**NHS Derby and Derbyshire**

**Integrated Care Board**

**Standing Financial Instructions**

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1. Introduction

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* 1. **Purpose**
		1. These Standing Financial Instructions:
			1. are issued in accordance with the Directions issued by the Secretary of State for Health under the provisions of the NHS Act 2006 (“the 2006 Act”) as amended by the Health and Social Care Act 2012, with responsibilities set out under that and subsequent secondary legislation for the regulation of the conduct of NHS Derby and Derbyshire Integrated Care Board (ICB) in relation to all financial matters and are applicable to the whole organisation;
			2. contain directions that the ICB must follow and also contains directions from NHS England regarding resources, capital allocation and funding to ICBs. The ICB is established under Chapter A3 of Part 2 of the National Health Service Act 2006, as inserted by the Health and Care Act 2022 and has the general function of arranging for the provision of services for the purposes of the health services in England in accordance with the Act. Each ICB is to be established by order made by NHS England for an area within England, the order establishing an ICB makes provision for the constitution of the ICB;
			3. detail the financial responsibilities, policies and procedures adopted by the ICB. They are designed to ensure that the ICB’s financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and value for money;
			4. should be used in conjunction with the Scheme of Reservations and Delegation (Section 6 in the ICB’s Governance Handbook) and shall have effect as if incorporated into the ICB's constitution;
			5. identify the financial responsibilities, that apply to everyone working for the ICB, without exception. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the ICB’s Standing Orders and must also consider prevailing Department of Health and Social Care and/or HM Treasury instructions.
		2. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial policies must be approved by the Audit and Governance Committee following review and recommendation by the Finance and Estates Committee (FEC).
		3. Any policy referred to in these Standing Financial Instructions is also deemed to be an integral part of the Standing Financial Instructions.
		4. The Chief Executive Officer shall have responsibility for ensuring that members of the ICB Board, sub-committees, employees and others as required are aware of the existence of these documents, and where necessary, be familiar with their detailed provisions.
		5. The Executive Director of Finance should also ensure that the direction and guidance in the framework is followed by the ICB. The Financial Framework is:
			1. Standing Orders (SO):
				1. Scheme of Reservations and Delegation
			2. ICB Governance Handbook:
				1. Section 7 – Standing Financial Instructions (SFIs)
				2. Section 6 – Scheme of Reservations and Delegation of the ICB Board.
	2. **Interpretation**

Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Executive Director of Finance must be sought before acting.

* 1. **Non-Compliance with Standing Financial Instructions**
		1. The failure to comply with Standing Financial Instructions and Standing Orders may result in disciplinary action in accordance with the ICB Disciplinary Policy in operation at the time. Disciplinary sanction may include dismissal.
		2. All members of the ICB and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Executive Director of Finance.
	2. **Scope**
		1. All officers of the ICB, without exception, are within the scope of the SFIs without limitation. The term officer includes, permanent employees, secondees and contract workers.
		2. Within this document, words imparting any gender include any other gender. Words in the singular include the plural and words in the plural include the singular.
		3. Any reference to an enactment is a reference to that enactment as amended.
		4. Unless a contrary intention is evident, or the context requires otherwise, words or expressions contained in this document, will have the same meaning as set out in the applicable Act.
	3. **Responsibilities and delegation**
		1. The ICB Board

The ICB Board exercises financial supervision and control by:

* + - 1. formulating and approving the financial strategy;
			2. requiring the submission and approval of budgets within approved allocations/overall income;
			3. defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and
			4. defining and delegating specific responsibilities for the performance of its functions to members of the ICB Board, Chief Executive Officer and employees as indicated in the Scheme of Reservations and Delegation.
		1. Chief Executive Officer and Executive Director of Finance

The Chief Executive Officer and Executive Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable and responsible for financial control.

* + 1. Chief Executive Officer

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive Officer:

* + - 1. is ultimately accountable to the ICB Board, and to the Secretary of State for Health and Social Care for ensuring that the ICB Board meets its obligation to perform its functions within the available financial resources;
			2. has overall executive responsibility for the ICB’s activities; and is responsible to the Chair and the ICB Board for ensuring that its financial obligations and targets are met; and has overall responsibility for the ICB’s system of internal control;
			3. has a duty to ensure that Members of the ICB Board and Committees, employees, all new appointees and contractors and their employees are notified of, and put in a position to understand their responsibilities within these Instructions.
		1. Executive Director of Finance
			1. The Executive Director of Finance reports directly to the ICB Chief Executive Officer and is responsible for:
				1. financial leadership and financial performance of the ICB;
				2. implementing the ICB’s financial policies and for coordinating any corrective action necessary to further these policies;
				3. maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
				4. ensuring that sufficient records are maintained to show and explain the ICB’s transactions, in order to disclose, with reasonable accuracy, the financial position of the ICB at any time; and, without prejudice.
			2. The duties of the Executive Director of Finance include:
				1. the provision of financial advice to other members of the ICB Board, Committees and employees in relation to ICB activities;
				2. the design, implementation and supervision of systems of internal financial control;
				3. the preparation and maintenance of such certificates, estimates, records and reports as the ICB may require for the purpose of carrying out its statutory duties;
				4. the preparation and audit of annual accounts;
				5. adherence to the directions from NHS England in relation to accounts preparation;
				6. ensuring that the allocated annual revenue and capital resource limits are not exceeded;
				7. meeting statutory requirements relating to taxation;
				8. supporting the ICB Board in delivery of the financial targets for the ICB as set out by NHS England;
				9. ensuring planned budgets are approved by the relevant board; and
				10. supporting a strong culture of public accountability, probity, and governance, ensuring that appropriate and compliant structures, systems, and process are in place to minimise risk.
		2. ICB Board Members, Committee Members and Employees

All members of the ICB Board and Committees and employees, severally and collectively, are responsible for:

* + - 1. the security of the property of the ICB;
			2. avoiding loss;
			3. exercising economy and efficiency in the use of resources; and
			4. conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Reservations and Delegation.
		1. Where financial functions are carried out by Committees, or employees, the form in which their financial records are kept and the manner in which they discharge their duties, must be to the satisfaction of the Executive Director of Finance.
		2. Contractors and their employees

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

1. Roles and Responsibilities

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* 1. **Audit and Governance Committee**

The ICB Board and Chief Executive Officer should be supported by an audit and risk assurance committee, which should provide proactive support to the board in advising on:

* + 1. the management of key risks
		2. the strategic processes for risk;
		3. the operation of internal controls;
		4. control and governance and the governance statement;
		5. the accounting policies, the accounts, and the annual report of the ICB;
		6. the process for reviewing of the accounts prior to submission for audit, management’s letter of representation to the external auditors; and the planned activity and results of both internal and external audit.
	1. **Executive Director of Finance**
		1. The Executive Director of Finance is responsible for:
			1. ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
			2. ensuring that the Internal Audit function meets the mandatory audit standards and provides sufficient independent and objective assurance to the Audit and Governance Committee and the Chief Executive Officer;
			3. deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
			4. ensuring that an annual Internal Audit report is prepared for the consideration of the Audit and Governance Committee;
			5. ensuring that the delegated authority as noted in the Scheme of Reservations and Delegation to the Officers of the ICB Board adopted by the ICB is reviewed periodically.
		2. The Executive Director of Finance, internal auditors and external auditors are entitled without necessarily giving prior notice to require and receive:
			1. access at all reasonable times to any land, premises or members of the ICB Board and Sub-Committee or employee of the ICB;
			2. access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
			3. the production of any cash, stores or other property of the ICB under a member of the ICB Board, Sub-Committee's or an employee's control; and
			4. explanations concerning any matter under investigation.
	2. **Internal Audit**
		1. Internal Audit services are provided under arrangements proposed by the Executive Director of Finance and approved by the Audit and Governance Committee, on behalf of the ICB Board.
		2. Only the Executive Director of Finance may commission the procurement of internal audit services (including services akin to internal audit services), having sought the approval of the Audit and Governance Committee.
		3. The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit and Governance Committee.
		4. Internal Audit will be responsible for providing an independent and objective opinion on risk management, control and governance, arrangements by measuring and evaluating their effectiveness to support the achievement of the organisation’s agreed strategic and operational objectives.
		5. The Head of Internal Audit will be responsible for providing to the Audit and Governance Committee:
			1. a strategic audit plan covering the next three years;
			2. a risk-based detailed plan for the coming year of internal audit work as agreed with Executive Director of Finance, for approval by the Audit and Governance Committee. This will be based upon the ICB’s Assurance Framework and will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the ICB;
			3. regular updates on the progress against plan including written audit reports in a form agreed by the Audit and Governance Committee for each audit undertaken;
			4. reports of management’s progress on the implementation of agreed action plans that are required as result of internal audit findings;
			5. an annual report containing the opinion on the effectiveness of the whole system of internal control. This opinion will be used by the ICB Board to inform the Annual Governance Statement in the Annual Report and by NHS England as part of its performance management role of the ICB. The opinion will be based on a systematic review and evaluation of risk management, control and governance that comprises the policies, procedures and operations in place and in accordance with current assurance framework guidance issued by the Department of Health and Social Care, in order to:
				1. deliver a clear opinion on the effectiveness of internal control in the ICB;
				2. identify and assess any major internal financial control weaknesses discovered;
				3. establish and monitor the achievement of the ICB’s strategic and operational objectives;
				4. identify, assess and manage strategic and operations risks to achieving the organisation’s objectives;
				5. identify the extent of economical, effective and efficient use of resources;
				6. identify the extent of compliance with, and the financial effect of, the relevant established policies (including behavioural and ethical expectations), plans, procedures, laws and regulations;
				7. identify the extent to which the ICB’s assets and interests are accounted for and safeguarded from loss of any kinds, including those arising from:
* fraud, bribery, corruption and other offences;
* waste, extravagance or inefficient administration;
* poor value for money;
* other causes;
	+ - * 1. review the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
				2. progress against plan in the current year;
				3. additional reports as requested by the Audit and Governance Committee.
		1. Whenever any matter arises, which involves, or is thought to involve, irregularities concerning cash or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Executive Director of Finance must be notified immediately.
		2. The Head of Internal Audit will normally attend Audit and Governance Committee meetings and has a right of access to all Audit and Governance Committee members, the Chair and Chief Executive Officer of the ICB.
		3. The Head of Internal Audit is accountable to the Executive Director of Finance. The reporting system for Internal Audit shall be agreed between the Executive Director of Finance, the Audit and Governance Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in Public Sector Internal Audit Standards. The reporting system shall be reviewed at least every three years.
	1. **External Audit**
		1. The appointment (and where necessary the dismissal) of the External Auditor has been delegated by the ICB Board to the Audit and Governance Committee and will be as directed by the Department of Health and Social Care: Guidance on the Local Procurement of External Auditors for NHS Trusts and ICBs (2016).
		2. The Code of Audit Practice published by the National Audit Office (the "Audit Code") contains the auditor's statutory responsibilities in relation to audit scope, reporting and additional duties. It also contains the responsibilities of the audited body in relation to the audit of financial statements and value for money arrangements.
		3. The ICB shall comply with the Audit Code.
		4. The External Auditor shall comply with the Audit Code.
		5. The Head of External Audit will normally attend Audit and Governance Committee meetings and has a right of access to all Audit and Governance Committee members, the Chair and Chief Executive Officer of the ICB.
		6. The Head of External Audit reports to the Audit and Governance Committee and is accountable to the Executive Director of Finance.
	2. **Security Management**
		1. The Audit and Governance Committee will be responsible for approving the ICB's security management arrangements.
		2. In line with their responsibilities, the ICB's Chief Executive Officer will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS Security Management.
		3. The ICB shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS Security Management.
		4. The ICB shall nominate a Lay Member to oversee the NHS Security Management service who will report to the ICB Board.
		5. The Chief Executive Officer has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Director of Corporate Delivery and the appointed LSMS.
	3. **Whistleblowing**

The Audit and Governance Committee will be responsible for the review of the effectiveness of arrangements in place for allow staff to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.

* 1. **Conflicts of Interest**

The Audit and Governance Committee shall receive reports in respect of any Conflicts of Interest breaches and will review the impact and actions taken.

1. Fraud, Bribery and Corruption (Economic Crime)
	1. The Audit and Governance Committee will:
		1. satisfy itself that the ICB has adequate arrangements in place for countering fraud as described in NHS Counter Fraud Authority (NHSCFA) - Standards for NHS Commissioners;
		2. approve the ICB’s counter fraud arrangements;
		3. approve the annual counter fraud work programmes;
		4. review the outcomes of such work;
		5. ensure that the ICB has a Fraud, Bribery and Corruption Policy;
		6. ensure that the ICB has arrangements in place to work effectively with the NHS Counter Fraud Authority;
		7. review the NHSFA annual self-review tool (SRT) prior to its required annual submission to NHSCFA. The SRT:
			1. enables the ICB to produce a summary of the counter fraud, bribery and corruption work carried out over the previous twelve months;
			2. covers the key areas of activity outlined in the standards shown in NHSCFA – Standards for NHS Commissioners.
	2. The Chief Executive Officer will ensure that the ICB Board, committee members and employees are aware of the Fraud, Bribery and Corruption Policy and comply with it.
	3. Through a tender process, the ICB shall appoint a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHSCFA – Standards for NHS Commissioners.
	4. The LCFS will:
		1. report to the ICB’S Executive Director of Finance;
		2. work with staff in the NHSCFA and any other bodies in accordance with the NHSCFA – Standards for NHS Commissioners;
		3. provide a written report, at least annually, on counter fraud work within the ICB.
	5. In line with their responsibilities, the ICB Chief Executive Officer and Executive Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on fraud and corruption.
2. Expenditure control, Allocations, Annual Plan, Budgets, Budgetary Control and Monitoring

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* 1. **Expenditure Control**
		1. The ICB is required by statutory provision not to exceed the allocations it receives from NHS England and any other sums it has received and is legally allowed to spend.
		2. The Chief Executive Officer has overall executive responsibility for the ICB’s activities and is responsible to the ICB Board for ensuring that it stays within its Resource Limit.
		3. Any sums received on behalf of the Secretary of State excluding charges arising under Part II of the NHS Act 1977 are treated as sums received by the ICB.
		4. The Executive Director of Finance will:
			1. provide monthly reports in the form required by the ICB Board, NHS England and the Secretary of State for Health and Social Care;
			2. ensure money drawn from the Department of Health and Social Care against the financing requirement arising from the Resource Limit is required for approved expenditure only, and is drawn down only at the time of need; following best practice as set out in ‘HM Treasury Managing Public Money’;
			3. be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the ICB to fulfil its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits.
	2. **Allocations**

The ICB’s Executive Director of Finance will be responsible for:

* + 1. the periodical review of the basis and assumptions used by NHS England for distributing allocations and ensure that these are reasonable and realistic in order to secure the ICB’s entitlement to funds;
		2. preparing an Annual Plan prior to the start of each financial year for submission to the ICB Board for approval showing the initial allocations received and their proposed uses including any sums to be held in reserve;
		3. regularly updating the ICB SFEC and ICB Board on significant changes to the initial allocation and the uses of the new allocations; and
		4. establishing a system for management of the Capital Resource Limit and the approval of investment proposals.
	1. **Preparation and Approval of Integrated Plan and Budgets**
		1. The Chief Executive Officer will be responsible for compiling a ICB Clinical Commissioning Strategy. The Strategy will take into account financial targets and forecast allocations along with any other available resources, and will be approved by the ICB Board and contain:
			1. a statement of the significant assumptions on which the strategy is based;
			2. details of major changes in workload, delivery of services or resources required to achieve the strategy.
		2. Prior to the start of the financial year the Executive Director of Finance will be responsible for preparing an Annual Plan for the ICB, including budgets for review by the SFEC.
		3. The SFEC will submit the Annual Plan to the ICB Board for approval.
		4. The Annual Plan and associated budgets will:
			1. be in accordance with the aims and objectives set out in the Clinical Commissioning Strategy and Commissioning Intentions;
			2. accord with workload and manpower plans;
			3. be produced following discussion with appropriate budget holders;
			4. be prepared within the limits of available funds;
			5. identify potential risks.
		5. All budget holders must provide information as required by the Executive Director of Finance to enable budgets to be compiled.
		6. The Executive Director of Finance:
			1. shall ensure that arrangements are in place to monitor and review financial performance against budget on a monthly basis, and report to the SFEC and ICB Board along with other committees as appropriate. This report should include explanations for significant variances from budget;
			2. has a responsibility to ensure that adequate training is delivered on an ongoing basis to budget holders to help them manage their budgets successfully.
	2. **Budgetary Delegation**
		1. The Chief Executive Officer may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
			1. the amount of the budget;
			2. the purpose(s) of each budget heading;
			3. individual and group responsibilities;
			4. authority to exercise virement;
			5. achievement of planned levels of service;
			6. the provision of regular reports.
		2. The Chief Executive Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the ICB Board.
		3. All budget holders will sign up to their allocated budgets at the start of the financial year.
		4. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive Officer, subject to any authorised use of virement.
		5. Non-recurring budgets should not be used to finance recurring expenditure without the authorisation in writing of the Chief Executive Officer, as advised by the Executive Director of Finance.
		6. The Scheme of Reservations and Delegation to Officers of the ICB Board, summarises the matters delegated by the Chief Executive Officer, and to whom they are delegated.
	3. **Budgetary Control and Reporting**
		1. The Executive Director of Finance will ensure that systems to devise and maintain budgetary control are in place. These will include:
			1. monthly financial reports to the SFEC and ICB Board in a form approved by the ICB Board containing:
				1. income and expenditure to date showing trends and forecast year-end position;
				2. movements in cash and allocations;
				3. capital project spend and projected outturn against plan;
				4. explanations of any material variances from plan;
				5. details of any corrective action where necessary and the Chief Executive Officer’s and/or Executive Director of Finance’s view of whether such actions are sufficient to correct the situation;
			2. the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
			3. investigation and reporting of variances from financial activity and manpower budgets;
			4. monitoring of management action to correct variances;
			5. arrangements for the authorisation and processing of budget virements.
		2. Each Budget Holder is responsible for ensuring that:
			1. any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the ICB Board;
			2. 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;
			3. all permanent employees are appointed in line with the Scheme of Reservations and Delegation to Officers of the ICB Board, of the ICB Constitution and in line with the ICB Recruitment and Selection Policy and Procedure;
			4. agency staff or temporary staff are procured in accordance with the ICB’s Temporary Agency Workers Procedure and the delegated limits shown in Scheme of Reservations and Delegation to Officers of the ICB by the ICB Board.
	4. **Efficiencies**
		1. The ICB will have a risk adjusted Efficiencies Delivery Plan that delivers a balanced budget.
		2. The Executive Director of Finance will be responsible for ensuring that:
			1. actual efficiency delivery is collated on a monthly basis;
			2. efficiency forecasts are collated.
		3. The Population Health and Strategic Commissioning Committee will:
			1. have clinical oversight of the efficiency programme and the responsibility for the approval of new efficiency Schemes;
			2. act as the gateway of invest to save efficiency schemes to the ICB Board.
		4. The Executive Director of Corporate Affairs will be responsible for ensuring that:
			1. the ICB efficiency programmes are managed;
			2. a review of the risks associated with delivering the efficiency programme is undertaken and reported to the SFEC;
			3. remedial action plans are developed for review by the SFEC;
			4. exception reports on any material breaches of delivery of agreed efficiency schemes are prepared for review by the SFEC.
		5. The SFEC will:
			1. review efficiency programmes managed by the Executive Director of Corporate Affairs;
			2. review exception reports on any material breaches of the delivery of agreed efficiency schemes including the adequacy of proposed remedial action plans;
			3. provide a framework which proactively manages the ICB’s efficiency programme and provides assurance in the delivery of efficiency to the ICB Board.
	5. **Capital Expenditure**

The general rules applying to delegation and reporting shall also apply to capital expenditure (the particular applications relating to capital are contained in SFI section 16).

* 1. **Monitoring Returns**

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

1. Annual Report and Accounts

The Executive Director of Finance, on behalf of the ICB, is responsible for ensuring:

* 1. the preparation of annual accounts in accordance with the accounting policies and guidance given by the Department of Health and Social Care, HM Treasury, NHS England, the ICB’s accounting policies, International Financial Reporting Standards (IFRS) and generally accepted accounting practice;
	2. the submission of annual accounts to NHS England for each financial year in accordance with the timetable prescribed by NHS England;
	3. that the ICB will publish an annual report, in accordance with guidelines on local accountability. The document will comply with the Department of Health and Social Care Group Accounting Manual (issued annually);
	4. that a ICB timetable is prepared for producing the annual report and accounts which must be agreed with external audit and the Audit and Governance Committee;
	5. that the external auditor’s management letter is published on the ICB’s website, and all issues raised in the management letter are fully addressed within the agreed timescales;
	6. that the ICB’s annual report and accounts are audited by External Audit, presented to a public meeting and made available to the public in accordance with guidelines on local accountability.
1. Computerised Financial Data

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| **Covering** |
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* 1. **Responsibilities and duties of the Executive Director of Finance**

The Executive Director of Finance is responsible for:

* + 1. ensuring that systems are in place to ensure the accuracy and security of the ICB's computerised financial data, and having due regard for the Data Protection Act 2018 will devise and implement any necessary procedures to ensure adequate (reasonable) protection of the ICB's data, programs and computer hardware from:
			1. accidental or intentional disclosure to unauthorised persons;
			2. deletion or modification;
			3. theft or damage;
		2. ensuring that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure:
			1. security, privacy, accuracy, completeness, and timeliness of the data;
			2. the efficient and effective operation of the system;
		3. ensuring that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
		4. ensuring that an adequate management (audit) trail exists through all computerised finance system and that such computer audit reviews as the Executive Director of Finance may consider necessary are carried out;
		5. ensuring 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;
		6. ensure, in relation to finance systems:
			1. awareness and understanding of financial systems, value for money and commercial issues;
			2. that transacting is carried out efficiently in line with current best practice e.g. e-invoicing;
			3. that the ICB meets the required financial and governance reporting requirements as a statutory body by the effective use of finance systems;
			4. the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records;
			5. that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable;
			6. publication and implementation of all ICB business rules and ensure that the internal finance team is appropriately resourced to deliver all statutory functions of the ICB;
			7. that risk is appropriately managed;
			8. identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers;
			9. the ICB has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of the ICB;
			10. 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; and
			11. where another health organisation or any other agency provides a computer service for financial applications, the Executive Director of Finance shall periodically seek assurances that adequate controls are in operation.
	1. **Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

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

* + 1. details of the outline design of the system;
		2. in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.
	1. **Contracts for computer services with other organisations**
		1. The Executive Director of Finance shall ensure that contracts for computer services for financial applications with another organisation 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.
		2. Where another organisation provides a computer service for financial applications, the Executive Director of Finance shall periodically seek assurances that adequate controls as outlined above are in operation.
	2. **Requirements for computer systems which have an impact on corporate financial systems**

Where computer systems have an impact on corporate financial systems the Executive Director of Finance shall need to be satisfied that:

* + 1. systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
		2. data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
		3. the Executive Director of Finance, finance staff and other relevant staff have access to such data;
		4. such computer audit reviews as are considered necessary are carried out.
1. Bank and Government Banking Service Accounts

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| **Covering** |
| General | 7.1 |
| Governing Banking Service Account | 7.2 |
| Banking Procedures | 7.3 |
| Tendering and Review | 7.4 |

* 1. **General**
		1. The Executive Director of Finance is responsible for managing the ICB’s banking arrangements and for advising the ICB Board on the provision of banking services and operation of accounts. This advice will take into account guidance/directions issued by the Department of Health and Social Care and Secretary of State.
		2. In line with HM Treasury, “Managing Public Money”, the ICB has no commercial bank accounts and uses the Government Banking Service (GBS) accounts, for all banking services.
		3. Commercial bank accounts require the consent of HM Treasury in all instances.
		4. The SFEC shall approve the opening of any new bank accounts.
		5. The Executive Director of Finance is responsible for procedures relating to the proper use and security of credit cards. Staff who have responsibility for the use of credit cards will agree to abide by these procedures.
	2. **Governing Banking Services**

The Executive Director of Finance is responsible for:

* + 1. accounts operated through the Government Banking Service;
		2. establishing separate bank accounts for the ICB’s Funds held on Trust, including charitable funds, if any exist;
		3. ensuring that arrangements are in place that ensure payments made from GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
		4. reporting to the ICB Board all arrangements made with the ICB’s bankers for accounts to be overdrawn;
		5. ensuring that there are arrangements in place for the monitoring of compliance with Department of Health and Social Care guidance on the level of cleared funds; and
		6. ensuring that cash flows are prepared to record and forecast cash inflows and outflows in order to deliver the ICB’s liquidity requirements.
	1. **Banking Procedures**
		1. The Executive Director of Finance will prepare detailed instructions on the operation of GBS accounts, which must include:
			1. the conditions under which each GBS account is to be operated;
			2. those authorised to sign cheques or other orders drawn on the ICB’s accounts (the “Bank Mandate”).
		2. The Executive Director of Finance must advise the ICB’s bankers in writing of the conditions under which each account will be operated.
	2. **Tendering and Review**
		1. Tendering and review is not required for GBS accounts.
		2. If the ICB has commercial bank accounts, the Executive Director of Finance will review the banking arrangements of the ICB at intervals not exceeding five years, to ensure they reflect best practice and represent best value for money. This will include seeking competitive tenders for the ICB’s commercial banking business.
		3. The results of the tendering exercise should be reported to the ICB Board.
1. Income, Fees and Charges/Security of cash, cheques and other negotiable instruments

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| **Covering** |
| Income Systems | 8.1 |
| Fees and Charges | 8.2 |
| Debt Recovery | 8.3 |
| Security of cash, cheques and other negotiable instruments | 8.4 |

* 1. **Income Systems**
		1. An ICB has the power to do anything specified in section 7(2)(a), (b) and (e) to (h) of the Health and Medicines Act 1988 for the purpose of making additional income available for improving the health service.
		2. The Executive Director of Finance is responsible for ensuring that:
			1. systems are in place for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due to the ICB;
			2. effective systems are in place for the prompt banking of all monies received by the ICB;
			3. arranging to register with HM Revenue and Customs, if required, under money laundering legislation.
	2. **Fees and Charges**
		1. The Executive Director of Finance is responsible for:
			1. approving and regularly reviewing the level of all fees and charges other than those determined by NHS England or by Statute. Independent professional advice on matters of valuation shall be taken as necessary;
			2. developing effective arrangements for making grants or loans.
		2. All employees must inform the Finance Directorate, in accordance with notified procedures, promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases and other transactions.
	3. **Debt Recovery**
		1. The Executive Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
		2. Income not received should be dealt with in accordance with the ICB’s losses procedures.
		3. Overpayments should preferably be prevented, but if made they should be identified and full recovery made.
	4. **Security of Cash, Cheques and other Negotiable Instruments**
		1. The Executive Director of Finance is responsible for ensuring that systems and procedures are in place:
			1. to approve the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
			2. to order and securely control any such stationery;
			3. to provide 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;
			4. for the proper use and secure handling of cash and negotiable securities on behalf of the ICB.
		2. Official money shall not, under any circumstances, be used for the encashment of private cheques or IOUs.
		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 Executive Director of Finance.
		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 ICB is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the ICB from responsibility for any loss.
1. Procurement of Goods and Services

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| **Covering** |
| Duty to comply with Standing Orders and Standing Financial Instructions | 9.1 |
| World Trade Organisation Directives Governing Public Procurement | 9.2 |
| Delegated Limits | 9.3 |
| Committing to Expenditure | 9.4 |
| Procurement | 9.5 |
| Procurement Policy | 9.6 |
| Agency or Temporary Staff Contracts | 9.7 |
| Financial standing and technical competence of suppliers of goods and services | 9.8 |
| Health care services | 9.9 |
| Exceptions and instances where formal tendering need not be applied | 9.10 |

* 1. **Duty to comply with Standing Orders and Standing Financial Instructions**

The procedure for making all contracts by or on behalf of the ICB shall comply with the ICB Standing Orders and Standing Financial Instructions (except where Suspension of Standing Orders is applied) and comply with the Procurement Policy.

* 1. **UK Procurement Thresholds Governing Public Procurement**

UK Procurement Thresholds promulgated by the Department of Health and Social Care prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions, and will be detailed in the Procurement Policy.

* 1. **Delegated Limits**

Delegated Limits must be complied with and are prescribed in Scheme of Reservations and Delegation to Officers of the ICB Board.

* 1. **Committing to Expenditure**
		1. Expenditure commitments must only be made if the budget holder i.e. Executive Director, has a budget for the expenditure.
		2. Consideration must be given as to whether the expenditure will be accounted for as a lease. If it is, capital funding will be required.
		3. All business cases and contract awards should be based on the whole life of the contract. This should include the cost of any extension periods and all VAT.
		4. All employees and anyone able to commit to expenditure on its behalf must ensure that they:
			1. be aware of and comply with the Procurement Policy;
			2. do not commit either verbally or in writing to any expenditure, without ensuring compliance with the Procurement Policy and delegated limits. This includes variations and/or extensions to contracts which must consider the whole life cost of a contract;
			3. have the required delegated limit to commit the ICB’s resources before undertaking procurement;
			4. obtain approval for a business case, as required by the delegations;
			5. seek quotes / tenders for the procurement of their goods, services or works in a legally compliant manner as set out in the Procurement Policy that ensures the best value for the ICB;
			6. ensure that a signed contract, has been put in place prior to the expenditure being incurred;
			7. adhere to the rule of aggregation, as detailed in the ICB Procurement Policy, when identifying the total value of the contracts. Budget holders must not split purchase orders and contracts to avoid procurement thresholds. Suspected disaggregation will be investigated and may lead to disciplinary action; and
			8. set the length of the proposed contract following a rigorous assessment of service need and value for money. Arbitrarily setting the length of a contract to avoid control processes will be subject to disciplinary action.
	2. **Procurement**

The Chief Executive Officer is responsible for ensuring that:

* + 1. the ICB has a legally compliant Procurement Policy;
		2. the ICB has a Procurement Strategy;
		3. the ICB has access to a specialist procurement service;
		4. all ICB employees and anyone able to commit to expenditure on its behalf is aware of and complies with the Procurement Policy; and
		5. all ICB procurement is in line with the Procurement Policy.
	1. **Procurement Policy**

The Procurement Policy will include but not be limited to details regarding:

* + 1. the full statutory and regulatory framework that the ICB must abide by;
		2. procurement rules and UK law;
		3. scope and applicability to ICB expenditure types;
		4. procurement delegated authority limits as per the Scheme of Reservations and Delegation;
		5. procurement options and routes, including threshold values;
		6. awarding of contracts;
		7. managing conflicts of interest.
	1. **Agency or temporary staff contracts**

The ICB can only enter into contracts to procure agency staff or temporary staff is in accordance with the ICB’s Temporary Agency Workers Procedure and the delegated limits shown in the Scheme of Reservations and Delegation.

* 1. **Financial standing and technical competence of suppliers of goods and services**

The Executive Director of Finance may make or institute any enquiries he/she/they deems appropriate concerning the financial standing and financial suitability of suppliers of goods and services. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical/clinical competency.

* 1. **Health Care Services**

Where the ICB must invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with the ICB Procurement Policy Standing Financial Instruction No. 10 Tendering and No. 11 Commissioning secondary healthcare services and the NHS standard contract.

* 1. **Exceptions and instances where formal tendering need not be applied**
		1. The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.
		2. Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate ICB record (see Appendix 1 – Single Tender Waiver Form) approved by the Executive Director of Finance and reported to the Audit and Governance Committee for information at each meeting. Legal advice must be sought to ensure the rationale for no competition is valid.
		3. Formal tendering **must be applied** if the estimated expenditure is in excess of the current UK Procurement Thresholds limit as shown in the Procurement Policy.
		4. Formal tendering procedures **may be waived** ONLY where the following circumstances are met if the estimated expenditure is below the UK Procurement Thresholds limit as shown in the Procurement Policy but above the ICB’s limit for a competitive process as shown in the ICB’s Procurement Policy, as detailed in the Scheme of Reservations and Delegation and:
			1. in very exceptional circumstances where the Chief Executive Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate ICB record (legal advice is recommended);
			2. where the requirement is covered by an existing contract and where it does not materially / modify the contract beyond the original specification or exceed 50% of the total contract value awarded;
			3. where Framework Agreements are in place as described in the ICB’s Procurement Policy;
			4. where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
			5. where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
			6. where specialist expertise is required and is available from only one source;
			7. 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 (experience, capacity, or intellectual property rights as an example) procurement advice should be sought to ensure this complies with regulation 32 and/or 72 under PCR2015;
			8. 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. Procurement advice should be sought to ensure this complies with regulation 32 and/or 72 under PCR2015;
			9. for the provision of legal advice and services providing that any legal firm or partnership commissioned by the ICB 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 Executive Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
			10. the annual value of contract is below £10,000.
		5. Formal tendering procedures **need not be applied** where:
			1. the estimated expenditure or income does not, or is not reasonably expected to, exceed the ICB’s limit for a competitive process as shown in the ICB’s Procurement Policy and as detailed in the Scheme of Reservations and Delegation; or
			2. where the supply is proposed under special arrangements negotiated by the Department of Health and Social Care, in which event the said special arrangements must be complied with;
			3. regarding disposals as set out in Standing Financial Instructions No. 19.
1. Tendering

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| **Covering** |
| Formal competitive tendering | 10.1 |
| Invitation to tender | 10.2 |
| Items which subsequently breach thresholds after original approval | 10.3 |
| e-tendering | 10.4 |
| Tender Register | 10.5 |
| Admissibility | 10.6 |
| Acceptance of formal tenders | 10.7 |
| Reports to ICB Board on Contracts | 10.8 |
| In-house services | 10.9 |
| Tender reports to the ICB Board | 10.10 |

* 1. **Formal competitive tendering**
		1. The ICB shall ensure that tenders are invited according to the Procurement Policy for the supply of goods and services having regard to the anticipated contract amount over the life of the contract.
		2. Tenders may by either;
			1. a formal competitive tender process; or
			2. a fully compliant tender under UK regulations.
		3. The ICB’s procurement specialists should always manage the tender process:
	2. **Invitation to tender**

When the ICB is required to tender for goods and services the following will apply:

* + 1. all instructions for invitations to tender will be made using an e-tendering solution, including the latest date and time for the receipt of tenders;
		2. every potential tenderer must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.
	1. **Items which subsequently breach thresholds after original approval**

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

* 1. **e-Tendering**
		1. The e-Tendering solution will:
			1. provide electronic receipt and safe-keeping of tenders in accordance with the control system and approved by the Chief Executive Officer;
			2. access applications through an e-Procurement tool by the designated evaluation panel via a username and login;
			3. require the Procurement Lead for the opening of tenders estimated above £50,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the ICB’s Scheme of Reservations and Delegation; and
			4. provide the facility for opening and recording of tenders in accordance with the control system contained within the system and approved by the Chief Executive Officer, or those delegated within the Scheme of Reservations and Delegation.
		2. The ‘originating’ Department will be taken to mean the Department commissioning the tender.
		3. All Executive Directors/members will be authorised to be allocated with open tenders by the Procurement Lead regardless of whether they are from the originating department provided that a secondary authorised person also receives the allocation and is not from the originating department.
		4. The ICB’s Secretary will count as a Director for the purposes of opening tenders.
	2. **Tender register**
		1. A register shall be maintained by the Chief Executive Officer, or a person authorised by him, to show for each set of competitive tender invitations despatched:
			1. the name of all firms/individuals invited;
			2. the names of firms/individuals from which tenders have been received;
			3. the date the tenders were received and opened;
			4. the persons present at the opening;
			5. the price shown on each tender;
			6. a note where price alterations have been made on the tender and suitably initialled.
		2. Each entry to this register shall be signed by those present.
		3. Incomplete tenders (those from which information necessary for the adjudication of the tender is missing) and amended tenders (those amended by the tenderer upon his/her/their own initiative in writing after the due time for receipt, but prior to the opening of other tenders) should be dealt with in the same way as late tenders.
	3. **Admissibility**
		1. If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive or provide best value for money (for example, because the number of bids is insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive Officer.
		2. Where only one tender is sought and/or received, the Chief Executive Officer and Executive Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the ICB through evaluation against the published criteria.
	4. **Late tenders**
		1. Late tenders cannot be received nor accepted when using the e-tendering solution.
		2. Tenderers should communicate any difficulties to the ICB prior to the deadline to ensure bids are submitted timely before the closing date.
		3. Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive Officer or his/her/their nominated officer(s) decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
		4. While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody (not released to the evaluation panel) by the Chief Executive Officer or his/her/their nominated officer(s).
		5. Accepted late tenders will be reported to the ICB Board before the evaluation process is completed.
	5. **Acceptance of formal tenders**
		1. All Tenders should be treated as confidential and should be retained for inspection.
		2. Any discussions with a tenderer, which are deemed necessary to clarify technical aspects of his/her/their tender before the award of a contract will not disqualify the tender. Clarification of responses is permitted as long as it not deemed as betterment (i.e. asking additional information or coaxing for a response).
		3. The Chief Executive Officer should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that have submitted tenders. This should be detailed in the tender documentation.
		4. No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the ICB and which is not in accordance with these Instructions, except with the authorisation of the Chief Executive Officer (e.g. where all tenders exceed the allocation).
		5. The use of these procedures must demonstrate that the award of the contract was to the Most Economically Advantageous Tender (MEAT), which should be a criteria disclosed for evaluation.
		6. Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented upfront in the tender documentation and in the contract file and the reason(s) for not accepting the lowest tender clearly stated.
		7. It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
			1. experience and qualifications of team members;
			2. understanding of client’s needs;
			3. feasibility and credibility of proposed approach;
			4. ability to complete the project on time.
	6. **In-house Services**
		1. The Chief Executive Officer shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The ICB may also determine from time to time that in-house services should be market tested by competitive tendering.
		2. In all cases where the ICB Board or its Sub-Committees determine that in-house services should be subject to competitive tendering, the following groups shall be set up:
			1. specification group, comprising the Chief Executive Officer or nominated officer/s and specialist provided to work on behalf of the ICB;
			2. in-house tender group, comprising a nominee of the Chief Executive Officer and procurement support;
			3. evaluation team, normally comprising of a specialist officer provided to work on behalf of the ICB, a Procurement Officer and a representative of the Executive Director of Finance. For services having a likely expenditure exceeding the UK Procurement Thresholds limit, a non-officer member should be a member of evaluation team.
	7. **Tender reports to the ICB Board**

Reports to the ICB Board regarding ongoing tenders will be made on an exceptional circumstance basis only. All tender awards are reviewed for approval as per the Scheme of Reservations and Delegation to Officers of the ICB Board.

* + 1. Quotations: competitive and non-competitive
			1. General Position on quotations

Quotations are required where formal tendering procedures are not adopted in line with the Procurement Policy and as per the Scheme of Reservations and Delegation to Officers of the ICB Board.

* + - 1. Competitive Quotations
				1. Quotations must be in writing or via e-tendering.
				2. All quotations should be treated as confidential and should be retained for inspection.
				3. The Chief Executive Officer or his/her/their nominated officer(s) should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation, then the choice made and the reasons why should be recorded in a permanent record.
			2. Non-Competitive Quotations

Non-competitive quotations in writing may be obtained in the following circumstances and where approval has been gained by the Chief Executive Officer or Executive Director of Finance:

* + - * 1. the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the delegated budget holder, possible or desirable to obtain competitive quotations. This would only apply under extreme circumstances and clear rationale would need to be provided to support why competition is absent;
				2. the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
				3. miscellaneous services, supplies and disposals;
				4. where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e. (i) and (ii)) apply.
		1. Contract Award
			1. Providing all the conditions and circumstances set out in these Standing Financial Instructions and Procurement Policy have been fully complied with, formal authorisation and awarding of a contract may be decided by designated managers to the value of the contract as determined in Scheme of Reservations and Delegation to Officers of the ICB Board.
			2. Formal authorisation must be put in writing. In the case of authorisation by the ICB Board this shall be recorded in their minutes.
		2. Instances where formal competitive tendering or competitive quotation is not required

Where competitive tendering or a competitive quotation is not required, the ICB shall procure goods and services in accordance with procurement procedures approved by the Executive Director of Finance.

* + 1. Compliance requirements for all contracts

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

* + - 1. the ICB’s Standing Orders and Standing Financial Instructions;
			2. Government Directives and other statutory provisions;
			3. such of The NHS Standard Contract Conditions as are applicable;
			4. ‘Standards for Better Health’;
			5. appropriate NHS guidance (particularly with regards to contracts with Foundation Trusts);
			6. the terms and conditions of contract as was the basis on which tenders or quotations were invited, where appropriate.

In all contracts made by the ICB, the ICB Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive Officer shall nominate an officer who shall oversee and manage each contract on behalf of the ICB.

* + 1. Disposals (See overlap with SFI No. 18)
			1. Competitive Tendering or Quotation procedures shall not apply to the disposal of:
				1. 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 Executive Officer or his/her/their nominated officer;
				2. obsolete or condemned articles, which may be disposed of in accordance with the supplies policy of the ICB;
				3. items to be disposed of with an estimated sale value of less than £5,000, this figure is to be reviewed on a periodic basis;
			2. 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.
			3. The evaluation team shall make recommendations to the ICB Board.
			4. The Chief Executive Officer shall nominate an officer to oversee and manage the contract on behalf of the ICB.
1. Commissioning Secondary Healthcare Services and the NHS Standard Contract

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| **Covering** |
| Role of the ICB in Commissioning Secondary Healthcare Services | 11.1 |
| Role of the Chief Executive Officer | 11.2 |
| Role of Executive Director of Finance | 11.3 |
| NHS Standard Contract for the Provision of Services | 11.4 |
| Reports to ICB Board on Contracts | 11.5 |

* 1. **Role of the ICB in Commissioning Secondary Healthcare Services**
		1. The ICB has responsibility for commissioning healthcare services on behalf of its GP’s resident patient population. This will require the ICB to work in partnership with local NHS Trusts, and Foundation Trusts, other ICBs, local authorities, patients, carers and the voluntary sector to develop robust commissioning plans.
		2. Commissioning expenditure shall not exceed the budget approved by the ICB Board.
	2. **Role of the Chief Executive Officer**
		1. The Chief Executive Officer:
			1. is responsible for ensuring the ICB enters into contracts with service providers for the provision of NHS services and shall nominate officers to commission contracts with providers of healthcare in line with a Commissioning Plan approved by the ICB Board;
			2. shall nominate officers to commission services in line with the Clinical Commissioning Plan approved by the ICB Board; and
			3. is responsible, where the ICB makes arrangements for the provision of services by non-NHS providers, for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided. Before making any agreement with non-NHS providers, the ICB should explore fully the scope to make maximum cost-effective use of NHS facilities.
	3. **Role of Executive Director of Finance**

The Executive Director of Finance is responsible for ensuring that a system of financial monitoring is maintained in order to ensure the effective accounting of expenditure under legally binding contracts and Non Contracted Activity. This should provide a suitable audit trail for all payments made under the agreements, maintain patient confidentiality and comply with Data Protection legislation.

* 1. **NHS Standard Contract for the provision of services**
		1. Under the National Health Service Commissioning Board and Integrated Care Boards (Responsibilities and Standing Rules) Regulations 2012, the NHS Standard Contract (contract) must be used by ICBs and by NHS England where they wish to contract for NHS-funded healthcare services (including acute, ambulance, patient transport, continuing healthcare services, community-based, high-secure, mental health and learning disability services).
		2. The Contract must be used regardless of the proposed duration or value of a contract (so it should be used for small-scale short-term pilots as well as for long- term or high-value services).
		3. Where a single contract includes both healthcare and non-healthcare services, the NHS Standard Contract must be used.
		4. The contract creates legally binding agreements between NHS commissioners and Foundation Trust, independent sector, voluntary sector and social enterprise providers.
		5. Agreements between commissioners and NHS Trusts are ‘NHS contracts’ as defined in Section 9 of the National Health Service Act 2006. NHS Trusts will use exactly the same contract documentation, and their contracts will be treated by the ICB with the same degree of rigour and seriousness as if they were legally binding.
		6. Agreements that involve a local authority as a commissioner and an NHS Trust will be legally binding between those parties.
		7. The ICB will comply with all of the current technical guidance issued by NHS England.
		8. All contracts should aim to implement the agreed priorities contained within the Integrated Care Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive Officer should take into account:
			1. the standards of service quality expected;
			2. the relevant national service framework (if any);
			3. the provision of reliable information on cost and volume of services;
			4. the NHS Oversight Framework and NHS Oversight Framework: ICB Metrics and Technical Annex;
			5. that contracts build where appropriate on existing Joint Investment Plans;
			6. that contracts are based on integrated care pathways.
	2. **Reports to ICB Board on Contracts**

The Chief Executive Officer will need to ensure that regular reports are provided to the ICB Board detailing actual and forecast expenditure against contracts as appropriate.

1. Terms of Service, and Recruitment of members of the ICB Board, Committees and Employees

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| **Covering** |
| Remuneration Committee and Terms of Service | 12.1 |
| Funded Establishment | 12.2 |
| Staff Appointments | 12.3 |
| Contracts of Employment | 12.4 |

* 1. **Remuneration Committee and Terms of Service**
		1. In accordance with Standing Orders the ICB shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting and identifying which duties are delegated to any sub committees of the committee. (See NHS guidance contained in the Higgs report, ‘Review of the Role and Effectiveness of Non-Executive Directors').
		2. The Committee will:
			1. make written recommendations to the ICB Board on the appropriate remuneration and terms of service for the Chief Executive Officer, other officer members employed by the ICB and other senior employees including:
			2. all aspects of salary (including any performance-related elements/bonuses);
			3. provisions for other benefits, including pensions and cars;
			4. arrangements for termination of employment and other contractual terms;
			5. make such recommendations to the ICB Board on the remuneration and terms of service of officer members of the ICB Board and Committee members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the ICB - having proper regard to the ICB's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
			6. monitor and evaluate the performance of individual officer members Sub-Committee (and other senior employees);
			7. advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
		3. The Committee will report in writing to the ICB Board the basis for its recommendations. The ICB Board will use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Committee members. Minutes of the ICB Board's meetings should record such decisions.
		4. For those employees not covered by the Committee, the ICB Board will consider and either approve or reject proposals presented by the Chief Executive Officer for the setting of remuneration and conditions of service.
		5. The ICB will pay allowances to the Chairman and non-officer members of the ICB Board in accordance with instructions issued by the Secretary of State for Health and Social Care.
	2. **Funded Establishment**
		1. The manpower plans incorporated within the annual budget will form the funded establishment.
		2. The funded establishment of any directorate may not be varied without the approval of the delegated officers detailed in the Scheme of Reservations and Delegation.
	3. **Staff Appointments**
		1. A member of the ICB Board or any other employee may only engage, re‑engage, or re-grade employees, or agree to changes in any aspect of remuneration if within the limit of their approved budget and funded establishment.
		2. The ICB Board will approve procedures presented by the Chief Executive Officer for the determination of commencing pay rates, condition of service, etc., for employees.
	4. **Contracts of Employment**

The ICB Board shall delegate responsibility to an officer to ensure that systems are in place for:

* + 1. ensuring that all employees are issued with a Contract of Employment in a form approved by the ICB Board and which complies with employment legislation;
		2. dealing with variations to, or termination of, contracts of employment;
		3. ensuring that all lay members receive a contract for service that appropriately reflects their status and entitlements, or not, pay and/or expenses.
1. Processing Payroll and Expenses

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| **Covering** |
| Chief People Officer | 13.1 |
| Payroll Service | 13.2 |
| Internal ICB requirements | 13.3 |

* 1. **Chief People Officer**
		1. The Chief People Officer (CPO) (or equivalent people role in the ICB) will lead the development and delivery of the long-term people strategy of the ICB ensuring this reflects and integrates the strategies of all relevant partner organisations within the ICS.
		2. Operationally the CPO will be responsible for:
			1. defining and delivering the organisation’s overall human resources strategy and objectives; and
			2. overseeing delivery of human resource services to ICB employees.
		3. The CPO will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.
		4. Where a third-party payroll provider is engaged, the CPO shall closely manage this supplier through effective contract management.
		5. The CPO is responsible for management and governance frameworks that support the ICB employees’ life cycle.
	2. **Payroll Service**
		1. The Executive Director of Finance is responsible for ensuring that:
			1. the ICB has arrangements in place for an effective payroll service and follow guidance from NHSE regarding the payroll service provider;
			2. if the payroll provider is contracted by the ICB and not NHSE, the chosen method of providing the ICBs Payroll Service is supported by appropriate, contracted terms and conditions, adequate internal controls and audit review procedures, and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.
		2. If the payroll provider is contracted by the ICB and not NHSE, the Executive Director of Finance is responsible for ensuring that the contract with the relevant outsources service provider covers:
			1. verification and documentation of data;
			2. the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
			3. maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
			4. security and confidentiality of payroll information;
			5. checks to be applied to completed payroll before and after payment;
			6. pay advances and their recovery;
			7. separation of duties of preparing records and inputs and verifying outputs and payments, including reconciliation of pay control accounts;
			8. the final determination of pay and allowances;
			9. ensuring that payment occurs on agreed dates;
			10. arrangements for ensuring compliance with the provisions of the Data Protection Act.
	3. **Internal ICB requirements**
		1. The Chief Executive Officer is responsible for ensuring that the ICB has:
			1. timetables for submission of properly authorised payroll documentation;
			2. suitable arrangements and comprehensive procedures in place for the effective and timely provision of information to the payroll provider to enable accurate, timely and effective processing of payroll by the payroll service provider enabling correct and timely payments to be made to employees;
			3. adequate internal controls and audit review processes to prevent incorrect payments being made.
		2. The Executive Director of Finance is responsible for ensuring that there are systems and procedures in place to issue instruction regarding:
			1. maintenance of regular and independent reconciliation of balance sheet pay control accounts;
			2. the recovery from leavers of any sums of money, including overpayments and property due from them to the ICB, which have not been recovered from pay prior to leaving.
		3. The Chief People Officer, alongside appropriately nominated managers and Committee members, has delegated responsibility for:
			1. submitting associated records (where applicable), and other notifications in accordance with agreed timetables;
			2. completing time records and other notifications in accordance with the instructions and in the form prescribed by the Executive Director of Finance;
			3. notifying the Human Resources department of any changes to contracts using the Change of Circumstances form;
			4. notifying the Human Resources department of any new starters using the New Starter form, and ensure other relevant actions are completed;
			5. maintaining leave (annual carer’s, parental etc.) and sickness records for all staff on the Electronic Staff Record (ESR)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 sub-committee obligations in circumstances that suggest they have left without notice, the Executive Director of Finance must be informed immediately.
1. Payment to Members of the ICB Board, Committees and Employees

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| **Covering** |
| Pay Dates | 14.1 |
| Overtime/Enhancements | 14.2 |
| Advance Payments and Payments on Account | 14.3 |
| Recovery of Salary Overpayments | 14.4 |
| Travel and Other Expenses | 14.5 |

* 1. **Pay Dates**

Monthly pay is due to be paid on the last day of each month but payment will be made on the 20th day of each month directly into an employee’s bank or building society account. If the 20th falls on a Saturday, Sunday or Bank Holiday, then payment will be made on the preceding working day. The Executive Director of Finance may vary this in exceptional circumstances.

* 1. **Overtime/Enhancements**

Any claim for non-contracted overtime or enhanced hours should be approved in advance by the budget holder i.e. Executive Director.

* 1. **Advance Payments and Payments on Account**
		1. Advance payments will only be made where an employee is underpaid through no fault of their own, and the individual is suffering financial hardship as a result.
		2. In such circumstances, the employee can request payment of the shortfall by completing the relevant form and submitting it to Human Resources following approval by the budget holder i.e. Executive Director. The authorised form will then be sent to the payroll provider to estimate the net pay amount following the calculation of deductions including tax and national insurance. The actual amount will be corrected in the employee’s next monthly salary payment.
		3. Any urgent payroll payments raised by the payroll provider must be approved by a member of the Finance Department who has delegated responsibility within the Finance Ledger.
	2. **Recovery of Salary Overpayments**
		1. Where payments are made in error, the employee receiving the overpayment must immediately notify their manager / former manager and the payroll provider who will instigate recovery of the full overpayment from the individual concerned.
		2. Their manager must inform the Head of Finance – Financial Control immediately.
		3. Full recovery will always be sought, however a repayment plan may be agreed with the employee/former employee.
		4. Repayments will be made through the payroll as a deduction against the individual’s pay. In cases where the individual is no longer employed by the ICB, another form of payment will be agreed.
	3. **Travel and Other Expenses**
		1. Travel expense claims will be paid in accordance with the ICB Travel and Expenses Policy.
		2. Reimbursement for expenses associated with travel and subsistence, relocation and removal expenses will be made by the e-Pay system.
		3. Claims must be made through the e-Pay system and must be approved in line with the Scheme of Reservations and Delegation to Officers of the ICB Board before the 5th of the month. Budget holders i.e. Executive Directors are accountable for line managers checking and authorising only appropriate expenses incurred in line with the ICB Travel and Expenses Policy.
		4. The e-Pay system will assist employees in calculating their claimable mileage and determination of the rate.
		5. The e-Pay system should never be used to reimburse items that should have been and could have been purchased via the ICB‘s requisitioning and ordering systems.
1. Non-Pay Expenditure, Requisitioning, Offician Orders and Payments

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| **Covering** |
| System requirements | 15.1 |
| Delegation of Authority | 15.2 |
| Official Orders | 15.3 |
| Prepayments | 15.4 |
| Petty Cash | 15.5 |
| Joint Finance Arrangements with Local Authorities and Voluntary Bodies | 15.6 |

* 1. **System Requirements**
		1. The Executive Director of Finance is responsible for:
			1. advising the ICB Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
			2. ensuring that the ICB has a arrangements in place for an effective fully integrated requisitioning, ordering and payment system;
			3. following guidance from NHSE regarding the provider of the system;
			4. providing a timetable and system for submission of accounts for payment; including provision for the early settlement of accounts subject to settlement discounts or otherwise requiring early payment;
			5. issuing instructions to employees regarding the handling and payment of accounts.
		2. The fully integrated requisitioning, ordering and payments system will:
			1. hold delegated authority limits and will have a list of ICB Board members and employees authorised to certify and approve requisitions, orders and invoices including their delegated limits;
			2. have a mechanism to convert authorised requisitions into official orders;
			3. have a receipt mechanism to confirm certification that goods or services have been duly received, examined and are in accordance with specification and order, and that the prices are correct;
			4. be able to record, code and provide payment details for all accounts payable by the ICB; and
			5. be integrated with the ICB’s nominal ledger.
	2. **Delegation of Authority**
		1. The ICB Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive Officer will determine the level of delegation to budget managers.
		2. The delegated limits for non-pay contract signing, requisitioning, ordering and payment are included in the Scheme of Reservations and Delegation.
		3. The Chief Executive Officer will set out:
			1. the list of budget holders and managers who are authorised to place requisitions for the supply of goods and services;
			2. the maximum level of each requisition and the system for authorisation above that level.
			3. procedures on the seeking of professional advice regarding the supply of goods and services.
		4. Changes to the list of members/employees and officers authorised to certify invoices are notified to the Executive Director of Finance.
	3. **Official Orders**
		1. Official Orders must be:
			1. generated by the accounting system following the approval of a requisition;
			2. be in numerical order;
			3. be in a form approved by the Executive Director of Finance;
			4. state the ICB’s terms and conditions of trade;
			5. only be issued to, and used by, those duly authorised by the Chief Executive Officer.
		2. Managers and Officers when raising official orders must ensure that;
			1. they comply fully with guidance issued on behalf of the Executive Director of Finance and delegated limits specified in Scheme of Reservations and Delegation;
			2. orders are not split or otherwise placed in a manner devised so as to avoid the delegated financial limits;
			3. all contracts (except as otherwise provided for in the Scheme of Reservations and Delegation), leases, tenancy agreements and other commitments are to be agreed by the Executive Director of Finance and Directors responsible for Contracting and Quality in advance of any commitment being made, and subsequently approved per the Scheme of Reservations Delegation;
			4. where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care;
			5. 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 in line with the ICB Standards of Interest and Managing Conflicts of Interest Policy;
			6. no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Executive Director of Finance on behalf of the Chief Executive Officer;
			7. all goods and services are ordered on an official order except services executed in accordance with a contract and purchases from petty cash or where an order cannot be reasonably raised e.g. hotel bookings;
			8. verbal orders must only be issued very exceptionally – by an employee designated by the Chief Executive Officer and only in cases of emergency or:
				1. authorisations have been obtained;
				2. the account is arithmetically correct;
				3. VAT has been correctly charged;
				4. the account is in order for payment; the verification;
				5. 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;
				6. for contracts based on the measurement of time, materials or expenses, will be made after confirming that:
* the time charged is in accordance with the time sheets;
* the rates of labour are in accordance with the agreed 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
	1. **Prepayments**
		1. Prepayments are only permitted for instances relating to payments for:
			1. rent;
			2. maintenance contracts;
			3. and in those instances, where, as normal business proactive, prepayments are required (e.g. training, publications).
		2. Prepayments which fall outside of normal business practice (advance payments) are only permitted in exceptional circumstances and require HM Treasury approval. In such instances:
			1. the financial advantages must outweigh the disadvantages;
			2. the appropriate budget holder i.e. Executive Director, 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 ICB if the supplier, is at some time during the course of the advance payment agreement, unable to meet their commitments. The report must also include the prepayment timescale;
			3. the Executive Director of Finance will need to be satisfied with the proposed arrangements and the Executive Director of Finance should have received HM Treasury Approval before contractual arrangements proceed; and
			4. the budget holder i.e. Executive Director is responsible for ensuring that all items due under an advance payment contract are received and they must immediately inform the Chief Executive Officer if problems are encountered.
		3. Petty Cash
			1. Authorisation for petty cash expenditure must comply with the delegated limits in the Scheme of Reservations and Delegation.
			2. Purchases from petty cash:
				1. should not circumvent normal procurement processes;
				2. are restricted in value and by type of purchase in accordance with instructions issued by the Executive Director of Finance.
			3. Petty cash is for use in the following circumstances:
				1. low value purchase;
				2. exceptional; or
				3. urgent.
			4. Petty cash is for the reimbursement of staff members and visitors for small expenses such as:
				1. postage;
				2. minor office supplies etc.
			5. Petty cash records are maintained in a form as determined by the Executive Director of Finance.
	2. **Joint Finance Arrangements with Local Authorities and Voluntary Bodies**

Payments to local authorities and voluntary organisations made under the powers of sections 75, 256 and 257 of the NHS Act 2006 and section 28A of the NHS Act 1977 shall comply with procedures laid down by the Executive Director of Finance, which shall be in accordance with these Acts.

1. Capital Investment, Private Financing and Fixed Asset Register

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| **Covering** |
| Introduction | 16.1 |
| Capital Delegated Approval Limits | 16.2 |
| Capital Investment | 16.3 |
| Private Finance | 16.4 |
| Asset Registers | 16.5 |
| Property solutions | 16.6 |
| NHS Local Improvement Finance Trust | 16.7 |

* 1. **Introduction**
		1. Capital investment typically covers land, buildings, equipment and IT, including and requires authority to:
			1. incur capital expenditure;
			2. make a capital grant;
			3. enter into a leasing arrangement.
		2. No procurement should be undertaken or commitment given to purchase from a supplier prior to approval being received in accordance with delegated limits shown in the Scheme of Reservations and Delegation.
	2. **Capital Delegated Approval Limits**

Capital Approval limits are shown in Scheme of Reservations and Delegation to Officers of the ICB Board.

* 1. **Capital Investment**
		1. The approval of a capital programme does not constitute approval for expenditure on any scheme included within that programme.
		2. The Chief Executive Officer is responsible for ensuring that:
			1. there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
			2. there are processes in place for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
			3. capital investment is not authorised without evidence of the availability of resources to finance all revenue consequences; and
			4. for a capital investment where the contracts stipulate stage payments, there are processes in place to issue procedures for their management, incorporating the recommendations of Estate code as applicable.
		3. For every capital expenditure proposal, there are processes in place to ensure that a business case (in line with the guidance contained within the (NHS England Business Case Approval Process Guidance) is produced setting out:
			1. an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
			2. confirmation that the Executive Director of Finance has examined and confirmed the appropriateness of the costs and revenue consequences detailed in the business case;
			3. appropriate project management and control arrangements; and
			4. the involvement of appropriate ICB personnel, NHSE personnel (if required) and external agencies.
		4. The Chief Executive Officer Is responsible for:
			1. issuing a scheme of delegation for capital investment management in accordance with Estate code guidance and the ICB’s Standing Orders; and
			2. issuing to the manager responsible for any scheme:
				1. specific authority to commit expenditure;
				2. authority to proceed to tender (see overlap with SFI No.9 and 10);
				3. approval to accept a successful tender (see overlap with SFI No 9 and 10).
		5. The Executive Director of Finance is responsible for ensuring that there are processes in place:
			1. for the issue of procedures for the regular reporting of expenditure and commitment against authorised expenditure;
			2. to issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes issued by the Department of Health and Social Care and shown in the Scheme of Reservations and Delegation; and
			3. to ensure that arrangements are in place for the financial control and financial audit of capital investment.
	2. **Private Finance**
		1. The ICB should have due regard to current HM Treasury and Department of Health and Social Care guidance in relation to the requirement to test for Private Finance Initiative (PFI)/Public-private partnership (PPP) funding when considering capital procurement. When it is proposed to use finance, which is to be provided other than through its allocations, the following procedures shall apply:
			1. the Executive Director of Finance shall be responsible for demonstrating that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;
			2. where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health and Social Care or in line with any current guidelines;
			3. the proposal must be specifically agreed by the ICB Board; and
			4. the procurement process will be in line with the ICB Procurement Policy and SFI’s.
	3. **Asset Registers**
		1. The Chief Executive Officer is responsible for ensuring that there are processes in place for the maintenance of both the register of assets (asset register) and the register of inventory items (inventory register).
		2. The Executive Director of Finance is responsible for ensuring there are processes in place to:
			1. define the items of equipment which will be recorded on either the capital asset register or the inventory register, taking account of the advice of the Executive Director of Finance concerning the form and the method of updating the registers;
			2. arranging for a physical verification of assets against the asset register to be conducted once a year; and
			3. regularly reconcile the registers to the ledger.
		3. The minimum data set to be held in the asset register shall be sufficient to meet the requirements of capital accounting and reporting in line with Department of Health Group Accounting Manual(issued annually).
		4. Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
			1. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
			2. stores, requisitions and wages records for own materials and labour including appropriate overheads;
			3. lease agreements in respect of assets held under a lease capitalised as a “right of use asset”.
		5. 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).
		6. The value of each asset shall be in accordance with methods specified in the Department of Health and Social Care Group Accounting Manual (issued annually) and:
			1. indexed to current values using methods and rates as specified in the ICBs accounting policies;
			2. depreciated using methods and rates as specified in the ICB’s accounting policies.
	4. **Property Solutions**

Any perceived requirement for a new property contract / additional office accommodation, should be discussed with the Chief Executive Officer in the first instance.

* 1. **NHS Local Improvement Finance Trust**

If the ICB is planning involvement with Local improvement Finance Trust (LIFT) projects, guidance from the joint Department of Health and Partnerships UK website at <http://www.communityhealthpartnerships.co.uk> should be accessed.

1. Security of Assets
	1. The overall control of assets is the responsibility of the Chief Executive Officer.
	2. Asset control procedures (including fixed assets, inventories, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Executive Director of Finance. This procedure shall make provision for:
		1. recording managerial responsibility for each asset;
		2. identification of additions and disposals;
		3. identification of all repairs and maintenance expenses;
		4. physical security of assets;
		5. annual verification of the existence of, condition of, and title to, assets recorded;
		6. identification and reporting of all costs associated with the retention of an asset;
		7. reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
	3. All discrepancies revealed by verification of physical assets to the fixed asset register or inventory register shall be notified to the Executive Director of Finance.
	4. Every employee and officer has a responsibility for the security of property of the ICB. It is the responsibility of ICB Board, Committee members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the ICB Board. A substantial or persistent breach of agreed security practices must be reported in accordance with agreed procedures.
	5. Any damage to the ICB’s premises, vehicles and equipment, or any loss of equipment or supplies must be reported by ICB Board, sub-committee members and employees in accordance with the procedure for reporting losses.
	6. Where practical, assets should be marked as ICB property.
2. Disposals and Condemnations
	1. **Disposals**
		1. The Executive Director of Finance is responsible for ensuring that detailed procedures for the disposal of assets, including recording and accounting for the disposal, are prepared and notified to managers.
		2. When it is decided to dispose of an ICB asset, the Budget Holder or authorised deputy will determine and advise the Executive Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
	2. **Condemnations**
		1. The Executive Director of Finance is responsible for ensuring that detailed procedures for the condemnation of assets, including recording and accounting for the disposal, are prepared and notified to managers.
		2. All unserviceable articles shall be:
			1. condemned or otherwise disposed of by an employee authorised for that purpose by the Executive Director of Finance;
			2. 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 Executive Director of Finance.
	3. The Condemning Officer shall satisfy her/himself/themself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Executive Director of Finance who will take the appropriate action.
3. Losses and Special Payments

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| **Covering** |
| General | 19.1 |
| Employee/Officer Responsibilities | 19.2 |
| Theft, arson, neglect of duty or gross carelessness | 19.3 |
| Suspected fraud | 19.4 |

* 1. **General**
		1. The Executive Director of Finance is responsible for:
			1. ensuring that detailed procedural instructions for the recording of and accounting for losses and special payments are prepared and notified to employees;
			2. maintaining a Losses and Special Payments Register in which write-off action is recorded;
			3. taking any necessary steps to safeguard the ICB’s interests in Creditor Voluntary Arrangements personal bankruptcies and company liquidations; and
			4. considering whether an insurance claim can be made.
		2. All losses and special payments must be reported to the Audit and Governance Committee at every meeting.
		3. Within limits delegated to it by the Department of Health and Social Care, approval for writing-off of losses shall be in accordance with the Scheme of Reservations and Delegation. No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health and Social Care.
		4. For detailed operational guidance on losses and special payments, please refer to the ICB Losses and Special Payments policy.
	2. **Employee/Officer Responsibilities**
		1. Any employee or officer discovering or suspecting a loss of any kind must either immediately inform:
			1. their Director, who must immediately inform the Chief Executive Officer and the Executive Director of Finance; or
			2. an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Executive Director of Finance and/or Chief Executive Officer.
	3. **Theft, Arson, Neglect or Duty or Gross Carelessness**
		1. Where a criminal offence is suspected that involves theft or arson, the Executive Director of Finance must immediately inform the police.
		2. Additionally, for losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Executive Director of Finance must immediately notify:
			1. the ICB Board; and
			2. the External Auditor.
	4. **Suspected fraud**
		1. The ICB is committed to identifying, investigating and preventing economic crime.
		2. In cases of fraud and corruption or where anomalies may indicate fraud or corruption, the Executive Director of Finance must inform the relevant Local Counter Fraud Specialists in accordance with ICB Fraud, Bribery and Corruption Policy.
		3. The Executive Director of Finance has responsibility for:
			1. ensuring appropriate arrangements are in place to provide adequate counter fraud provision which should include reporting requirements to the ICB Board and Audit and Governance Committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the board. These arrangements should comply with the NHS Requirements the Government Functional Standard 013 Counter Fraud as issued by NHS Counter Fraud Authority and any guidance issued by NHS England and NHS Improvement; and
			2. notifying the NHS Counter Fraud Authority and the ICB External Auditor of all suspected frauds.
1. Acceptance of Gifts by Staff and Link to Standards of Business Conduct
	1. The Chief Executive Officer shall ensure that all staff are made aware of the requirement for them to comply with the ICB’s:
		1. Standards of Business Conduct Policy;
		2. Managing Conflicts of Interest Policy;
		3. Gifts and Hospitality Policy.
	2. These policies follow the guidance contained in the Managing Conflicts of Interest in the NHS Guidance for staff and organisations, which came into force on 1 June 2017.
2. Payments to GPs with Independent Contractor Status
	1. **Role of the ICB**

The ICB will approve additions to, and deletions from, approved lists of GPs with independent contractor status (“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.

* 1. **Duties of the Chief Executive Officer**

The Chief Executive Officer shall:

* + 1. ensure that an up-to-date list of all contractors, that the ICB is responsible for is maintained;
		2. 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.
	1. **Duties of the Executive Director of Finance**

The Executive Director of Finance shall:

* + 1. ensure that only contractors who are included on the ICB’s approved list receive payments;
		2. 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;
		3. ensure that regular independent verification of claims is undertaken, to confirm that:
			1. rules have been correctly and consistently applied;
			2. overpayments are preferably prevented but once detected full recovery made;
			3. suspicions of possible fraud are identified and subsequently dealt with in line with the ICB’s Fraud, Bribery and Corruption Policy;
		4. ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
		5. ensure that a prompt response is made to any query raised by NHS Business Services Authority via either the Prescription Service or the Dental Service, regarding claims from contractors submitted directly to them.
1. Retention of Records/Freedom of Information
	1. **Retention of Records**

The Chief Executive Officer shall be responsible for ensuring that systems are in place to maintain archives for all records required to be retained in accordance with the Records Management Code of Practice for Health and Social Care 2016 and other relevant notified guidance.

The records held in archives shall be capable of retrieval by authorised persons, and as such, arrangements are in place for effective responses to Freedom of Information requests.

Records held in accordance with the Records Management Code of Practice for Health and Social Care 2016, shall only be destroyed at the express instigation of the Chief Executive Officer in accordance with that guidance and the ICB policy. Details shall be maintained of records so destroyed.

* 1. **Freedom of Information**
		1. The Chief Executive Officer shall be responsible for publishing and maintaining a Freedom of Information Publication Scheme or adopting a model Publication Scheme approved by the Information Commissioner.
		2. 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 this ICB that it makes publicly available.
1. Risk Management and Insurance

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| **Covering** |
| Programme of Risk Management | 23.1 |
| Insurance: General | 23.2 |
| Insurance: Risk Pooling Schemes administered by NHS Resolution | 23.3 |
| Insurance arrangements with commercial insurers | 23.4 |
| Arrangements to be followed by the ICB Board in agreeing insurance cover | 23.5 |

* 1. **Programme of Risk Management**
		1. The Chief Executive Officer shall ensure that the ICB has a programme of risk management, in accordance with current Department of Health and Social Care assurance framework requirements, which must be approved by the ICB Board and monitored by the Audit and Governance Committee.
		2. The programme of risk management shall include:
			1. a process for identifying and quantifying risks and potential liabilities;
			2. engendering among all levels of staff a positive attitude towards the control of risk;
			3. 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;
			4. contingency plans to offset the impact of adverse events;
			5. audit arrangements including internal audit; clinical audit; and health and safety review;
			6. a clear indication of which risks shall be insured;
			7. arrangements to review the risk management programme.
		3. The existence, integration and evaluation of the above elements will assist in providing a basis to complete the governance statement within the Annual Report and Accounts as required by current Department of Health and Social Care guidance.
	2. **Insurance: General**
		1. Insurance will be provided under arrangements proposed by the Executive Director of Finance to the ICB Board, and approved by HM Treasury where necessary.
		2. Only the Executive Director of Finance may commission the procurement of insurance arrangements.
	3. **Insurance: Risk Pooling Schemes administered by NHS Resolution**
		1. The ICB Board shall decide if the ICB will insure through the risk pooling schemes administered by the NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes.
		2. Where it is possible to insure a risk via the risk pooling arrangement run by NHS Resolution, this will be the only acceptable form of insurance for that risk. These arrangements do not need the approval of HM Treasury.
		3. If the ICB Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.
	4. **Insurance arrangements with commercial insurers**

HM Treasury approval is required for insurance arrangements with commercial insurers. There are, however, three exceptions when ICBs may enter into insurance arrangements with commercial insurers without seeking HM Treasury approval. The exceptions are:

* + 1. for insuring motor vehicles, either owned or leased by the ICB including insuring third party liability arising from their use;
		2. where the ICB is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
		3. where income generation activities take place these should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the ICB for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution. In any case of doubt concerning a ICB’s powers to enter into commercial insurance arrangements the Executive Director of Finance should consult the Department of Health and Social Care.
	1. **Arrangements to be followed by the ICB Board in agreeing insurance cover**
		1. Where the ICB Board decides to use the risk pooling schemes administered by NHS Resolution the Executive Director of Finance is responsible for ensuring that systems are in place to ensure that:
			1. the arrangements entered into are appropriate and complementary to the risk management programme; and
			2. documented procedures cover these arrangements.
		2. Where the ICB Board decides not to use the risk pooling schemes administered by NHS Resolution for one or other of the risks covered by the schemes, the Executive Director of Finance:
			1. shall ensure that the ICB Board is informed of the nature and extent of the risks that are self-insured as a result of this decision; and
			2. is responsible for ensuring systems are in place to 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 Executive Director of Finance is responsible for ensuring systems are in place to ensure documented procedures also cover the management of claims and payments below the deductible in each case (which should be accounted for in accordance with the process for losses).
1. Custody of Seal, Sealing and Signature of Documents
	1. **Custody of Seal**

The common seal of the ICB shall be kept by the ICB’s Corporate Secretary in a secure place.

* 1. **Sealing of Documents**

Where it is necessary for a document to be sealed, it should be sealed in accordance with Section 6 of the ICB’s Standing Orders.

* 1. **Register of Sealing**

The Chief Executive Officer shall be responsible for keeping a register in which the Corporate Secretary shall enter a record of the sealing of every document.

* 1. **Use of Seal**

A seal would normally need to be applied on the following types of document:

* + 1. the transfer deed for a purchase or sale of freehold land or lease;
		2. a license or deed which is supplemental to a lease, for example: licenses to carry out works; licenses to assign; licenses to underlet; or a surrender of a lease;
		3. other miscellaneous deeds including planning agreements such as Section 106 Agreements, Deeds of Guarantee and Deeds of Easements (rights);
		4. where the Department of Health and Social Care or another statutory body insists on a document being sealed and following advice from the ICB’s legal advisors that this is appropriate;
		5. a construction contract and/or collateral warranty.
	1. **Signature of Documents**

Where any document that will be a necessary step in legal proceedings on behalf of the ICB, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive Officer; the Executive Director of Finance; or the Corporate Secretary.

Appendix 1 – Single Tender Waiver Form

**Application Form for the Waiving of Standing Orders and Standing Financial Instructions to Authorise Appointment of a Supplier following Receipt of Less than Requisite number of Quotes**

**DFI Waiver Ref:**

**To be approved by the Executive Director of Finance**

***Not to be approved exceeds the World Trade Organisation’s (WTO) Government Procurement Agreement (GPA) limit without direct procurement team advice to the contrary.***

**The Scheme of Reservations and Delegation**

In accordance with the ICB’s Scheme of Reservations and Delegation (SoRD) – for procurement of goods and services:

* Under £10,000, no written quotations required, direct award permissible.
* From £10,000 to £20,000, at least 3 written competitive quotations should be sought
* From £20,000 to £50,000, at least 5 written competitive quotations should be sought
* Above £50,000, a full tender is to be carried out.

**The SoD Waiver cannot be applied to the provision of goods or services where the value exceeds the UK Procurement Thresholds Government Procurement Agreement (GPA) limit (Value for Public Contracts 20/21 is £213,477 for goods and services, and is inclusive of VAT).**

Where competition is not practicable then reliance has to be placed on professional advice and where this is the case the appropriate member of staff giving such advice must certify that there is no other acceptable source of supply.

**SECTION 1 – REQUESTOR DETAILS**

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| **Requestor Name and Job Title:****ICB Executive / Functional Director Lead (if different to above):** |

**SECTION 2 – DETAILS OF GOODS AND SERVICES**

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| **Proposed Supplier:****Expected Contract Start Date:****Estimate of the Contract Value:**(please provide evidence of any quotes)**Detail the goods or services you require:****Have any Conflicts of Interest been identified?:** **If Yes,** **a) please provide details:****b) what actions have been taken to manage the conflict(s)?:**  |

**SECTION 3 - REASON FOR SINGLE SOURCE QUOTATION / TENDER**

Please state under which Detailed Financial Instructions heading(s) you are claiming that competition is not appropriate by placing a cross in the relevant box below.

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure. Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate ICB record and reported to the Audit and Governance Committee at each meeting.

Formal tendering procedures **may be waived** ONLY where the following circumstances are met if the estimated expenditure is below the OJEU limit but above the ICB’s limit for a competitive process as shown in Section 1 above.

1. In very exceptional circumstances where the Chief Executive Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate ICB record (legal advice is recommended) (SFI 9.10.4 (a))
2. Where the requirement is covered by an existing contract and where it does not materially / modify the contract beyond the original specification or exceed 50% of the total contract value awarded (SFI 9.10.4 (b))
3. Where Framework Agreements are in place as described in the ICB’s Procurement Policy (SFI 9.10.4 (c))
4. Where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members (SFI 9.10.4 (d))
5. Where the timescale genuinely precludes competitive tendering but failure to plan the work properly is not a justification for waiving the requirement to tender (SFI 9.10.4 (e))
6. Where specialist expertise is required and is available from reduced number of source (SFI 9.10.4 (f))
7. 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 (experience, capacity, or intellectual property rights as an example) procurement advice should be sought to ensure this complies with regulation 32 and/or 72 under PCR2015 (SFI 9.10.4 (g))
8. 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. Procurement advice should be sought to ensure this complies with regulation 32 and/or 72 under PCR2015 (SFI 9.10.4 (h)
9. For the provision of legal advice and services providing that any legal firm or partnership commissioned by the ICB 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 Executive Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.. (SFI 9.10.4 (i))

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| **MANDATORY FIELD: Please make an appropriate statement to support your declaration answering the questions below;****1) Please provide information to explain the reasoning selected above****2) How did the ICB arrive at the situation where a Single Tender Waiver was required?****3) How will the ICB prevent this situation from arising in the future?** |
| **MANDATORY FIELD CONT:** **4) How is the ICB assured we continue to receive Value for Money in contracting with a Single Provider?****5) Does the ICB continue to be legally compliant (if unsure, procurement advice should be sought by the requestor)?****6) What Governance Route has this contract/purchase been challenged to? E.g. Has this been through a Committee, or budget holder approval?** |

**Declaration**

The above information is true and complete and to the best of my knowledge represents best value for money. Neither I, nor anyone involved in the award of business have any direct or indirect financial interest in the recommended supplier and I confirm that I have not accepted any inducement or reward as a consequence of this recommendation. (To be completed in black ink)

Executive Director of Finance Signature

Print Name:

Job Title & Department:

**Date reported to Audit and Governance Committee:**