produced setting out:
  - ii. An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - iii. Appropriate project management and control arrangements;
  - iv. That the Chief Finance Officer has certified professionally to the costs and revenue consequences detailed in the business case.
  - v. That the business case adheres to the delegation of limits as set down by the Department of Health and that the appropriate authorisation procedures are followed where cases require external approval

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

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

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

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

- (a) Specific authority to commit expenditure;
- (b) Authority to proceed to tender (see overlap with SFI No.8.5);
- (c) Approval to accept a successful tender (see overlap with SFI No. 8.8).



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

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

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

14.2.1 NHS West Hampshire CCG should normally test for PFI when considering capital procurement. When NHS West Hampshire CCG proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Chief Finance Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
- (c) The proposal must be specifically agreed by NHS West Hampshire CCG Board.

## **14.3 Asset Registers**

14.3.1 The Accountable Officer is responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

14.3.2 The CCG shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by the Department of Health.

14.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads;
- (c) Lease agreements in respect of assets held under a finance lease and capitalised.

- 14.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 14.3.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 14.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Capital Accounting Manual* issued by the Department of Health.
- 14.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual* issued by the Department of Health.
- 14.3.8 The Chief Finance Officer of NHS West Hampshire CCG shall calculate and pay capital charges as specified in the *Capital Accounting Manual* and subsequent guidance issued by the Department of Health for the CCG.

#### **14.4 Security of Assets**

- 14.4.1 The overall control of fixed assets is the responsibility of the Accountable Officer.
- 14.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Finance Officer. This procedure shall make provision for:
  - (a) Recording managerial responsibility for each asset
  - (b) Identification of additions and disposals
  - (c) Identification of all repairs and maintenance expenses
  - (d) Physical security of assets
  - (e) Periodic verification of the existence of, condition of, and title to, assets recorded
  - (f) Identification and reporting of all costs associated with the retention of an asset
  - (g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 14.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Finance Officer.
- 14.4.4 Whilst each employee and officer has a responsibility for the security of property of NHS West Hampshire CCG, it is the responsibility of the Board and senior employees in all disciplines to apply such appropriate routine security practices in

relation to NHS property as may be determined by NHS West Hampshire CCG Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

- 14.4.5 Any damage to NHS West Hampshire CCG's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by NHS West Hampshire CCG Board and employees in accordance with the procedure for reporting losses.
- 14.4.6 Where practical, assets should be marked as NHS West Hampshire CCG property.

## **15 STORES AND RECEIPT OF GOODS**

### **15.1 General position**

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

- (a) Kept to a minimum
- (b) Subject to annual stock take
- (c) Valued in line with the CCG's accounting policies and International Financial Reporting Standards (IFRS)

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

15.2.1 Subject to the responsibility of the Chief Finance Officer for the systems of control, overall responsibility for the control of 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.

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

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

15.2.4 Stocktaking arrangements shall be agreed with the Chief Finance Officer and there shall be a physical check covering all items in store at least once a year.

15.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.

15.2.6 The designated Manager/Officer shall be responsible for a system approved by the Chief Finance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Finance Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

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

### **16.1 Disposals and Condemnations**

#### **Procedures**

- 16.1.1 The Chief Finance Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 16.1.2 When it is decided to dispose of a NHS West Hampshire CCG asset, the Head of Department or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.
- 16.1.3 All unserviceable articles shall be:
- (a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Finance Officer;
  - (b) Recorded by the Condemning Officer in a form approved by the Chief Finance Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Finance Officer.
- 16.1.4 The Condemning Officer shall satisfy him/herself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance Officer who will take the appropriate action.

### **16.2 Losses and Special Payments**

#### **Procedures**

- 16.2.1 The Chief Finance Officer must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Accountable Officer and the Chief Finance Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Chief Finance Officer and/or Accountable Officer. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.
- 16.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Finance Officer must immediately notify:

(a) NHS West Hampshire CCG Board; and

(b) the External Auditor.

- 16.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 16.2.5 The Chief Finance Officer shall be authorised to take any necessary steps to safeguard the CCG interests in bankruptcies and company liquidations.
- 16.2.6 For any loss, the Chief Finance Officer should consider whether any insurance claim can be made.
- 16.2.7 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 16.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

## **17 INFORMATION TECHNOLOGY & INFORMATION GOVERNANCE**

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

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

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

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

17.1.3 The Chief Finance Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the CCGs that we make publicly available.

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

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

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

### **17.3 Contracts for Computer Services with other health bodies or outside agencies**

- 17.3.1 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.
- 17.3.2 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.

### **17.4 Requirements for Computer Systems which have an impact on corporate financial systems**

- 17.4.1 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) Designated finance and other relevant staff have access to such data;
  - (d) Such computer audit reviews as are considered necessary are being carried out.



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

- 18.1 The Chief Finance Officer shall ensure that all staff are made aware of NHS West Hampshire CCG policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff'; the Code of conduct for NHS Managers, 2002; and the ABPI Code of Professional conduct relating to hospitality/gifts from pharmaceutical external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

## **19. PAYMENTS TO INDEPENDENT CONTRACTORS**

### **19.1 Role of NHS West Hampshire CCG**

19.1.1 NHS West Hampshire CCG will approve additions to and deletions from, approved lists of contractors for the purposes of commissioning local enhanced services and out of hours services, 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.

### **19.2 Duties of the Accountable Officer**

19.2.1 The Accountable Officer shall:

- (a) Ensure that lists of all contractors, for which NHS West Hampshire 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.

### **19.3 Duties of the Chief Finance Officer**

19.3.1 The Chief Finance Officer shall:

- (a) Ensure that only contractors who are included on NHS West Hampshire CCG's approved lists receive 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: rules have been correctly and consistently applied; overpayments are detected (or preferably prevented) and recovery initiated; and suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health's Directions on the management of fraud and corruption.
- (d) Ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- (e) Ensure that a prompt response is made to any query raised by the Prescription Pricing Division of the NHS Business Support Agency, regarding claims from contractors submitted directly to them.

## **20. RETENTION OF RECORDS**

- 20.1 The Accountable Officer shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 Records held in accordance with Department of Health guidance shall only be destroyed at the express instigation of the Accountable Officer. Detail shall be maintained of records so destroyed.

## **21 RISK MANAGEMENT AND INSURANCE**

### **21.1 Programme of Risk Management**

21.1.1 The Accountable Officer shall ensure that NHS West Hampshire CCG has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by NHS West Hampshire CCG Board.

21.1.2 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.

21.1.3 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.

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

21.2.1 The Board 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 Board 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.

### **21.3 Insurance arrangements with commercial insurers**

21.3.1 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:

- i. CCGs may enter commercial arrangements for **insuring motor vehicles** owned by the CCG including insuring third party liability arising from their use;
- ii. 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;
- iii. If **income generation activities** were to take place they 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 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.

#### **21.4 Arrangements to be followed by NHS West Hampshire CCG Board in agreeing Insurance cover**

- 21.4.1 Where NHS West Hampshire CCG Board 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.
- 21.4.2 Where NHS West Hampshire CCG Board 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 Board 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.
- 21.4.3 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.

## Appendix A

### SUMMARY OF STANDING ORDERS, FINANCIAL INSTRUCTIONS AND CORPORATE GOVERNANCE POLICIES

#### Authorised Financial Limits

|   | FINANCIAL LIMIT £   |
|---|---|
| <b>Commitment of Healthcare contracts and expenditure</b> <ul style="list-style-type: none"> <li>• Authorised by Board if greater than</li> <li>• Authorised by the Chief Officer and Chair acting jointly if between</li> <li>• Authorised by the Chief Finance Officer up to</li> <li>• Authorised by an Executive Director up to</li> <li>• Authorised by a Budget Holder</li> </ul>   | <p>2,000,001 or more</p> <p>1,000,001 to 2,000,000</p> <p>250,001 to 1,000,000</p> <p>50,001 to 250,000</p> <p>50,000 or less</p> |
| <b>Commitment of non-healthcare expenditure</b> <ul style="list-style-type: none"> <li>• Authorised by Board if greater than</li> <li>• Authorised by the Chief Officer and Chair acting jointly if between</li> <li>• Authorised by the Chief Finance Officer up to</li> <li>• Authorised by an Executive Director up to</li> <li>• Authorised by a Budget Holder</li> </ul>   | <p>500,000 or more</p> <p>250,001 to 500,000</p> <p>50,000 to 250,000</p> <p>10,001 to 50,000</p> <p>10,000 or less</p>           |
| <b>Annual Renewal of NHS Contracts</b> <ul style="list-style-type: none"> <li>• Authorised by two out of three of Accountable Officer, Chief Finance Officer and Deputy Chief Finance Officer if</li> <li>• Authorised by the Chief Finance Officer if</li> </ul>   | <p>10,000,001 or more</p> <p>10,000,000 or less</p>   |
| <b>Commitment of Mental Health and Learning Disability Placements</b> <ul style="list-style-type: none"> <li>• Recommended for approval by a Joint CCG/Local Authority panel and subsequently approved outside of panel by the Chief Finance Officer or Chief Officer</li> <li>• Authorised by a Joint CCG/ Local Authority panel with CCG Associate or Deputy Director in attendance</li> </ul>  | <p>3,000 per week or more</p> <p>2,999 per week or less</p>   |
| <b>Tenders and quotations for non-clinical services</b> <ul style="list-style-type: none"> <li>• 1 Competitive quotation to be obtained for contracts</li> <li>• 2 Competitive quotations to be obtained for contracts</li> <li>• 3 Competitive quotations to be obtained for contracts</li> <li>• Formal tendering procedure must be applied where estimated contract value exceeds</li> <li>• European Union (OJEU) limits and requirements must be followed</li> </ul> | <p>&lt;5,000</p> <p>&gt;5,000&lt;20,000</p> <p>&gt;20,000&lt;50,000</p> <p>50,000</p> <p>181,302</p>                              |
| <b>Losses and Compensations Authorisation Limits</b><br>All losses and compensations should be referred to the Chief Finance Officer  | <p>No Limit</p>   |
| <b>Income – Raising of invoices and charges</b> <ul style="list-style-type: none"> <li>• Chief Officer or Chief Finance Officer</li> <li>• Executive Director</li> </ul>  | <p>10,000,000</p> <p>&lt;100,000</p>  |

- The above limits include VAT.
- The above limits only apply to expenditure within agreed budgets. Any expenditure over budget has to be agreed by the Board.
- The limits must be applied to the cumulative cost of a project and must take into account the potential whole lifetime cost of a contract
- When a contract or order is properly approved the budget manager may subsequently sign invoices for any amounts due under that contract.