

# Standing Financial Instructions

**Policy Ref: 022**

Version No/Status	4.0 / Final
Responsible Committee:	Audit Committee
Date Approved:	20 September 2018
Author	Chief Finance Officer/Deputy Chief Officer
Responsible Lead	Chief Finance Officer/Deputy Chief Officer
Review Date:	September 2020

## Version History

Version No.	Date	Author	Document Status	Commentary:	Circulation
0.1	4 March 2013	SM	Draft	Initial text	Internal Audit
0.2	20 March 2013	SM	Draft	Comments from Internal Audit	Audit and Governance Group
0.3	21 March 2013	JS	Draft	Reviewed by Audit and Governance Group	
0.4	21 March 2013	MP	Draft	Amended to include continuing care and legal advice threshold	Governing Body
1.0	11 April 2013		Final	Approved by Governing Body	All Staff Website
1.1	24 July 2015	JL	Draft	Reviewed by Chief Finance Officer	
2.0	24 July 2015	JL	Final	Approved by Audit Committee	All Staff Website
2.1	20 September 2016	LS	Draft	Reviewed by Head of Finance and amendments to reflect the demise of the Audit Commission and establishment of the Auditor Panel.	Audit Committee
3.0	30 September 2016	NS	Final	Approved by Audit Committee	All Staff Website

<b>Version No.</b>	<b>Date</b>	<b>Author</b>	<b>Document Status</b>	<b>Commentary:</b>	<b>Circulation</b>
3.1	12 September 2018	LS	Draft	Reviewed by Head of Finance and amendments to reflect the financial responsibilities in relation to the delegated co-commissioning agreement. Changes also made in section 14 and 16 to reference most up to date CCG policies.	Audit Committee
4.0	20 September 2018	LS	Final	Approved by Audit Committee	All Staff Website

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## Standing Financial Instructions

### 1. Introduction

#### 1.1 General

- 1.1.1 These Standing Financial Instructions detail the financial responsibilities and policies adopted by NHS Calderdale CCG. They are designed to ensure that the CCGs financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the CCG Constitution which incorporates the Prime Financial Policies and the Scheme of Reservation and Delegation.
- 1.1.2 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the CCG and its constituent organisations, including Trading Units and any other organisation or third party authorised under a service level agreement to undertake financial responsibilities on behalf of the CCG.
- 1.1.3 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions, then the advice of the Chief Finance Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the CCG's Standing Orders and Prime Financial Policies which can be found within the CCG's Constitution.
- 1.1.4 **Failure to comply with standing financial instructions and standing orders will be regarded as a serious matter that could result in disciplinary action including dismissal.**



### 1.1.5 **Overriding Standing Financial Instructions**

If, for any reason, these Standing Financial Instructions are not complied with in full, details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal

the CCG have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Finance Officer as soon as possible.

## **2. Audit**

### **2.1 Audit Committee**

2.1.1 The Governing Body is required to establish an Audit Committee, with clearly defined terms of reference (see paragraph 6.6.3(a) of the CCG's constitution for further information). The Audit Committee will provide an independent and objective view of internal control by:

- (a) Overseeing Internal and External Audit services;
- (b) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
- (c) Review the establishment and maintenance of an effective process and infrastructure to deliver integrated governance, including 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;
- (d) Monitoring compliance with Standing Orders and Standing Financial Instructions;

- (e) Reviewing schedules of losses and compensations and making recommendations to the Governing Body;
  - (f) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Governing Body and advising the Governing Body 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 wish to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Governing Body. Exceptionally, the matter may need to be referred to the Department of Health. (To the Chief Finance Officer in the first instance)
- 2.1.3 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.
- 2.1.4 In the cases of third parties the Chief Finance Officer shall ensure that the provision of an adequate Internal Audit Service is specified in the Service Level Agreement and shall further specify assurance arrangements between the CCG Auditors and the Shared/Services and/or other organisation's auditors.

## 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 NHS mandatory audit standards;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee. The report must cover:
  - (i) a clear opinion on the effectiveness of internal control in accordance with current controls assurance guidance issued by the Department of Health including for example compliance with control criteria and standards,
  - (ii) major internal financial control weaknesses discovered,
  - (iii) progress on the implementation of internal audit recommendations,
  - (iv) progress against plan over the previous year,
  - (v) strategic audit plan covering the coming three years,
  - (vi) a detailed plan for the coming year.

2.2.2 The Chief Finance Officer or designated 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 Governing Body or employee of the CCG ;
- (c) The production of any cash, stores or other property of the CCG under the control of a member of the Governing Body or an employee; and
- (d) Explanations concerning any matter under investigation.

### **2.3 Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;

- (d) the extent to which each CCG's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - (i) fraud and other offences,
  - (ii) waste, extravagance, inefficient administration,
  - (iii) poor value for money or other causes.

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

2.3.3 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 Chief Officer of the CCG.

2.3.4 The Head of Internal Audit shall be accountable to the Chief Finance Officer. The reporting system for internal audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every three years.

In obtaining assurance for services contracted with third party organisations, the Head of Internal Audit should seek assurance from third party organisation's auditors as set out in the Service Level Agreement.

## **2.4 External Audit**

2.4.1 The External Auditor (previously appointed by the Audit Commission) now overseen by the Public Sector Audit Appointments Limited (PSAA),

an independent company established by the Local Government Association and costs charged to the CCG.

- 2.4.2 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 PSAA if the issue cannot be resolved.
- 2.4.3 The Audit Committee is responsible for establishing an “auditor panel” to oversee the appointment of External Auditors.

## **2.5 Fraud and Corruption**

- 2.5.1 In line with their responsibilities, the Chief Officer and Chief Finance Officer shall monitor and ensure compliance with the Secretary of State’s (S of S) Directions on fraud and corruption.
- 2.5.2 The CCG shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 2.5.3 The Local Counter Fraud Specialist shall report to the CCG’s Chief Finance Officer and shall work with staff in the NHS Counter Fraud Services and in accordance with the Department of Health Fraud and Corruption Manual.
- 2.5.4 The Local Counter Fraud Specialist will provide an annual written report, on counter fraud work within each PCT and report on issues in year and progress against the plan to the Audit Committee.

### **3. Business Planning, Budgets, Budgetary Control And Monitoring**

#### **3.1 Preparation and Approval of Operational Plans and Budgets**

3.1.1 The Chief Officer will compile and submit to the Governing Body an Operational Plan, which takes into account financial targets and forecast limits of available resources. The annual business 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.

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

- (a) be in accordance with the aims and objectives set out in the annual business plan and the Operational 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; and

- (e) identify potential risks.
- 
- 3.1.3 The Chief Finance Officer shall monitor financial performance against budget and business plan, periodically review them, and report to the Governing Body.
  - 3.1.4 All budget holders must provide information as required by the Chief Finance Officer to enable budgets to be compiled. In the case of Shared Services and other organisations such requirements will be specified in the Service Level Agreement.
  - 3.1.5 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.

## **3.2 Budgetary Control and Reporting**

- 3.2.1 The Chief Finance Officer will devise and maintain systems of budgetary control. These will include:
  - (a) monthly financial reports to the Governing Body in a form approved by the Governing Body containing:
    - (i) income and expenditure to date showing trends and forecast year-end position;
    - (ii) movements in working capital;



- (iii) movements in cash and capital
  - (iv) capital project spend and projected outturn against plan;
  - (v) explanations of any material variances from plan;
  - (vi) details of any corrective action where necessary and the Chief Officer's and/or Chief Finance Officer's view of whether such actions are sufficient to correct the situation;
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
  - (c) investigation and reporting of variance from financial, workload and manpower budgets;
  - (d) monitoring of management action to correct variances; and
  - (e) arrangements for the authorisation of budget transfers.

3.2.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Governing Body;

- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and
  - (d) no permanent employees are appointed without the approval of the Chief Officer other than those provided for within the available resources and manpower establishment as approved by the Governing Body.
- 3.2.3 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Officer.
- 3.2.4 The Chief Officer is responsible for identifying and implementing QIPP schemes in accordance with the requirements of the Annual Business Plan, the Strategic Plan, Medium Term Financial Plan and a balanced budget.

### **3.3 Monitoring Returns**

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

## **4 Bank and GBS Accounts**

### **4.1 General**

- 4.1.1 The Chief Finance Officer is responsible for managing the CCG's banking arrangements and for advising the CCG on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health.

In line with 'Cash Management in the NHS' the CCG should minimise the use of commercial bank accounts and use the Global Banking Services (GBS).

4.1.2 The Chief Officer shall approve the banking arrangements.

4.1.3 Banking processes undertaken by the SBS will be operated under the SBS Director of Finance approved instructions as set out in the Service Level Agreement. Banking processes undertaken by any other third party will be operated under the Chief Finance Officer approved instructions as set out in the Service Level Agreement for each organisation.

## **4.2 Bank and GBS Accounts**

4.2.1 The Chief Finance Officer is responsible for:

- (a) bank accounts and GBS accounts;
- (b) establishing separate bank accounts for the CCG's non-exchequer funds;
- (c) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made; and
- (d) reporting to the Governing Body all arrangements made with the CCG's bankers for accounts to be overdrawn.

4.2.2 Where such processes 4.2.1 a) to d) are undertaken by a third party these will be specified in the Service Level Agreement. In particular the Chief Finance Officer will approve the detailed bank mandate process with the above organisations who will ensure an adequate panel of approved signatories to authorise transactions on behalf of the CCG. These will be approved as per 4.1.2 above.

### **4.3 Banking Procedures**

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

- (a) the conditions under which each bank and GBS account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the CCG's accounts;
- (c) payments over £100,000 shall be supported by more than one authorised signature on the cheque or authority to pay, as appropriate;
- (d) no cheque signatory shall sign cheques or other orders where s/he is the named payee.

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

- 4.3.3 The detailed instructions in 4.3.1 will also be specified, where applicable, to the Chief Finance Officer of the organisations operating the CCG's banking procedures.
- 4.3.4 The Chief Finance Officer must advise the SBS and the Paymaster General in writing of the conditions under which accounts will be operated; the limits to be applied to any overdraft and the limitation on single signatory payments and any changes that may be required by financial regulations of the Health Service, or by resolution of the Governing Body as may be necessary from time to time. In addition, the Chief Finance Officer shall advise the bankers and the Paymaster General, in writing, of the officer(s) authorised to release money from, and draw cheques on, each bank account of the CCG and shall notify promptly the cancellation of any such authorisation.
- 4.3.5 Where an agreement is entered into with the SBS or other body for payment to be made on behalf of the CCG from bank accounts maintained in the name of the body, or by Electronic funds Transfer (BACS), the Chief Finance Officer shall ensure that satisfactory security regulations of the SBS or other body relating to bank accounts exist and are observed. This will be specified in a Service Level Agreement with the appropriate body.

#### **4.4 Tendering and Review**

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

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

## **5. Income, Fees and Charges and Security Of Cash, Cheques And Other Negotiable Instruments**

### **5.1 Income Systems**

- 5.1.1 The Chief Finance Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 5.1.2 The Chief Finance Officer is also responsible for the prompt banking of all monies received.
- 5.1.3 The arrangements for income matters dealt with by third parties will be incorporated in the Service Level Agreement.

### **5.2 Fees and Charges**

- 5.2.1 The CCG shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.
- 5.2.2 The Chief Finance Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. The Chief Finance Officer shall notify the approved price list/fees to all third parties for suitable

periodic checks against the actual amounts collected or being billed. This will be specified in the Service Level Agreement.

- 5.2.3 All employees must inform the Chief Finance Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions. In each case a sales order must be raised
- 5.2.4 Any income generated from the activities of staff working in their employment hours, and/or utilising any of the CCG's facilities shall be declared as Exchequer Income and dealt with in line with the CCG's official income systems and controls and any other relevant aspects of an employee's terms and condition of employment.
- 5.2.5 All income generation activities shall be approved, before they are undertaken, by the appropriate budget holder/manager, and comprehensive and detailed records retained for audit. Such approval shall only be granted where the scheme generates a minimum of break even after taking account of all overheads and after further approval of prices by the Chief Finance Officer paragraph 5.2.2 above.

### **5.3 Debt Recovery**

- 5.3.1 The Chief Finance Officer is responsible for the appropriate recovery action on all outstanding debts and where undertaken by a third party, specify the appropriate recovery action in the Service Level Agreement.
- 5.3.2 Income not received should be dealt with in accordance with losses procedures.

5.3.3 Systems and processes should reduce any risk of overpayments and enable any overpayment to be detected and recovery initiated.

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

5.4.1 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; and
- (e) prescribing systems and procedures for handling cash and negotiable securities;
- (f) and ensuring that the detailed requirements are included in the Service Level Agreement on behalf of the CCG.

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



5.4.3 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.

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

## **6. Tendering and Contracting**

### **6.1 Duty to comply with Standing Financial Instructions**

The CCG shall ensure that competitive tenders are invited for:

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

6.1.1 The purpose of these Standing Financial Instructions is to set out clear rules and procedures for the procurement of goods, leases, services and works for the CCG.

Section 6 also makes staff aware of the increasing number of external agencies who hold influence over the rules affecting tendering and contracting.

6.1.2 All amounts quoted in these Standing Financial Instructions refer to values must include Value Added Tax.

6.1.3 Authority to sign contracts is held by the Chief Officer and the Chief Finance Officer. Authority to sign contracts is delegated to Heads of Service for contracts up to £50,000 only. It is important that final contracts are physically signed by the appropriate authority prior to commencement of activity.

## **6.2 EU Directives Governing Public Procurement**

Directives by the Council of the European Union promulgated by the Department of Health (DH) describing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions. To ensure compliance refer to 6.5.6.

## **6.3 Reverse eAuctions**

Consultation with the Chief Finance Officer or their nominated representative is required before using eAuctions.

## **6.4 Department of Health Guidance**

The CCG shall comply as far as is practicable with the latest requirements of the Department of Health in respect of capital investment and the procurement and management of management consultants.

These can be found in the 'capital investment manual'.

## **6.5 Compliance**

- 6.5.1 All employees (including those in the employ of organisations acting as an agent of the CCG) involved in procurement or making contracts by or on behalf of the CCG shall comply with these Standing Financial Instructions, CCG Procurement Policy and the latest guidance produced by the Department of Health, Commissioning Board and Monitor. These documents incorporate the latest NHS procurement guidance.
- 6.5.2 All employees and organisations engaged to act in any capacity to manage or supervise a contract must comply with these Standing Financial Instructions. Officers of the CCG must ensure compliance within their area of responsibility.
- 6.5.3 Failure to comply with these Standing Financial Instructions and the related Procurement Procedure's may result in disciplinary action against employees concerned.
- 6.5.4 All employees and companies / contractors / suppliers engaged on the CCG's behalf must ensure that any conflicts of interest are declared to the Chief Finance Officer or their nominated representative.

6.5.5 Current regulations require the advertisement of opportunities in the Official Journal of the European Union (OJEU), if applicable. As the limits and rules change so often confirmation must be sought from the Contracting departments.

Part B services include health and social care services. OJEU advertising is not currently required for Part B services. A notice of contract award in the Official Journal of the European Union (OJEU) is required.

6.5.6 When EU Directives may be applicable, managers must consult the Chief Finance Officer or their nominated representative to ensure full compliance with EU requirements.

6.5.7 Where an appropriate standard or code of practice is current at the time of tender, each written contract should require that the goods, services or works will be in accordance with that standard. Any Standard must **always** be shown as '**British Standard or equivalent**' or given the full International Standard Code.

6.5.8 The procurement of contracts must comply with UK legislation, in particular:

- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000

## **6.6 Exclusions**

6.6.1 **Exclusion** - Current legislation provides that the rules for public procurement do not apply to the acquisition of land, including existing

buildings and other structures, land covered with water, and any estate, interest, easement, servitude or right in or over land.

## **6.7 Pre-Contract Requirements and Assessment of Risk**

6.7.1 All procurement activity must comply with the CCG's procurement policies.

6.7.2 In all cases before commencing any procurement process for goods, services or works with an estimated value in excess of £50,000, the following is required:

(a) an authorised business case to justify planned procurement and include:

1. a written procurement plan identifying key risks and the actions required;
2. a written record of the reasons for decisions, updated as appropriate;
3. an appropriate specification which will form the basis for the contract;
4. an estimate of the total cost of the contract **(including costs for the full term of the contract, maintenance and continuing costs, and any disposal costs, i.e. aggregated whole life time cost)**
5. Signed authorisation in line with the authority limitations

- (b) consultation with the Chief Finance Officer or their nominated representative on appropriate contract documentation, including terms and conditions;
- (c) For expenditure on buildings then the Chief Finance Officer needs to be consulted to advise on process. In addition the business case will need to set out the service need, the capital and the revenue costs.
- (d) a schedule of prioritised and weighted evaluation criteria, including (as appropriate), price, technical merit, quality, sustainability, equality, analysis of cost or any other relevant criteria. **The evaluation criteria must not include any non-commercial considerations;**
- (e) unless provided for in paragraph 6.13 (Aggregation of Contracts), confirmation that supplies of a similar nature are being purchased together, and that orders are not split or disaggregated. To do so is a breach of these Standing Financial Instructions, and may be a breach of EU and UK legislation.

6.7.3 In all cases before commencing any contract for goods, services or works with an estimated value in excess of £50,000, the following is required:

- (a) evidence that each supplier has the technical capability and capacity to enter into a contract;
- (b) confirmation from the Chief Finance Officer or his nominated representative that he is satisfied regarding the financial standing of any proposed supplier for any contract exceeding £100,000 or less where the procurement is considered business critical.

- 6.7.4 Pre-tender consultation with suppliers must be transparent and not prejudice any potential supplier.
- 6.7.5 Technical advice for the preparation of a specification may not be sought from a supplier where it will provide an unfair advantage to any supplier or distort equal and fair competition.
- 6.7.6 Where there is a relevant Approved List of Contractors, this must be used as the source of providing the names of contractors from whom quotations and tenders are sought. There must be a consistent selection process in line with EU Directives, Department of Health, Commissioning Board and Monitor guidance and these Standing Financial Instructions.

## **6.8 Setting up Approved Lists**

- 6.8.1 Where the Chief Finance Officer has decided in writing that an approved list of contractors is appropriate for the supply of specific goods and services an approved list may be compiled.
- 6.8.2 At least four weeks before the approved list is compiled the approved list must be advertised on Supply2Health and by any other appropriate means where it is considered that this would be beneficial, inviting contractors to indicate their interest in inclusion on the list.
- 6.8.3 The list must be kept by the Contracting Team, or approved local support function and should:

6.8.3.1 Contain the names of all suppliers who wish to be included and who have been approved by the Chief Finance Officer following an evaluation process.

6.8.3.2 Indicate the level of contract value as recommended by the Chief Finance Officer and the categories of work for which approval is given.

6.8.4 Any such list may be amended by the addition of further contractors approved by the Chief Finance Officer or by the exclusion of contractors who are not meeting the requirements of the CCG. The Contracting Team will maintain a written record of the reasons for inclusion or exclusion.

6.8.5 Any such list must be reviewed at regular intervals and at least every four years in accordance with current EU Directives.

#### **6.8.6 Tendering from Approved Lists**

6.8.6.1 Tenders should be sent to a minimum of three suppliers on the approved list, selected by strict rotation. The Chief Finance Officer shall maintain a written register recording details of all invitations to tender, including reasons for selection and the responses received.

6.8.6.2 If a contract falls under the scope of the EU public procurement regime, then existing approved lists cannot be used, and the contract must be advertised under EU regulations.

### **6.9 Competition Requirements for Contracts below £20,000**

6.9.1 For contracts where the estimated expenditure or income does not, or is not reasonably expected to, exceed £20,000 the Officer/Head of Service should



select the most efficient method of procurement, which demonstrates value for money, keeping a written record of the reason and action taken. As a minimum written quotations should be sought from at least three providers/suppliers.

- 6.9.2 Procurement should be carried out in accordance with these Standing Financial Instructions, CCG Procurement Policy and Department of Health, Commissioning Board and Monitor Guidance.

## **6.10 Competition Requirements for Contracts above £20,000**

- 6.10.1 For contracts with an estimated whole life costs between £20,000 and £50,000 a minimum number of three competitive written quotations should be obtained.
- 6.10.2 Formal tendering procedures must be applied where the estimated whole life costs exceeds £50,000.
- 6.10.3 When assessing the potential value of a contract the whole life costs of the contract should be considered. The cumulative costs of a service with contractors must also be taken into account when assessing what competition requirements are needed.
- 6.10.4 For contracts valued above £20,000 up to £50,000, the Chief Officer may give permission for procurement to take place without a competitive quotation being sought in exceptional circumstances for the reasons provided in 6.11 below.

- 6.10.5 For contracts valued over £50,000, the Chair and one other Governing Body member may give permission for procurement to take place without a tender process for the reasons provided in 6.11 below.
- 6.10.6 Where it is decided that competitive quotations are not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate record by the appropriate Officer. Waivers will be kept by the Contracting Team and reported on a quarterly basis.
- 6.10.7 Where it is decided that competitive tendering is not applicable, as detailed above, and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate record by the Chief Finance Officer or his nominated representative. Waivers will be kept by the appropriate Contracting Team and reported to the Audit Committee on a quarterly basis.

## **6.11 Exceptions and Instances Where Formal Quotations or Tendering is Not Required**

- 6.11.1 Formal quotations or tendering procedures may be waived in the following circumstances:
- (a) Paragraph 6.9.1 applies, or;
  - (b) where the supply is proposed under special arrangements negotiated by the DH or CB in which event the said special arrangements must be complied with;
  - (c) Standing Financial Instruction No. 12 applies;

- (d) where the requirement is covered by an existing NHS contract or other contract capable of being accessed by the CCG, and the existing contract terms offers value for money;
- (e) where Government Procurement Service Agreements are in place and capable of being accessed by the CCG. However, it may be required that specific requirements of the agreement be complied with;
- (f) where a consortium or collaborative arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium or collaborative members;
- (g) where the timescale genuinely precludes competitive tendering. Failure to plan the work properly would not be regarded as a justification for waiving the requirement to tender;
- (h) where specialist expertise/service/works/goods are required and these are available from only one source (specialised service);
- (i) 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;
- (j) 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;
- (k) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the CCG is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

(l) where allowed and provided for in the Capital Investment Manual.

(m) where a Prior Information Notice has indicated that the number of suppliers/providers in the market is limited to one provider; in such cases the development of the market must be considered and action taken as appropriate.

6.11.2 The waiving of competitive quotations *or* competitive tendering procedures should not be used to avoid competition or for administrative convenience or other than in those circumstances set out in 6.11.1 (i) and (j) to award further work to a consultant originally appointed through a competitive procedure.

6.11.3 The Chief Finance Officer or his nominated representative **must** be consulted before any decisions are made relating to procurement, including the requirement for competitive quotations or tendering.

6.11.4 Procurements which subsequently breach thresholds after original approval shall be considered a breach of standing orders and will be reported in line with SFI 1.5 and depending on the circumstances acted upon in line with SFI 1.1.4

6.11.5 If, after a contract has been agreed, the contractor requests a revision and the revision brings the total contract value to less than the original approved and allocated funding then the revision can be considered with the approval of an executive director.

6.11.6 If after a contract has been agreed the contractor requests a revision which brings the total amount to greater than the original approved and allocated funding then the contract has to be resubmitted for approval depending on the contract value to the original approval authorities.

## **6.12 Building and Engineering Construction Works**

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

## **6.13 Aggregation of Contracts**

6.13.1 If a number of contracts of a similar nature are to be tendered, and the total cost of the contracts exceeds the tender threshold of £50,000, they must be tendered as one contract. If the total aggregated contract value exceeds the EU Threshold (see paragraph 6.5.5) they **must** be tendered as one contract under EU Procurement regulations. (Total cost means whole life costs of the contract. Clarification from the Chief Finance Officer should be sought if there is any doubt as to the definition or quantification of the whole life costs been tendered.)

6.13.2 Tenders for contracts for services which require a number of providers to be working in the marketplace in order to introduce flexibility and competition can be tendered as one, however, separate contracts can be awarded to more than one provider.

For the avoidance of doubt, the aggregate value of the contract over the whole contract term represents the total value of the contract.

## 6.14 Tendering and Procurement

6.14.1 Unless the competition requirements have been waived in accordance with SFI 6.11, contractors must be appointed by use of one of the following methods, the CCG's approach to procurement is set out in the CCG Procurement Policy:

(a) Selective tendering from an Approved List

Selective tendering from an Approved List is appropriate when there is a need to tender for a particular type of service on a frequent basis.

(b) Contracting with "Any Qualified Provider" from an Accredited Approved List

Contracting with "Any Qualified Provider" is appropriate when services are required on an ad-hoc basis or to facilitate patient choice. It may be described as an accreditation process underpinned by a framework agreement or "call off" contract. Use of an Approved List will be required in accordance with Paragraph 6.8 (Setting up Approved Lists).

(c) The Open Tendering Procedure

Under the Open Tender Procedure all interested candidates who respond to a Supply2Health advertisement and an OJEU advertisement if appropriate (and other adverts placed where it is considered that this would be beneficial) must be invited to tender. The best bid is chosen according to evaluation criteria. Under this procurement route, the advertisement and Service Specification must be very clearly defined so that bidders know exactly what is being procured. There is no scope to negotiate with bidders.

This procurement route is more appropriate for goods/services that are not complex in nature.

(d) The Restricted Tendering Procedure

Under the Restricted Tendering Procedure, interested candidates are invited to respond to the OJEU, NHS Supply2Health advertisement or advert placed by any other appropriate means (where it is considered that this would be beneficial) by submitting an expression of interest.

Under this procurement route, a shortlist of candidates is then drawn up and invited to tender. There is no scope to negotiate with tenderers following receipt of bids.

(e) Competitive Dialogue Tendering

The use of the Competitive Dialogue Procedure is applicable only for particularly complex contracts where development of the detailed specification will take place during the tender process.

Under this procurement route, shortlisted parties are invited to participate in dialogue which may have several stages. Once the dialogue is concluded, suppliers are invited to submit a final tender. There is one provision for bidders to clarify, specify and fine-tune their final bids before a preferred bidder is chosen. Robust governance is required as there needs to be careful management of bids and avoidance of conflicts of interest to ensure equality of treatment and avoid any unfair advantage between bidders.

Use of the Competitive Dialogue Procedure must be approved by the Chief Finance Officer or their nominated representative. **The use of this procedure is governed by EC Directive rules.**

- 6.14.2 Procurement may be undertaken by the CCG's Contracting Team, or on its behalf by designated Third Party agents where appropriate such as West and South Yorkshire Commissioning Support Unit (W and SYCSU) or the Commercial Procurement Collaborative (CPC). Approval by the Chief Finance Officer must be obtained if such an agent is to carry out

procurements over and above contractual obligations to the CCG (i.e. CCG bespoke procurements other than collaborative procurements).

### **6.15 Invitation to Tender or to be Included on an Approved List**

- 6.15.1 All invitations to tender or for expressions of interest in a tender or inclusion on an Approved List must be advertised on Supply2Health, and the OJEU if applicable, or by any other appropriate means if it is considered that it would be beneficial.
- 6.15.2 All requests for expressions of interest or invitations to tender shall state the date and time as being the latest time for receipt.
- 6.15.3 The CCG will keep a register of the companies that have expressed an interest and whether or not they have been invited to tender.
- 6.15.4 All tenders, other than those being submitted via electronic tendering software, shall be submitted in accordance with the following requirements:
- Tenders must be submitted in a plain sealed package or envelope addressed to the Chief Officer bearing a pre-printed label supplied by the CCG and the latest date and time for the receipt of such tender.
  - Tender envelopes shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.



## **6.16 Receipt and Safe Custody of Tenders, Quotations and Expressions of Interest**

- 6.16.1 The Chief Officer or their nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.
- 6.16.2 The date and time of receipt of each tender shall be endorsed on the tender envelope/package.
- 6.16.3 The responsible manager will be responsible for the receipt and safe custody of quotations and tenders.
- 6.16.4 The corporate governance team will be responsible for the receipt and safe custody of expressions of interest in tenders or for inclusion on Approved Lists.

## **6.17 Opening Expressions of Interest to Tenders and Register of Expressions of Interest or Tenders**

- 6.17.1 As soon as practicable after the date and time stated as being the latest time for receipt, the tenders shall be opened by managers authorised by the Chief Officer to carry out such duties.
- 6.17.2 Every tender received shall be marked with the date of opening and initialled by those present at the opening including electronic submission.
- 6.17.3 A register in the CCG shall be maintained by the Chief Officer or his nominated representative to show for each tender received:

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

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

6.17.4 No tender shall be amended after it has been received and prior to its consideration by the Tender Evaluation Panel.

6.17.5 Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders will be dealt with in the same way as late tenders.

## **6.18 Admissibility**

6.18.1 If for any reason the designated managers are of the opinion that the tenders received are not strictly competitive (for example, because only one tender has been received, or the tender is qualified in some way), this should be discussed with the Chief Officer or Chief Finance Officer prior to award of the contract.

## **6.19 Late Tenders or Expressions of Interest**

6.19.1 Tenders and expressions of interest received after the due time and date may be considered **only** if the Chief Officer or Chief Finance Officer

decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.

- 6.19.2 While decisions as to the admissibility of late, incomplete or amended tenders or expressions of interest are under consideration, the documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Officer or his nominated representative.

## **6.20 Evaluation of Tenders, Quotations and Expressions of Interest**

- 6.20.1 Prior to accepting a tender, quotation or expression of interest the Tender Evaluation Team must evaluate all tenders, quotations and expressions of interest in accordance with the criteria set out in paragraph 6.7 (Pre Contract Requirements and Risk Assessment).
- 6.20.2 Tenders must be evaluated by a Tender Evaluation Panel comprised of a minimum of three appropriately experienced people nominated by the Chief Finance Officer.
- 6.20.3 The Tender Evaluation Panel is required to maintain written records of:
- The weighting and evaluation criteria used to assess the tenders.
  - The recorded schedule of scoring for each Tender Evaluation Team Member including detailed reasons for scoring decisions.
  - A signed record of attendance and agreement with the scoring decisions and choice of tenderer.

## 6.21 Acceptance of Tender or Quotation

6.21.1 Authorisation permissions in relation to quotations and tenders are provided in the following table:

Authoriser	Supplies and Part A services	Part B services
Designated budget holders	up to £50,000	up to £50,000
Chief Officer or Chief Finance Officer	Up to £250,000	Up to £250,000
Chief Officer and Chief Finance Officer	up to £500,000	up to £500,000
Governing Body	more than £500,000	more than £500,000

6.21.2 Successful tenderers will be those offering the best value for money to the CCG, in accordance with the Tender Evaluation Criteria, or where price is the only consideration, the tender offering the lowest cost.

6.21.3 No tender or quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the CCG and which is not in accordance with these Standing Financial Instructions unless authorised at the appropriate level in accordance with the table in 6.21.1.

6.21.4 A written, signed record of the decision to award a contract will be kept by the CCG and will be reported on to the Audit Committee on a quarterly basis.

- 6.21.5 A Notice of an award of contract must be published in the OJEU in accordance with EU Procurement Rules.
- 6.21.6 All tenderers must be informed of the outcome of the tender process and provided with detailed feedback on their submission in relation to each of the evaluation criteria.
- 6.21.7 A standstill period will be required in accordance with EU Procurement Rules or the latest guidance produced by the Department of Health.

## **6.22 Post Tender Negotiations**

- 6.22.1 The use of negotiations for any contract subject to EU Procurement Rules and not advertised as negotiated is a breach of EU Procurement Law.
- 6.22.1 Current regulations and guidance for the procurement of health services allows negotiations with providers to take place using the Competitive Dialogue Procedure. Post tender negotiations are not permitted.
- 6.22.2 Revision of the tender price as a result of incorrect assumptions by the tenderer about costs, identified during the Tender Evaluation Process, may be permitted subject to approval by the Chief Officer. Robust governance is required to ensure equality of treatment and avoid any unfair advantage between bidders.

## **6.23 Tender Reports to the Governing Body**

- 6.23.1 Reports to the Governing Body will be made on an exceptional circumstance basis only. Routine reports on tenders and tender waivers will be made to the Audit Committee.

## **6.24 Collaborative Procurement**

- 6.24.1 Collaborative Procurement between the CCG and other NHS organisations may be undertaken when services are required across the region or sub-region. Third Party agents such as a commissioning support unit or the Commercial Procurement Collaborative (CPC) will normally support or undertake such procurement processes under the terms of its agreement with the CCG.
- 6.24.2 Any contracts awarded by NHS organisations collaboratively will be managed by a lead commissioner or under the terms of a Collaborative Commissioning Agreement or Consortium Agreement or other agreement with the same intent. Signing of such contracts will be in line with paragraph 1.1.4 (Duty to comply with Standing Orders and Standing Financial Instructions).
- 6.24.3 Joint contracting between the CCG and the Local Authority may take place where this is considered beneficial. The following contractual arrangements are permitted subject to the approval of the Chief Officer:
- 6.24.3.1 Pooled budget.
  - 6.24.3.2 Funding Agreement (where there is a lead commissioner and contracting will be bilateral between the lead commissioner and the supplier/provider).
  - 6.24.3.3 Multi-lateral agreement (where the supplier/provider will contract with the CCG and the Local Authority and will send invoices to each individual party relating to activity)

## 6.25 Contract Documentation

6.25.1 Where appropriate contracts for goods, materials, services or disposals shall embody the NHS Standard Contract Conditions unless there are specific reasons to use another form of contract documentation. In addition to Terms and Conditions, every contract must specify the following:

- The works, goods or services to be carried out, supplied or furnished;
- The price to be paid with a statement of discounts or other deductions;
- The time or times within which the contract is to be performed;
- Such of the matters referred to in these Standing Orders that are required to be included.

6.24.4 For health services, the NHS Standard Contract duration is currently 1 year. Any requirement for a longer contract term must be approved by the NHS Commissioning Board. The intended duration of a new contract is a firm indication of scale and will have direct implications for the level of resource required in the procurement process. Shorter contract duration is permitted where there are temporary commissioning needs, particular types of treatment or for pilot services.

6.24.5 KPIs and CQUINs, if applicable, must be included in all contracts to enable effective contract management.

6.24.6 Every contract 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.

- 6.24.7 Contracts which are agreed jointly with the Local Authority may be on the basis of Local Authority contract templates where permitted by the NHS Commissioning Board. In such cases, the terms and conditions must reflect the requirements of the NHS Standard Contract conditions.

## **6.26 Compliance Requirements for All Contracts**

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

- (a) The CCG Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;



- (d) such of the NHS Standard Contract Conditions as are applicable;
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (f) where a tender process has taken place, contracts shall be on the same basis on which tenders or quotations were invited;
- (g) in all contracts made by the CCG, the Governing Body shall endeavour to obtain best value for money by use of all systems in place. The Chief Officer shall nominate an officer who shall oversee and manage each contract on behalf of NHS Calderdale.

## **6.27 Extending Existing Contracts**

6.27.1 Contracts may be extended after consultation with the Chief Finance Officer subject to the extension being in accordance with the original contract agreement. Consideration must be given as to whether the contract still offers value for money.

6.27.2 Contracts may be extended beyond the term of their contract only if this requirement arises as a result of the occurrences detailed in paragraph 6.11 (Exceptions and instances where formal tendering is not required). Authorisation for such an extension will be dependent on the value of the contract in accordance with paragraph 6.10 (Competition Requirements for Contracts above £50,000). A record of action taken will be maintained by the Contracting Team on behalf of the Chief Finance Officer and reported to the Audit Committee on a quarterly basis.

Where such an extension would result in the value of the contract exceeding EU thresholds and the contract has not been previously advertised in the OJEU an extension cannot be made without the agreement of the Chief Officer having had due regard to all the circumstances in respect of the requested extension.

6.27.3 EU legislation must be taken into account in any decisions made.

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

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

## **6.29 Healthcare Services Agreements (see overlap with SFI No. 7)**

6.29.1 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Cluster. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with a Foundation Trust, is a legal document and is enforceable in law.

6.29.2 The Chief Officer shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Governing Body.

## **6.30 Disposals (See overlap with SFI No. 12)**

6.30.1 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 Chief Officer or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the CCG's supplies policy;
- (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 by the Audit Committee;
- (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.

### **6.31 In-house Services**

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

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

- a) Specification group, comprising the Chief Officer or nominated officer/s and specialist.

- b) In-house tender group, comprising a nominee of the Chief Officer and technical support.
  
- c) Evaluation team, comprising normally a specialist officer, a supplies officer and a representative of the Chief Finance Officer. For services having a likely annual expenditure exceeding £50,000, a member of the Governing Body should be a member of the evaluation team.
  
- d) 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.
  
- e) The evaluation team shall make recommendations to the Governing Body.
  
- f) The Chief Officer shall nominate an officer to oversee and manage the contract on behalf of the CCG.

### **6.32 Applicability of Tendering and Contracting SFIs to funds held in trust**

- 6.32.1 These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the CCG's trust funds and private resources.

## **7. NHS Service Agreements for Provision Of Services (See overlap with SFI No 6.31)**

### **7.1 Service Level Agreements**

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

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

- The standards of service quality expected;
- The relevant national service framework (if any);
- The provision of reliable information on cost and volume of services;
- The NHS national performance Assessment Framework;
- That SLAs build, where appropriate, on existing Joint Investment Plans;
- That SLAs are built on integrated care pathways;
- National contract proforma;
- Requirement for legally binding contracts with Foundation Trusts

The Chief Officer as the Accountable Officer or the Chief Finance Officer should seek assurances from their providers and/or auditors of their financial services (third party organisations) as specified in the contract/SLA.

## **7.2 Involving Partners and Jointly Managing Risk**

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

## **7.3 Reports to the Governing Body on SLAs**

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

## **7.4 Agreements for the provision of Continuing Healthcare (CHC) Services**

### **7.4.1 Agreements**

The Chief Officer, as the Accountable Officer, is responsible for ensuring the CCG enters into suitable Continuing Healthcare Agreements (CHA) with service providers for the provision of NHS services.

All CHAs should aim to implement the agreed priorities contained within the Individual Care Plan and wherever possible, be based upon to reflect the assessment of patient requirements. In discharging this responsibility, the Chief 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 relevant national performance requirements;
- Requirement for legally binding contracts with service providers

Unless the competition requirements have been waived in accordance with SFI 6.11, contractors must be appointed by use of one of the following methods, the CCG's approach to procurement is set out in the CCG Procurement Policy:

(e) Selective tendering from an Approved List

Selective tendering from an Approved List is appropriate when there is a need to tender for a particular type of service on a frequent basis.

(f) Contracting with "Any Qualified Provider" from an Accredited Approved List

Contracting with "Any Qualified Provider" is appropriate when services are required on an ad-hoc basis or to facilitate patient choice. It may be described as an accreditation process underpinned by a framework agreement or "call off" contract. Use of an Approved List will be required in accordance with Paragraph 6.8 (Setting up Approved Lists).

(g) The Restricted Tendering Procedure

Under the Restricted Tendering Procedure, interested candidates are invited to respond to the OJEU, NHS Supply2Health advertisement or advert placed by any other appropriate means (where it is considered that this would be beneficial) by submitting an expression of interest.

Under this procurement route, a shortlist of candidates is then drawn up and

invited to tender. There is no scope to negotiate with tenderers following receipt of bids.

#### **7.4.2 Reports to the Governing Body on CHAs**

The Chief Officer, as the Accountable Officer, will need to ensure that regular reports are provided to the Governing Body and appropriate sub Committee detailing actual and forecast expenditure against the CHA. This will include information on costing arrangements for the package of care.

### **8. Terms of Service, Allowances and Payment of Members of the Governing Body and Employees**

#### **8.1 Remuneration and Terms of Service (see also Section 6.5.6(b) of the CCG Constitution)**

8.1.1 In accordance with the CCG Constitution, the Governing Body shall establish a Remuneration and Terms of Service Committee with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (see The Codes of Conduct and Accountability EL (94)40).

8.1.2 The Committee will:

- (a) advise and make recommendations to the Governing Body on determinations about the appropriate remuneration, fees and other allowances; terms of service for employees and for people who provide services to the CCG and on determinations about benefits and allowances under any pension scheme that the CCG may establish as an alternative to the NHS pension scheme. It shall also include any



arrangements for termination of employment of the Chief Officer or the Chief Finance Officer.

- (c) Oversee and make decisions on the proper calculation and scrutiny of termination payments for redundancy, assisted voluntary early retirement, or by mutual agreement, taking account of such national guidance as is appropriate.

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

## **8.2 Funded Establishment**

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

8.2.2 The funded establishment of any department may not be varied without the approval of the Chief Officer or Chief Finance Officer.

## **8.3 Staff Appointments**

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

- (a) unless delegated to do so by the Chief Officer; and

- (b) within the limit of his/her approved budget and funded establishment.

8.3.2 The Governing Body will approve procedures presented by the Chief Officer for the determination of commencing pay rates, conditions of service, etc, for employees.

#### **8.4 Processing Payroll**

8.4.1 The Chief Finance Officer is responsible for:

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

8.4.2 The Chief Finance Officer will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;

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

8.4.3 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; and
  - (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 CCG obligations in circumstances that suggest they have left without notice, the Chief Finance Officer must be informed immediately.
- 8.4.4 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 arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

## **8.5 Contracts of Employment**

- 8.5.1 The Governing Body shall delegate responsibility to a nominated manager for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Governing Body and which complies with employment legislation; and
  - (d) dealing with variations to, or termination of, contracts of employment.

## **9. Non-Pay Expenditure**

### **9.1 Delegation of Authority**

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

9.1.2 The Chief Officer will set out:

- (a) the list of managers who are authorised to place requisitions for the supply of goods and services; and
- (b) the maximum level of each requisition and the system for authorisation above that level.

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

### **9.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (See overlap with SFI 6)**

#### **9.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the CCG. In so doing, the advice of the CCG's advisers on supply shall be sought.

Where this advice is not acceptable to the requisitioner, the Chief Finance Officer (and/or the Chief Officer) shall be consulted.

### 9.2.2 System of payment and payment verification

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. Such requirements will be specified in the Service Level Agreement or terms of trade.

### 9.2.3 The Chief Finance Officer

The Chief Finance Officer will:

- (a) advise the Governing Body regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed. Such thresholds will be notified to the third parties for ongoing compliance and will be specified in the Service Level Agreement.
- (b) prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;

- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
- (i) A list of Governing Body and employees (including specimens of their signatures) authorised to certify invoices.
- (ii) Certification that:
- goods have been duly received, examined and are in accordance with specification and the prices are correct;
  - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
  - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
  - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct;
  - the account is in order for payment.
- (iii) A timetable and system for submission to the Chief 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 Team.

(e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below). Where such systems are undertaken by a third party these will be detailed in the Service Level Agreement.

#### 9.2.4 Prepayments

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

- (a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cashflows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) the appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the CCG if the supplier is at some time during the course of the prepayment agreement unable to meet his/her commitments;
- (e) 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);



- (f) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Officer or Chief Officer if problems are encountered; and
- (e) every pre-payment will be individually approved and notified to the relevant financial services provider by the Chief Finance Officer

### **9.2.5 Official Orders**

Official Orders must:

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

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

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

- (a) all contracts [other than for a simple purchase permitted within the Scheme of Delegation or delegated budget], 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 and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (e) 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, up to the value of £25;
  - (ii) conventional hospitality, such as lunches in the course of working visits;

(see the national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff".)

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Finance Officer on behalf of the Chief Officer;

- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally – by an employee designated by the Chief Officer and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the CCG to a future uncompetitive purchase;
- (j) changes to the list of employees and officers authorised to certify invoices are notified to the Chief Finance Officer;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Finance Officer; and
- (l) petty cash records are maintained in a form as determined by the Chief Finance Officer. The rules for petty cash disbursement are on appendix

9.2.7 The Chief Officer and Chief Finance Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the

guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Officer.

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

9.3.1 Payments to local authorities and voluntary organisations made under the powers of section 256 and section 75 of the NHS Act shall comply with procedures laid down by the Chief Finance Officer which shall be in accordance with this Act.

### **9.4 Delegated Co-Commissioning of Primary Medical Services**

9.1.1 The CCG shall ensure that any decisions in respect of the Delegated Functions and which exceed the financial limits set out below are only taken:

- (a) by the following persons and/or individuals set out in column 2 of Table 1 below; and
- (b) following the approval of NHS England (if any) as set out in column 3 of the Table 1 below.

**Table 1 – Financial Limits**

Decision	Person/Individual	NHS England Approval
<p><b>General:</b></p> <p>Taking any step or action in relation to the settlement of a Claim, where the value of the settlement exceeds £100,000</p>	<p>CCG Accountable Officer or Chief Finance Officer or CCG Chair</p>	<p>NHS England Head of Legal Services and Local NHS England Team Director or Director of Finance</p>
<p><b>General:</b></p> <p>Any matter in relation to the Delegated Functions which is novel, contentious or repercussive</p>	<p>CCG Accountable Officer or Chief Finance Officer or CCG Chair</p>	<p>Local NHS England Team Director or Director of Finance or NHS England Region Director or Director of Finance or NHS England Chief Executive or Chief Financial Officer</p>
<p><b>Revenue Contracts:</b></p> <p>The entering into of any Primary Medical Services Contract which has or is capable of having a term which exceeds five (5) years</p>	<p>CCG Accountable Officer or Chief Finance Officer or CCG Chair</p>	<p>Local NHS England Team Director or Director of Finance</p>

Decision	Person/Individual	NHS England Approval
<p><b>Capital:</b></p> <p>Note: As at the date of this Agreement, the CCG will not have delegated or directed responsibility for decisions in relation to Capital expenditure (and these decisions are retained by NHS England) but the CCG may be required to carry out certain administrative services in relation to Capital expenditure under clause 13 of the delegation agreement.</p>	N/A	N/A

## 10. Fixed Asset Registers and Security Of Assets

### 10.1 Asset Registers

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

10.1.2 Each CCG shall maintain an asset register to record 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 and as required to conform with the latest IFRS requirements.

- 10.1.3 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; and
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 10.1.4 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).
- 10.1.5 The Chief Finance Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 10.1.6 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.

- 10.1.7 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.
- 10.1.8 The Chief Finance Officer shall calculate and pay capital charges as specified in the Capital Accounting Manual issued by the Department of Health.
- 10.1.9 Where any asset procedure is undertaken by a third party, this will be subject to detailed requirements being set out in the Service Level Agreement.

## **10.2 Security of Assets**

- 10.2.1 The overall control of fixed assets is the responsibility of the Chief Officer.
- 10.2.2 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;
- (f) periodic verification of the existence of, condition of, and title to, assets recorded;
- (g) identification and reporting of all costs associated with the retention of an asset;
- (h) reporting, recording and safekeeping of cash, cheques, and negotiable instruments; and
- (i) Where any asset control procedure is undertaken by third party this will be subject to detailed requirements being set out in the Service Level Agreement.

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

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

10.2.5 Any damage to the CCG's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Governing Body, Officers and employees in accordance with the procedure for reporting losses.

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

## **11 Stores and Receipt Of Goods**

### **11.1 General position**

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

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

### **11.2 Control of stores, stocktaking, condemnations and disposal**

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 Chief 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.

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

- 11.4 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.
- 11.5 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.
- 11.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Finance Officer.
- 11.7 The designated 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 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.
- 11.8 **Goods supplied by NHS Logistics**
- For goods supplied via the NHS Supply Chain logistics system, the Chief Officer shall identify those authorised to requisition and accept goods from NHS Supply Chain. The authorised person shall check receipt against the delivery note before forwarding this to the Chief Finance Officer who shall satisfy him/herself that the goods have been received before accepting the recharge.

## **12. Disposals And Condemnations, Losses And Special Payments**

## 12.1 Disposals and Condemnations

### 12.1.1 Procedures

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

12.1.2 When it is decided to dispose of a CCG asset, the Head of Service or authorised deputy will determine and advise the Chief Finance Officer of the estimated market value of the item, taking account of professional advice where appropriate.

12.1.3 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.

12.1.4 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.

## 12.2 Losses and Special Payments

### 12.2.1 Procedures

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

- 12.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Service, who must immediately inform the Chief Officer and the Chief Finance Officer, or inform an officer charged with responsibility for responding to concerns involving loss confidentially. This officer will then appropriately inform the Chief Finance Officer and/or Chief Officer. Where a criminal offence is suspected, the Chief Finance Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Finance Officer must inform the relevant NHS Protect in accordance with S of S Directions.

### 12.2.3 Suspected Fraud

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

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

- (a) the Governing Body, and
- (b) the External Auditor.

- 12.2.5 Within limits delegated to it by the Department of Health, the Audit Committee shall approve the writing-off of losses.
- 12.2.6 The Chief Finance Officer shall be authorised to take any necessary steps and shall specify to the Managing Director of SBS where appropriate, to safeguard the CCG's interests in bankruptcies and company liquidations.
- 12.2.7 For any loss, the Chief Finance Officer, should consider whether any insurance claim can be made.
- 12.2.8 The Chief Finance Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 12.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 12.2.10 All losses and special payments must be reported to the Audit Committee at every meeting.

## **13. Information Technology**

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

- 13.1.1 The Chief Finance Officer, who is responsible for the accuracy and security of the computerised financial data of the CCG, shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the CCG's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or

modification, theft or damage, having due regard for the Data Protection Act 1998;

- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.
- 13.1.2 The Chief Finance Officer shall satisfy him/herself 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.
- 13.1.3 The Manager responsible shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about the CCG that we make publicly available.
- 13.1.4 The CCG shall have a named Caldicott Guardian who will ensure that Caldicott principles for the security and use of patient information are implemented and that Data Protection and Subject Access legislation are complied with.

## **13.2 Responsibilities and Duties of Other Officers in Relation to Computer**

### **Systems and of a General Application**

13.2.1 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) and includes Shared Service Centres, all responsible officers 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.

## **13.3 Contracts for Computer Services with Other Health Bodies or Outside Agencies**

13.3.1 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.

13.3.2 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.



## **13.4 Requirements for Computer Systems Which Have an Impact on Corporate Financial Systems**

13.4.1 Where computer systems have an impact on corporate financial systems the Chief Finance Officer shall satisfy him/herself that:

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

## **14. Acceptance of Gifts By Staff and Link to Standard of Business Conduct**

The Chief Finance Officer shall ensure that all staff are made aware of the CCG policy on acceptance of gifts and other benefits in kind by staff. This policy 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 Financial Instructions.

## **15. PAYMENTS TO INDEPENDENT CONTRACTORS**

### **15.1 Role of the CCG**

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

### **15.2 Duties of the Chief Officer**

15.2.1 The Chief Officer shall:

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

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

15.3.1 The Chief Finance Officer shall:

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

## **16. Retention of Records**

- 16.1 The Chief Officer shall be responsible for maintaining archives for all records required to be retained in accordance with NHS Code of Practice – Records Management 2006.
- 16.2 The records held in archives shall be capable of retrieval by authorised persons.
- 16.3 Records held in accordance with NHS Code of Practice – Records Management 2006, shall only be destroyed in accordance with the CCG's

Records Management Policy and Guidance. Detail shall be maintained of records so destroyed.

## **17. Risk Management and Insurance**

### **17.1 Programme of Risk Management**

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

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; and
- g) arrangements to review the risk management programme.

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

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

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

## **17.3 Insurance arrangements with commercial insurers**

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

- (1) for **insuring motor vehicles** owned by the CCG including insuring third party liability arising from their use;
- (2) where the CCG is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into;
- (3) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the CCG for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in

the risk pool must be obtained from the NHS Litigation Authority. In any case of doubt concerning a CCG's powers to enter into commercial insurance arrangements, the Chief Finance Officer should consult the Department of Health.

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

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