

Standing Financial Instructions

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1 Introduction

Standing Financial Instructions

Section A of this document describes the financial responsibilities, policies and procedures to be adopted by the North East London Integrated Care Board (ICB) as from 1st July 2022. The ICB is a statutory body that forms part of the North East London Integrated Care System (ICS). This document should be read in conjunction with the financial Scheme of Reservation and Delegation and other financial policies of the ICB.

These Standing Financial Instructions have been designed to ensure that North East London's financial transactions are carried out in accordance with the law and with relevant policy in order to achieve probity, accuracy, economy, efficiency, and effectiveness. They form an important foundation for supporting the delivery of strong financial control, stewardship and value for money.

The Standing Financial Instructions identify the financial responsibilities which apply to all individuals performing a role on behalf of the ICB. Should any difficulties arise regarding the interpretation or application of any of these instructions, then the advice of the Chief Finance and Performance Officer must be sought before acting.

All decisions under these Standing Financial Instructions must be made in accordance with the Conflicts of Interest Policy, ensuring conflicts of interest are managed robustly.

Amendment and review

Review of these Standing Financial Instructions and the Detailed Scheme of Delegation shall take place at least annually.

The Standing Financial Instructions do not form part of the Constitution but are required to be published. They are incorporated into the Handbook in accordance with 1.7.3(d) of the Constitution.

The Standing Financial Instructions, and any amendments to them, shall be approved by the Board.

Review of the detailed Scheme of Reservation and Delegation should take place at least annually and any changes should be reviewed by the ICB Audit and Risk Committee, before submission to the ICB Board for formal approval.

Compliance

The Standing Financial Instructions set out in this document must be adhered to by all individuals performing a role on behalf of the ICB, thereby providing a basis for consistently strong financial stewardship across the organisation.

Failure to Comply

It is required that, without exception, all individuals performing a role on behalf of the ICB adhere to the instructions set out in this document, and at all times act with due regard to financial stewardship and achievement of value for money from ICB financial resources.

Failure to comply with the SFIs may result in disciplinary action in accordance with the ICBs applicable disciplinary policy and procedure in operation at that time.

In accordance with the Constitution and its Terms of Reference, the Audit and Risk Committee provides an independent and objective view of the ICB's compliance with its statutory responsibilities. It provides oversight and assurance to the Board of the ICB on the adequacy of governance risk management and internal control processes within the ICB.

Accordingly, if for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and associated circumstances shall be reported to the next formal meeting of the Audit and Risk Committee for oversight and scrutiny.

All members of the ICB Board and other individuals performing a role on behalf of the ICB have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Executive, Chief Finance and Performance Officer and/or the Director of Finance, who shall escalate the matter where appropriate (e.g. to the Audit and Risk Committee or the Board of the ICB).

Document Control

This is a controlled document.

Whilst the document may be printed or saved onto local or network drives, the electronic copy that is accessible via the ICB intranet is the controlled copy. Any printed or locally saved copies of this document are not controlled.

The Chief Finance and Performance Officer shall ensure that the current version which has been approved by the Board of the ICB is published in the Handbook as required.

Section A: Standing Financial Instructions

1. Financial roles and responsibilities

The following section details the high level overall financial responsibility of the Board, specific committees and ICB Executive Directors; as well as responsibilities and the responsibilities all staff have for financial management.

1.1 All staff

(This section applies to all those who perform a role for the ICB, including (but not limited to: all directors, appointees, office-holders, workers, secondees and other contracted by the ICB).

The SFI's and SORD detail the individual financial limits as well as the responsibilities of the committees and Board. The levels detailed in the SORD are authorisation limits, and the execution of these limits is undertaken in our financial system – Oracle.

It is expected that before all expenditure is committed staff will discuss and share documentation on all proposals; with specialist teams such as clinical, quality, contracting and finance being part of these discussions and with teams within Places and centrally in order to ensure we maintain financial control and value for money.

No member of staff should be executing any type of expenditure on behalf of NHS North East London without being fully sighted on the services to be provided and how the needs of the residents are met. Those approving financial expenditure will be held accountable for expenditure they authorise.

All must abide by the delegations set within the Scheme of Reservation and Delegation as commensurate with the grade and responsibility of the role; they must follow the Standing Financial Instructions set out within this document and any associated financial policies and guidance, proactively highlighting where gaps arise.

All individuals who have financial responsibility must also –

- produce and retain appropriate financial records where applicable.
- have the requisite skillset to perform their duties effectively, and
- shall be responsible for avoiding losses to the ICB and protecting the security of ICB property.

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 also be covered by these instructions and the ICB's wider financial governance arrangements.

1.2 ICB Board

The ICB Board is responsible for ensuring appropriate arrangements are in place to enable the ICB to exercise its duties in accordance with the principles of good financial governance and the ICB's statutory duties as set out in the National Health Service Act 2006 (as amended). Specific financial responsibilities are delegated within the organisation but as set out at clause 4.7.4 of the Constitution, the Board remains accountable for all the ICB's functions, including those that it has delegated. All those

performing a role on behalf of the ICB, however, must act with due regard to financial stewardship and achievement of value for money in the discharge of their wider duties.

The ICB Board is responsible for the financial management of ICB resources; it is not responsible for the financial management of other statutory organisations within the ICS.

The ICB Board will ensure that the ICB has appropriate arrangements in place to ensure it exercises its functions effectively, efficiently and economically, and in accordance with principles of good financial governance and the ICB's statutory duties.

The Board exercises financial supervision and control by:

- Approving these Standing Financial Instructions;
- Approving the Joint Capital Resource Use Plan¹;
- Contributing to and approving the ICB financial strategy;
- Reviewing and approving budgets within funding allocations;
- Defining and approving essential features in respect of procedures and financial systems (including the need to obtain value for money); and,
- Defining specific responsibilities placed on members of the Board and employees as indicated in the SORD

The Board is responsible for approving financial investments and entering in financial commitments for the organisation as detailed in the SORD.

Where the Board of the ICB requires additional financial measures to be in place in order to deliver against their statutory duties or other commitments or priorities it may agree the suspension of the Scheme of Reservation and Delegation, to be replaced by a formal recovery programme and authorisation route or take other such action as required.

Members of the ICB Board meet as a unitary board and are collectively accountable for the performance of the ICB's functions, including in relation to financial matters and the compliance of the ICB with the Standing Financial Instructions.

1.3 Executive Committee

The Executive Committee is established by the ICB Board, to support the Board in fulfilling its duties with a focus on ensuring operational delivery. The Committee will provide executive oversight of the ICB budget and financial delegations to ensure delivery of the ICB control total and financial improvement trajectory.

The Committee has financial authorisation for the following areas –

- Transformation funding
- NCA invoices
- Capital
- Covid or other Emergency Expenditure

¹ The plan prepared in accordance with section 14Z56 of the National Health Service Act 2006 before the start of each financial year by the ICB and its partner NHS trusts and foundation trusts, setting out planned capital resource use. The plan is revised in accordance with section 14Z57.

1.4 ICB Finance, Performance and Investment Committee

The ICB's Board has formally established a Finance, Performance and Investment Committee, to support the Board in exercising its financial oversight and to provide assurance and oversight to the ICB Board on the robustness of the short and long term financial strategy and management for the ICB.

The Finance, Performance and Investment Committee's Terms of Reference describe the membership, remit and function of the committee, and are published as part of the Handbook.

As set out more fully in those terms of reference and the SORD, the Committee is specifically responsible for the following areas –

- Review of new strategic business cases and investments
- Allocation of NEL contingency funding
- Decisions on capital spend where appropriate
- Recommendations to the Board on financial matters, including the budget for the financial year/s and approval of the final accounts
- Decisions on the allocation of transformation funding

1.5 Population Health and integration Committee

The ICB Board has formally established the Population Health and Integration Committee. The purpose of the Committee is to contribute to the overall delivery of the ICB's objectives by providing oversight and assurance to the Board on the how the seven place based partnership ICB committees and provider collaboratives are delivering improved population health and integrated health and care, resulting in improved access, experience and outcomes for local people.

The Population Health and Integration Committee will have an advisory role on strategic investment in line with population health needs, however no formal financial decision making has been delegated to the Committee.

1.6 Place ICB Sub - Committees

The Population Health and Integration Committee referred above has established a Place ICB Sub-Committee in each of the ICB's seven places. The functions delegated to each Place ICB Sub-Committee, including responsibilities connected with financial matters as set out in each sub-committee's terms of reference.

The Place ICB Sub-Committees will support the ICB in discharging its statutory duties, including its financial duties; in particular, through the management of budgets delegated to them by the ICB Board.

Each Place ICB Sub-Committee is directly accountable to the Population Health and Integration Committee and is responsible for exercising the financial functions which have been delegated to it in accordance with its terms of reference.

Such functions include (but are not limited to):

- Discharging the ICB's financial duties for the local area, to ensure financial measures are in place to deliver the financial plan where delegated
- Ensuring decisions made in the place do not have a detrimental financial impact on other places
- Ensuring adherence to financial objectives as set out by NHS England
- Agreeing appropriate contracting arrangements for the health and care of the population in the place geographical area.
- Supporting the place in discharging its financial statutory reporting requirements
- Allocation within the place of delegated transformation funding
- Work with other Places ICB Sub-Committees, and the ICB generally, to ensure the financial stability of NEL ICB
- Escalating matters in accordance with the Sub-Committee's terms of reference.

The Placed Based ICB Sub-Committee may establish working groups or task and finish groups but these will have no financial authority or decision-making powers.

1.7 Collaboratives

The ICB has also established arrangements with partner organisations to aid collaborative working at scale across North East London, enabling work across a range of programmes to plan, deliver and transform services. These include the following:

- Mental Health, Learning Disability and Autism Alliance, which has been established under powers conferred by section 14Z5 of the 2006 Act as a joint committee of the ICB, the East London NHS Foundation Trust ('ELFT') and the NHS North East London NHS Foundation Trust ('NELFT').
- The Combined Primary Care Provider Sub-Committee
- Acute Alliance which is a collaborative forum/group
- VCSE Alliance which is a collaborative forum/group
- Community Collaborative

Each collaborative has Terms of Reference which are set out in the Handbook. Reporting by these collaboratives within the ICB, will be to the Population Health & Integration Committee.

Where a collaborative has been established as a Sub-Committee of the Population Health Integration Committee it is governed by the governance arrangements of the ICB, including the constitution, policies and procedures, and these Standing Financial Instructions.

When a collaborative, which is established by more than one partner organisation within the ICS is exercising a function which has been delegated by a particular organisation the governance arrangements of that organisation, including its Standing Financial Instructions, will prevail.

The collaboratives will be involved in discussions on procurement, contracting and financial management within the service sector; however no formal financial decision making has been delegated to the Committee in these areas.

1.8 Chief Executive

The Chief Executive is responsible for ensuring that the ICB fulfils its duties to exercise its functions effectively, efficiently and economically thus ensuring improvement in the quality of services and the health of the local population whilst maintaining value for money.

The Chief Executive is the accountable officer for the ICB and is personally accountable to NHS England for the stewardship of ICBs allocated resources; Chief Executive has overall executive responsibility for the ICB's activities; is responsible for ensuring that its financial obligations and targets are met; The Chief Executive has overall executive responsibility for the ICB's system of internal control.

The Chief Executive will delegate their detailed responsibilities, but retain overall accountability for financial control: the Chief Executive is ultimately answerable to the ICB Board and NHS England for ensuring that the ICB meets its obligation to perform its function within the available financial resource.

The Chief Executive will ensure that the ICB Board, members, employees and all new appointees are notified of, and put in a position to, understand their responsibilities within these instructions.

1.9 Chief Finance and Performance Officer

The Chief Finance and Performance Officer (CFPO) will ensure that ICB Board members and all individuals performing a role on behalf of the ICB are aware of the financial strategy, and that the direction and guidance in said strategy is followed by the ICB.

The Chief Finance and Performance Officer will ensure that where the ICB enters into financial commitments or makes a financial decision, that it does so with due regard to the financial impact of that decision and that the financial commitment obtains optimal value for money from resources.

The Chief Finance and Performance Officer is responsible for the overarching financial policies, tools and procedures that underpin sound financial management of the ICB. Those detailed responsibilities identified under 'Director of Finance' (below) are also applicable to the Chief Finance and Performance Officer role.

1.10 Place Based Director

The Place Based Director for each of NEL's seven places have responsibility for the exercise of delegated Place based Partnership functions within their place, and are

responsible to the Chief Executive and the ICB Board for ensuring that the ICB's financial obligations and targets are met within their place.

The Chief Executive has overall responsibility for the ICB's system of internal control but has given delegated authority for this to each Place Based Director in respect of place they are responsible for, as laid out in this document and the Scheme of Reservation and Delegation.

1.11 Directors of Finance

The Directors of Finance will support the Chief Finance and Performance Officer to ensure that the ICB and all individuals performing a role on behalf of the ICB are aware of the financial strategy, and that the direction and guidance in said strategy is followed. The Directors of Finance will ensure that where the organisation enters into financial commitments or makes financial decisions they do so with due regard to the financial impact of those decisions and that, the financial commitments obtain optimal value for money from ICB resources.

The Directors of Finance, along with the Chief Finance and Performance Officer will be responsible for ensuring that decisions made within the joint committees for collaborative arrangements described above, and at place, do not increase the financial risk for the ICB.

The Directors of Finance are responsible for oversight of the following areas within the ICB – particularly on behalf of the ICB at place and in respect of the work of the collaboratives across North East London the place based partnerships and joint committees of the ICB:

- Maintaining an effective system of internal financial control in relation to delegated budgets, including ensuring that detailed financial procedures and systems incorporate the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- Ensuring that sufficient records are maintained to demonstrate and explain the ICB's transactions, in order to disclose, with reasonable accuracy, the financial position in relation to delegated ICB budgets in each place based partnership at any time;
- The provision of financial advice to other ICB members of the Place Based Committee
- Assisting in the preparation and maintenance of such accounts, certificates, estimates, records and reports as the ICB may require for the purpose of carrying out its functions.
- Working with other staff in place to ensure budgets are set for all areas and expenditure does not exceed the delegated budgets

2 Audit

The ICB Board shall ensure that adequate audit arrangements are in place to safeguard public resources and ensure that those who are accountable within the ICB are delivering value for money.

2.1 Role of the Audit and Risk Committee

The ICB's Board has established the Audit and Risk Committee. As set out in the ICB's constitution, the Audit and Risk Committee is accountable to the Board and provides an independent and objective view of the ICB's compliance with its statutory responsibilities. The committee is responsible for arranging appropriate internal and external audit, and is chaired by an independent non-executive member who has the expertise/experience in order to enable them to express credible opinions on finance and audit matters. An independent Audit and Risk Committee is a central means by which the ICB Board ensures effective internal control arrangements are in place and provides a form of independent check upon the executive arm of the ICB Board.

ICB Governance will ensure the provision of suitable administrative support to the Committee, and has arranged for the minutes of each Audit and Risk Committee meeting to be formally recorded. The approved minutes of each meeting shall be provided to the ICB Board.

The Chair of the Committee shall draw to the attention of the ICB Board any issues that require disclosure to the full ICB Board, or require executive action.

The Chair of the Committee should refer ultra vires transactions, improper acts, or any other important matters to the ICB Board as appropriate.

As set out in its terms of reference the Committee will provide a summary report to the ICB Board annually on its work (Audit and Risk Committee Annual Report), specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embedding of risk management in the organisation, the integration of governance and its view on the annual accounts.

2.2 Role of the Chief Finance and Performance Officer

The Chief Finance and Performance Officer is responsible for the internal control environment, establishing an effective Internal Audit function, reporting crime to the police and for ensuring an annual Internal Audit report is prepared for presentation to the Audit and Risk Committee.

The Chief Finance and Performance Officer will also support External Audit, ensuring documentation is made available and other input is provided as required.

The Chief Finance and Performance Officer is entitled without necessarily giving prior notice to require and receive access to all records, documents, correspondence, land, property, premises or individuals of the ICB at all reasonable times for the purposes of their roles.

The Chief Finance and Performance Officer is also permitted to acquire explanations from relevant individuals concerning any matter under investigation.

2.3 Role of Internal Audit

Internal Audit is an independent and objective appraisal service which provides an objective opinion to management on the degree to which risk management, control and governance exists within the ICB.

Internal Audit shall provide an effective internal audit function that meets the mandatory Public Sector Internal Audit Standards (Department of Health, March 2017) and provides appropriate independent assurance to the Committee, Chief Executive, the ICB Board and the ICB.

Internal Audit supports the achievement of the organisation's agreed objectives as well as providing an independent and objective consultancy service specifically to help line management improve the ICB's risk management, control and governance arrangements.

The Head of Internal Audit will provide the Audit and Risk Committee with a risk-based plan of internal audit work based upon management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation. They will provide regular updates against plan and will report any suspected irregularity to the Chief Finance and Performance Officer, who will escalate the matter further where appropriate.

2.4 Role of External Audit

It is a requirement that Integrated Care Boards must select and appoint their own auditors.

The Audit and Risk Committee must ensure a cost-efficient External Audit service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Public Sector Audit Appointments LTD (PSAA) if the issue cannot be resolved.

Further information about the role of the Audit and Risk Committee in relation to External Audit and other assurance functions is contained in the committee's terms of reference.

2.5 Fraud and Bribery

The ICB requires all staff to always act honestly and with integrity to safeguard the public resources they are responsible for. The ICB will not tolerate any fraud perpetrated against it and will actively chase any losses suffered by the ICB.

The Chief Executive and Chief Finance and Performance Officer shall monitor and ensure compliance with directions issued by the Secretary of State for Health on fraud and corruption. In addition, they should ensure that the ICB has a comprehensive policy for managing fraud and bribery and the ICB's arrangements should comply with the Government Functional Standard 013 Counter Fraud (August 2021) and relevant guidance issued by the NHS Counter Fraud Authority or NHS England.

The Audit and Risk Committee is also required by its Terms of Reference to satisfy itself that the ICB has adequate arrangements in place for countering fraud and shall approve a counter fraud work programme.

The ICB shall nominate a suitable person(s) to carry out the duties of the Local Counter Fraud Specialist (LCFS).

The Bribery Act 2010, which repealed existing corruption legislation, introduced offences of bribing another person and being bribed. It also places specific responsibility on organisations to have sufficient and adequate procedures in place to prevent bribery and corruption taking place. 'Bribery' can be defined as an "Inducement for an action which is illegal, unethical or a breach of trust or intends to induce improper performance. Inducements can take the form of gifts, loans, rewards or other privileges". 'Corruption' is can be broadly defined as "the offering or acceptance of inducements, gifts, favours, payment or benefit-in-kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from the deeds; however, they may be unreasonably be using their position to give some advantage to another".

To demonstrate that the organisation has sufficient and adequate procedures in place and to demonstrate openness and transparency, all staff are required to comply with the requirements of the financial policies and the ICB's anti-fraud and bribery policy. These documents are published on the ICB's website and staff intranet.

2.6 Your duty to report

It will be the duty of any officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, not involving evidence or suspicion of fraud, bribery or corruption, to report these suspicions to the Chief Finance and Performance Officer or the LCFS. Further information can be found in the Anti-Fraud and Bribery Policy.

The ICB also has a Freedom to Speak up Guardian, who has been designated by the ICB to act as an independent and impartial source of advice to staff at any stage of raising a concern, who shall have access to anyone in the organisation, including the Chair of the ICB and the CEO, or if necessary others outside the ICB, for the purposes of fulfilling their role.

2.7 Gifts and hospitality

Gifts and hospitality shall be dealt with in accordance with the ICBs Conflicts of Interest Policy and procedures and NHS England statutory guidance for managing conflicts of interest.

2.8 Commencement of Investigation

Under no circumstances, unless specifically authorised to do so by the Chief Executive or the ICB Board, should any person within the ICB commence an investigation into suspected or alleged crime, as this may compromise any further investigation by external bodies or enforcement agencies.

2.9 Security Management

The Chief Executive will monitor and ensure compliance with directions issued by the Secretary of State for Health on NHS security management.

The ICB shall nominate a suitable person(s) 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.

The Chief Executive has overall responsibility for controlling and coordinating security; however, key tasks are delegated to the Security Management Director and the appointed Local Security Management Specialist

3 Allocation and control of funds

The Chief Finance and Performance Officer is responsible for the development of a financial plan that enables the ICB to deliver all required activities within its resource limits. Financial plans will be prepared, with associated budgets in advance of the financial year, and submitted to the ICB Board for approval.

3.1 Preparation and approval of financial plans

ICBs are required by statutory provisions not to exceed their resource limit. The Chief Finance and Performance Officer must develop and support an operating plan that enables the ICB to deliver its activities within resource limits.

The Chief Finance and Performance Officer will commission and submit to the ICB Board a business plan that considers financial targets and forecast limits of available resource. The business plan will consist of:

- A statement of the significant assumptions on which the plan is based; and
- Details of major changes in workload, delivery of service or resources required to achieve the plan.

3.2 Allocation of Funds

The Chief Finance and Performance Officer will periodically review the basis and strategic assumptions used by the ICB for distributing allocations of funding, and will ensure that these are reasonable and appropriate.

Prior to the start of each financial year, the Chief Finance and Performance Officer will submit to the ICB Board for approval a report showing the total allocations received and the proposed distribution within the ICB, including any sums to be held in reserve. The Chief Finance and Performance Officer will provide regular updates on significant changes to the initial allocation and the uses of such funds. It is the responsibility of the Chief Finance and Performance Officer and Directors of Finance to challenge budget holders and individual service areas on decisions concerning the internal allocation and use of resources.

The funded establishment may not be varied without the approval of the Chief Executive which is confirmed through the Workforce Approvals Process.

No employee may be assigned a budget without approval from the Chief Finance and Performance Officer, and in line with the SORD.

3.3 Preparation and approval of budgets

Prior to the start of the financial year, the Chief Finance and Performance Officer will prepare and submit budgets for approval by the ICB Board. Such budgets will be:

- In accordance with the aims and objectives in the financial plan.
- In accordance with activity and workforce plans.
- Within the limits of available funds.
- Be produced following discussions with budget holders.
- Be approved by the ICB Board.

4 Budget delegation and control

The delegated budget holders must not exceed the delegated budgetary total relevant to their role.

Budget holders authorisation to approve invoices, requisitions and other spend is based on seniority and should be adhered to at all times. The limits on approvals for budget holders are set out in the Scheme of Reservation and Delegation; and are included as part of the Oracle authorisation.

However, it is expected that before expenditure is committed at any stage there has been ongoing discussions and review by teams within Places and centrally on value for money in order to ensure financial control is maintained.

No member of staff should be executing any type of expenditure on behalf of NHS North East London without being fully sighted on the services to be provided and how the needs of the residents are met. Those approving financial expenditure will be held accountable for expenditure they authorise.

If the Chief Finance and Performance Officer deems that budget holders are not managing their budgets effectively and in line with these instructions then they have the authority to suspend the approval limits for budget holders.

All spend by budget holders needs to be undertaken via Purchase Orders; before commencement of contract. Exceeding these financial limits or undertaking authorisation outside of the areas included in the SORD will be taken seriously and a disciplinary warning may be issued. Any such breaches will be reported to the Audit and Risk Committee.

The Chief Finance and Performance Officer will devise and maintain systems of budgetary control. These will include:

- Regular review of the SFI's
- Regular tracking and financial reporting to the committees within each place and at ICB level
- Timely and accurate advice to budget holders
- Investigating, monitoring and reporting variances
- Steps to take corrective action where necessary
- Authorisation process for budget transfers
- Arrangement for processing budget virements

The Chief Finance and Performance Officer is required to ensure that their team, and budget holders, have the required level of professional training necessary to effectively manage public finances.

4.1 Additional budget holder responsibilities

- All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- Monitoring and tracking actual expenditure against approved budget will be undertaken by budget holders, in order to ensure that approved funds are not exceeded.
- Budget holders have a responsibility to review and approve invoices in a timely manner.

- The amount provided in the approved budget shall not be used in whole or in part for any purpose other than as specifically authorised, subject to the rules of virement.
- Any likely overspending or reduction of income which cannot be met by virement must not be incurred without the prior consent of the Chief Finance and Performance Officer.
- Virement of budgets, other than those provided for within the available resources and workforce establishment as approved by the ICB Board, must be evidenced through email and or meeting minutes by both the transferring and receiving budget holders.
- Any budgeted funds not required for their designated purpose(s) revert to the control of the Chief Finance and Performance Officer, subject to any authorised use of virement.
- Non-recurring budgets may not be used to finance recurring expenditure, without authorisation in writing by the Chief Finance and Performance Officer.

4.2 Monitoring Returns

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

5 Responsibilities – Managing income and expenditure

Individuals with delegated responsibility for managing ICB income and expenditure must ensure that they abide by the financial policies and procedures that govern them.

5.1 Chief Executive

The Chief Executive is responsible for ensuring that the ICB exercises its functions effectively, efficiently and economically thus ensuring improvement in the quality of services and the health of the local population, whilst maintaining value for money. The Chief Executive will work closely with the Chief Finance and Performance Officer to ensure that arrangements are in place to underpin strong financial governance and to provide assurance to the Chair and members of the ICB Board. Such arrangements shall include, having in place:

- Robust financial procedures and controls;
- Effective financial management and financial planning arrangements; and
- Comprehensive financial systems operated by well-managed, adequately resourced and suitably trained staff.

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

5.2 Chief Finance and Performance Officer

The Chief Finance and Performance Officer will:

- Prepare procedural instructions or guidance on the obtaining of goods, works and services;
- Ensure that adequate segregation of duties is in place to support all processes where applicable;

- Be responsible for the prompt payment/invoicing of all properly authorised accounts and claims. Invoicing and payment of contract invoices shall be in accordance with contract terms, or otherwise in accordance with guidance issued by the Department of Health and Social Care;
- Be responsible for designing and maintaining a robust system of verification, recording and payment of all amounts payable;
- Be responsible for ensuring that payments for goods and services are only made once the goods and services are received;
- Approve the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- Designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due; establishing and maintaining systems and procedures for the secure handling of cash and other negotiable instruments.

5.3 All Staff

(This section applies to all those who perform a role for the ICB, including (but not limited to: all directors, appointees, office-holders, workers, secondees and other contracted by the ICB).

Managers and officers must ensure that they comply fully with the financial policies, guidance and limits specified by the Chief Finance and Performance Officer, and in particular that:

- No requisition or order is placed for any item or items for which there is no budget provision;
- All goods, services, or works are ordered on an official order (except works and services executed in accordance with a contract);
- Verbal orders must only be issued in exceptional circumstances and must be confirmed by an official order and clearly marked "Confirmation Order";
- Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- Goods are not taken on trial or loan where that could commit the ICB to a future uncompetitive purchase;
- Changes to the list (to include removals) of members/employees and officers authorised to certify invoices are notified to the Chief Finance and Performance Officer and the relevant Director of Finance;
- Consultancy advice is obtained in accordance with guidance issued by the Department of Health and Social Care;
- The requisitioner, in choosing the item to be supplied or the service to be performed, shall always obtain the best value for money for the ICB and adhere to the ICB's procurement rules and policies where relevant.

6 Procurement and Contracting

Those who are responsible for managing expenditure within the ICB must ensure that they abide by the rules that govern this, and accept a respective level of responsibility for ensuring the public purse is not over committed and that value for money is achieved from purchased goods and services; and this includes any procurement and contracting undertaken within the ICB.

The Board may only enter into contracts on behalf of the ICB within its statutory powers. The Chief Executive shall nominate an officer(s) who shall oversee and manage each contract on behalf of the ICB. The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services received.

For all non-pay revenue expenditure, budget holders and officers with delegated authority must ensure that they:

- Have approval to commit ICB resources before undertaking procurement. Approval should be provided by an individual with the appropriate authority;
- Seek quotes or tenders for the procurement of goods, services or works in a legally compliant manner as set out in the Procurement Policy that ensures the best value for the ICB;
- Utilise, where appropriate and subject to compliance of the public Contracts Regulations 2015, and the mandated suppliers and contracts, authorised by the Procurement Team, to ensure best value;
- Ensure that a signed contract, which has been approved by the nominated and authorised officer, is in place prior to the expenditure being incurred;
- Adhere to the rule of aggregation, as detailed in the Procurement Policy, when identifying the total value of the contract. Budget holders must not split purchase orders and contracts to avoid procurement thresholds

6.1 Below threshold expenditure:

For expenditure below the relevant thresholds determined by reference to the Public Contracts Regulations 2015 and which are currently:

- goods and/or services: £213,477 including VAT
- works: £5,336,937 including VAT, or
- social and other specific services: £663,540 including VAT,

The Chief Finance and Performance Officer shall ensure a Procurement Policy is available to delegated budget holders, requisitioning staff and procurement teams.

6.2 Expenditure at/above threshold:

For expenditure equal to or above the relevant threshold, determined by reference to the Public Contracts Regulations 2015, contracts should be awarded in accordance with the Public Contracts Regulations 2015. Refer to the Procurement Policy for more information on compliance with the Public Contracts Regulations and competitive tendering.

6.3 Competitive Tendering

Where competitive tendering is required by the Public Contracts Regulations competitive tendering will be carried out in compliance with those Regulations. The Chief Executive shall ensure that competitive tenders are invited for contracts equal to or in excess of the thresholds, including, without limitation for:

- The supply of goods, materials and manufactured articles;

- The rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department for Health); and
- The design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens).

6.4 Single Tender Waivers

Single tender waivers (STW) are the waiving of formal procurement procedures and are different to direct awards.

The ICB has an expectation that all contracts will be procured following the procurement legislation and that single tender waivers will only be used on an exception basis. It is deemed inappropriate to use Single Tender Waivers in the following circumstances, without or limitation -

- objective of avoiding competition
- administrative convenience or lack of planning
- to award further work to a provider originally appointed through a competitive procedure where this would breach procurement regulations
- where there is a competitive marketplace and better value for money may be achieved

Where it is decided, in accordance with the Procurement Policy, that competitive tendering should be waived, the fact of the waiver and the reasons for must be documented and recorded in the register of waivers and reported to the following meeting of the Audit and Risk Committee.

Competitive Tendering cannot be waived for building and engineering construction works and maintenance without NHS England approval.

The Scheme of Reservation and Delegation sets out the individuals and committees who are able to authorise STWs.

6.5 NHS Service Level Agreements

The ICB has responsibility for commissioning services on behalf of the registered and resident population, and must ensure that Service Level Agreements for the delivery of these services both meet expected quality and access standards, and are based on cost-effective service delivery. The Chief Executive is responsible for ensuring the ICB enters into appropriate Service Level Agreements (SLAs) for the provision of NHS services.

All SLAs should aim to implement the agreed priorities contained within the operational plan. They should:

- Meet the standards of service quality and access expected;
- Fit the relevant national service framework or NHS Constitutional standards (if applicable);

- Enable the provision of reliable information on cost, quality, and volume of services;
- Be based upon delivery of cost-effective services; and
- Be based on integrated care pathways where possible.

The Chief Executive will ensure that regular reports are provided to the Board detailing actual and forecast expenditure and activity for each SLA. Where the ICB makes arrangement for the provision of services by non-NHS providers it is the Chief Executive who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided. A system of financial monitoring must be maintained by the Chief Finance and Performance Officer, with support from the respective budget holders, to ensure the effective accounting and tracking of expenditure under the SLA. This should provide a suitable audit trail for all payments made under the agreements, but maintain patient confidentiality. Financial monitoring should also support the Chief Finance and Performance Officer and wider ICB officers to understand performance against SLAs, and deviations to plan requiring corrective action where necessary.

In conjunction with the Directors of Finance, for NHS Service Level Agreements, where the ICB is an associate to the SLA, the Chief Finance and Performance Officer is accountable for ensuring that the SLA is in line with general planning assumptions.

The Chief Finance and Performance Officer must account for NHS Out of Area Treatments and Non Contract Activity in accordance with national guideline

6.5 Admissibility of tenders

If for any reason the designated officers are of the opinion that the tenders received in response to a call for competition are not strictly competitive, then no contract shall be awarded without the approval of the Chief Executive Officer, following specialist advice from the procurement team.

Where only one tender is sought and/or received, the Chief Executive and Chief Finance and Performance Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the ICB. Tenders over the value of £75,000 should be opened by two senior officers designated by the Chief Executive and not from the originating department.

7 Revenue expenditure: Payment to staff

The Chief Finance and Performance Officer must ensure that there are adequate arrangements in place to process payroll, pay expenses and award contracts of employment during the course of normal business.

7.1 Payroll responsibilities

Chief Finance and Performance Officer:

- Responsible for issuing instructions regarding: verification of data; timetable of payroll processing; maintaining / securely storing accurate subsidiary records (superannuation, social security); payroll checks; methods of payment and payment recall; pay advances; payment reconciliations; and the

segregation of payroll duties. The Chief Finance and Performance Officer must also ensure that payroll deductions are paid to the appropriate bodies.

Nominated Manager:

- Delegated responsibility for: completing time records; submitting time records in line with agreed timetables; and submitting termination forms upon employee resignation, termination or retirement.

Human Resources:

- HR must ensure that the ICB's employment policies are compliant with legislation.

7.2 Appointment of staff

The Chief People and Culture Officer, in conjunction with the Chief Finance and Performance Officer, shall oversee the Workforce Approvals Process on the Chief Executive's behalf, for the engagement and/or employment of staff, agency staff or temporary staff. No member of the ICB may engage, re-engage or re-grade employee, hire agency staff or amend their remuneration without the approval as set out in the Scheme of Reservation and Delegation.

The ICB has delegated responsibility to the Chief Executive for ensuring that all employees are issued with a Contract of Employment in a form approved by the ICB. This must comply with employment legislation and for dealing with variations to, or termination of, contracts of employment.

7.3 Expenses

All travel, subsistence and accommodation expenses relating to employees on official business should be recorded on the Workforce System and be in line within limits detailed in the Scheme of Reservation and Delegation.

The Workforce System shall be used for any employee claiming expenses, and must be recovered within 3 months of incurring the expenditure. It is the responsibility of the delegated budget holder to check and authorise any expense claimed in line with the ICB's expense policy. All expenses are processed through Payroll and should never be processed through Accounts Payable.

7.4 Pay Awards

The ICB's Board has established a Remuneration Committee in accordance with the NHS Act 2006 and as set out in the Constitution.

This Remuneration Committee is chaired by an independent non-executive member and is accountable to the ICB Board for matters relating to remuneration, fees and other allowances (including pension schemes) for employees and other individuals who provide services to the ICB.

Additionally, the ICB Board has established the Non-Executive Member Remuneration Committee, to set pay for those independent members who sit on the Remuneration Committee.

Terms of reference for these committees set out more detail about where decisions about remuneration, benefits and allowances shall be made, and are contained in the Handbook.

Additionally, the Very Senior Manager ('VSM') Pay Policy shall apply to VSM pay. The policy includes the range of pay for VSMs, approved by the ICB Board. The Chief Executive shall decide the pay of individual VSMs from within that range.

The Chief Executive also has delegated authority to approve the pay awards for Agenda for Change staff.

7.5 Advances to staff

All employee advances should be approved by the appropriate budget holder in line with Scheme of Delegation and Reservation and due process followed. Only in exceptional circumstances should advances be made.

8 Income

The Chief Finance and Performance Officer is responsible for ensuring that adequate arrangements are in place to promptly recover income due to the ICB.

8.1 Income arrangements

The Chief Finance and Performance Officer is responsible for identifying, collecting and recording all amounts due to the ICB promptly and in full. The Chief Finance and Performance Officer should also take responsibility for ensuring that adequate systems are in place to track and receive payment for debts promptly and diligently. This includes ensuring that:

- Adequate records exist to enable claims to be made and pursued in full;
- Routines are in place to prevent unauthorised deletions and amendments to claims;
- Credit management systems are established to manage and pursue amounts outstanding;
- Adequate controls exist to prevent diversion of funds and other frauds; and
- There is clear responsibility for making decisions about pressing claims more firmly, and for deciding on any abatement or abandonment of claims which may be merited.

From time to time the ICB may find it makes sense to carry out unplanned financial transactions. In each case it is important to deal with the issue in the public interest, with due regard for probity and value for money. Arrangements for agreeing and reporting any write-offs in relation to third parties (Non NHS) are the responsibility of the Chief Finance and Performance Officer, but will be reported for final approval by the Audit and Risk Committee. Audit trails for such write offs are required to be available reporting upon both internally and externally are required.

8.2 Debt Recovery

ICB debt recovery adheres to the NHS Shared Business Services (SBS) Debt Management Policy Document. NHS Shared Business Services have established procedures for accurate raising of all invoices, which are monitored for their collection within due dates.

The Chief Finance and Performance Officer should implement control procedures for the prevention of overpayments, as well as their detection and immediate recovery action.

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

8.3 Fees and Charges

The ICB shall follow the Department of Health and Social Care's advice in the Costing Manual in setting prices for NHS service level agreements. The Chief Finance and Performance Officer is responsible for approving and regularly reviewing the level of all fees and charges, other than those determined by the Department of Health and Social Care or by statute.

Independent professional advice on matters of valuation shall be taken as necessary. All employees must inform the Chief Finance and Performance Officer promptly of money due arising from transactions which they initiate or deal with.

8.4 Income Generation and Sponsorship Arrangements

Authorisation of income generation activities and sponsorship arrangements in accordance with appropriate policy guidance require approval from the Chief Executive and ICB Board.

9 Losses and special payments

Losses and special payments are items that the organisations would not have contemplated when it agreed funds. They are therefore subject to special control procedures compared to the generality of payments, and special notation in the accounts.

9.1 Losses

Managing Public Money defines losses as including, but not limited to:

- Cash losses (physical loss of cash and its equivalents, e.g. credit cards, electronic transfers);
- Bookkeeping losses;
- Exchange rate fluctuations;
- Losses of pay, allowances and superannuation benefits paid to employees (including overpayments due to miscalculation, misinterpretation or missing information; unauthorised issue; and other causes);
- Losses arising from overpayments to suppliers;
- Losses from failure to make adequate charges;
- Losses of accountable stores (through fraud, theft, arson, other deliberate act or other cause);
- Fruitless payments and constructive losses (where cost of repair is greater than the current value of the item); and,
- Claims waived or abandoned (including bad debts).

9.2 Special Payments

Special payments are those which fall outside the ICB's usual planned range. By their nature, they are items that ideally should not normally arise. They are therefore subject to special control procedures.

Managing Public Money gives examples of special payments as:

- Extra-contractual payments: payments which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically, these arise from the organisation's action or inaction in relation to a contract;
- Extra-statutory and extra-regulatory payments which are within the broad intention of statute or regulation, respectively, but go beyond a strict interpretation of its terms;
- Compensation payments which are made to provide redress for personal injuries and damage to property etc. They include other payments to those in the public service outside statutory schemes or outside contracts;
- Special severance payments which are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract; and
- Ex gratia payments which go beyond statutory cover, legal liability, or administrative rules, including: payments made to meet hardship caused by official failure or delay; out of court settlements to avoid legal action on grounds of official inadequacy; and, payments to contractors outside a binding contract, e.g. on grounds of hardship.

The Chief Finance and Performance Officer is responsible for ensuring that detailed procedural instructions for the recording and accounting for special payments are prepared and notified to officers.

The Chief Executive and the Chief Finance and Performance Officer are able to agree special payments as set out above. Where those payments relate to workforce matters, the Remuneration Committee must also be involved in the decision making.

Offers cannot be made to individuals until approval has been obtained from HMT / NHS England for payments over £100K or where the individual earns more than £150k. It is crucial throughout the process that the guidance from the Managing Public Money is followed and transparency is ensured.

9.3 Losses responsibilities

The Chief Finance and Performance Officer must prepare procedural instructions on the recording of and accounting for losses and special payments and follow the internal governance process.

The Chief Finance and Performance Officer shall be authorised to take any necessary steps to safeguard the ICB's interests in bankruptcies and company liquidations. For any loss, the Chief Finance and Performance Officer should consider whether any insurance claim can be made.

The Chief Finance and Performance Officer shall ensure that the ICB maintains a Losses and Special Payments Register in which write-off action is recorded. No special payments exceeding delegated limits shall be made without the prior approval of the NHS England.

All losses and special payments must be reported to the Audit and Risk Committee. Any employee or officer discovering or suspecting a loss of any kind must inform an officer charged with responsibility for responding to concerns involving loss. Where a

criminal offence is suspected, the Chief Finance and Performance Officer must immediately inform the police and the Local Counter Fraud Specialist in accordance with Secretary of State for Health's Directions. Income not received should be dealt with in accordance with losses procedures in Annex 4.10 of Managing Public Money.

10 Capital expenditure and investments

10.1 Joint Capital Resource Plan

In accordance with section 14Z56, the ICB and its partner Trusts and Foundation Trusts must prepare a Joint Capital Resource Use Plan, which will set out their planned capital resource use. Use of capital resources is a reference to its expenditure, consumption or reduction in value, and NHS England may published directions in relation to a financial year specifying what constitutions capital resources for the purposes of the plan.

In preparing the plan, the ICB must have regard to guidance published by NHS England about how the function to prepare the plan should be discharged.

The plan will be prepared before the start of each financial year and will relate to such a period as specified in a direction of the Secretary of State for Health and Social Care.

The Joint Capital Resource Use Plan will be published and shared with the NEL Integrated Care Partnership ('ICP'), the eight Health and Wellbeing Boards ('HWBB') within the ICB's area and NHS England.

In accordance with section 14Z57, the Joint Capital Resource Use may be revised by the ICB and its partner Trust/Foundation Trusts. Where, the revision is significant the plan must be republished and shared with the ICP, HWBBs and NHS England. Lesser revisions will be made clear in a document setting out the changes, which will be published and shared with those organisations.

The plan and any revisions to it may be proposed by the Chief Finance and Performance Officer and approved by the ICB Board on behalf of the ICB. In addition, as a joint plan, it will need to be approved by the ICB's partner Trusts and Foundation Trusts.

The approval of an overall capital programme does not constitute automatic approval for expenditure on any scheme included within that programme and business cases will need to be submitted for approval.

The ICB shall comply as far as is practicable with the requirements of the Department of Health and Social Care "**Capital Investment Manual**" and "**Estates Code**" in respect of capital investment and estate and property transactions.

10.2 Capital Investment

The Chief Finance and Performance Officer is responsible for:

- Ensuring that there is an adequate appraisal and committee approval process in place and in line with HM Treasury Green book guidance for determining capital expenditure priorities and the effect of each proposal upon business plans;
- Ensuring that there are processes in place for the management of all stages of capital schemes, that will ensure that schemes are delivered on time and to cost;
- Ensuring that capital investment and approval of such investment by the ICB Board is not authorised without evidence of availability of resources to finance all revenue consequences;
- Ensuring there are processes in place to ensure that a business case is produced setting out:
 - An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - Confirmation that a designated officer has examined and confirmed the appropriateness of the costs and revenue consequences detailed in the business case.
- The involvement of appropriate personnel and external agencies;
- Appropriate project management and control arrangements;
- Ensuring there are processes in place to issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures should fully take into account the delegated limits for capital schemes issued by the Department of Health and Social Care.
- Processes in place to ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within “Concode” and the prevailing Procurement regulations and routes relating to UK procurement regulations.

10.3 Private Finance

The ICB should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the ICB Board proposes, or is required, to use finance provided by the private sector the Chief Executive shall demonstrate that:

- The use of private finance represents value for money and genuinely transfers risk to the private sector;
- Where the sum exceeds delegated limits, a business case must be referred to the Department of Health and Social Care for approval or treated as per current guidelines;
- The ICB Board must specifically agree the proposal.

11 Assets

When procuring assets, the ICB is required to maintain an asset register, ensure adequate systems are in place to maintain and store these assets as well as effective and timely disposal. Every officer has a responsibility to exercise a duty of care over the assets and it is the responsibility of officers in all disciplines to apply appropriate routine security practices.

11.1 Asset Register

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

Additions to the fixed asset register must be clearly identified to an appropriate budget. The Chief Finance and Performance Officer shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers, to make reference to lease agreements, architect certificates, supplier invoices and other documentary evidence.

The Capital Accounting Manual will provide guidance on: the index value of each asset, depreciation methods, depreciation rate; calculation of the capital charges to be paid and the capitalisation of staff time. All discrepancies revealed by verification of physical assets to fixed asset register or any breach of agreed security practices shall be notified to the Chief Finance and Performance Officer.

It is the responsibility of ICB Board members to ensure appropriate routine security practices are in place in relation to ICB property. Where practical, assets should be marked as ICB property.

It is the responsibility of the budget holder to ensure that any assets are accurately added, maintained and removed from the register in accordance with the procedures set out by the Chief Finance and Performance Officer.

11.2 Store and Receipt of Assets

Stores should be kept to a minimum, subjected to annual stock take and valued at the lower of cost and net realisable value – to include the annual impairment review or upgrades.

The responsibility for security arrangements shall be clearly defined in writing. The Chief Finance and Performance Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses. Any evidence of significant overstocking and of any negligence or malpractice must be reported to the Chief Finance and Performance Officer.

11.3 Disposal and condemnation of Assets

The Chief Finance and Performance Officer must prepare procedures for the disposal of assets and condemnations, and ensure that these are notified to managers. When an ICB asset is disposed of, the authorised manager will determine and advise the Chief Finance and Performance Officer of the estimated market value of the item.

Any damage to the ICB premises and equipment, or any loss of equipment, stores or supplies must be reported in line with the ICB'S procedures;

Designated managers shall be responsible for a system approved by the Chief Finance and Performance Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles.

In respect of the disposal of IT equipment:

- Disposal of IT equipment with estimated individual value or Net Book Value (NBV) less than £1,000 - Director of Service

- Disposal of IT equipment with estimated individual value or Net Book Value (NBV) greater than £1,000 – Director of IT, Director of Finance or Chief Finance and Performance Officer

All unserviceable articles condemned or otherwise disposed of must be recorded to indicate method of disposal. All entries shall be confirmed by the countersignature of a second authorised employee. The authorised employee shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Finance and Performance Officer.

12 Retention of records

The ICB shall ensure that it retains its records, prepares annual accounts and an annual report on its affairs as part of normal business.

A record can be defined as information created, received and maintained as evidence and information by an organisation, in pursuance of legal obligations or in the transaction of business. This includes both paper and digital records.

The Chief Finance and Performance Officer and the Chief Participation Officer shall be responsible for maintaining archives for all records required to be retained. Arrangements to manage records will be put in place and will be compliant with relevant legal requirements and guidance, including the NHSX Records Management Code of Practice 2021 (as updated or superseded).

Information held for longer than is necessary carries additional risk and cost. Records and information should only be retained for legitimate business use. Under GDPR and the DPA 2018, personal data processed by an ICB must not be retained for longer than is necessary for its lawful purpose.

13 Annual Report and Accounts

The ICB will prepare and publish an annual report in accordance with its constitution, section 14Z58 of the National Health Service Act 2006 and any directions issued by NHS England about the form and content of the report. (See also the DHSC's Group Accounting Manual).

In accordance with the SoRD, the Annual Report shall be signed by the Chief Executive and approved by the ICB Board.

It shall address how the ICB has discharged its functions in the previous financial year and, in accordance with section 14Z58, must:

- explain how the ICH has discharged its duties under sections:
 - 14Z34 (improvement in quality of services);
 - 14Z35 (reducing inequalities);
 - 14Z36 (promotion of involvement of patients);
 - 14Z37 (patient choice);

14Z38 (obtaining appropriate advice);
14Z39 (promoting innovation);
14Z40 (research);
14Z41 (promotion of education and training);
14Z42 (promotion of integration);
14Z43 (have regard to the effect of decisions);
14Z44 (as to climate change);
14Z45 (public involvement and consultation); and
14Z49 (keeping experience of Board Members under review).

- Review the extent to which the ICB has exercised its functions in accordance with the Joint Forward Plan and Joint Capital Resource Use Plan.
- Review the steps it has taken to implement the joint local health and wellbeing strategies prepared by the eight HWBBs, and in that regard shall consult each relevant HWBB.

A copy of the Annual Report must be provided to NHS England before the data specified by NHS England in a direction, and must be published.

13.1 Annual Accounts

In accordance with paragraph 22 of Schedule 1B to the National Health Service Act 2006, the ICB must keep proper accounts and proper records in relation to accounts. Accounts must be prepared in respect of each financial year, and for such period as specified in any directions of the Secretary of State.

NHS England may, with the approval of the Secretary of State, give directions to the ICB as to the methods and principles to govern preparation of the accounts, and as to the form and content of the accounts.

The Local Audit and Accountability Act 2014 shall apply. In particular, ICBs must select and appoint their own auditors and directly manage their contracts for the audits.

Audited accounts must be provided to NHS England by the date specified in a direction by NHS England. Unaudited accounts must be sent to NHS England by a specified date, if so directed by NHS England. The Comptroller and Auditor General may examine the annual accounts and any records relating to them, and any auditor's report on them.

Financial returns shall be fair, balanced and understandable in accordance with the above requirements, accounting policies and guidance given by the Department of Health and Social Care/ NHS England, and HM Treasury, ICB accounting policies, generally accepted accounting practice, and international accounting standards and good practice.

It shall be the responsibility of the Chief Finance and Performance Officer to ensure the accounts and prepared accordingly.

The full statutory accounts shall be signed by a nominated qualified accountant, approved by the ICB Board and the balance sheet signed off by the Chief Executive Officer.

The ICB's audited annual accounts will be presented to a public meeting and made available to the public.

13.2 Monitoring returns

The Chief Finance and Performance Officer is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation in a timely manner and in a level of detail prescribed and sufficient enough for the monitoring organisation to perform its duties effectively.

The ICB will prepare and publish an annual report in accordance with section 14Z15 of the National Health Service Act 2006 and any directions issued by NHS England. (See also the DHSC's Group Accounting Manual).

14 Banking arrangements

The ICB should have adequate and secure banking arrangements in place. Public sector organisations should run their cash management processes to provide good value for the Exchequer as a whole. This means complying with application directions issued by the Secretary of State and applicable guidance, using the Government Banking Service when appropriate, limiting use of commercial banking, and providing accurate forecasts of cash flows. Any use of non-standard techniques should be kept within defined bounds and controlled carefully.

Bank Accounts

The ICB Board shall approve the banking arrangements for the ICB. The Chief Finance and Performance Officer 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. In line with Cash Management in the NHS, the ICB should minimise the use of commercial bank accounts and consider using Government Banking Service (GBS) accounts for all banking services.

The Chief Finance and Performance Officer is responsible for:

- Bank and Government banking service accounts;
- Ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- Reporting to the ICB Board all arrangements made with the ICB's bankers for accounts to be overdrawn; and
- Monitoring compliance with Department of Health and Social Care guidance on the level of cleared funds.

14.1 Banking Procedures

The Chief Finance and Performance Officer will prepare detailed instructions on the operation of bank accounts, which must include the conditions under which each bank account is to be operated and those authorised to sign cheques or other orders drawn on the ICB's accounts.

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

15 Risk Management

The Chief Executive shall ensure that the ICB has adequate risk management arrangements which will be overseen by the Audit and Risk Committee.

15.1 Risk Procedures

The Chief Finance and Performance Officer shall ensure that the ICB has adequate risk management procedures in place for financial matters. This shall include:

- A process for identifying and quantifying risks and potential liabilities;
- 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;
- Contingency plans to offset the impact of adverse events;
- Audit arrangements;

15.2 Insurance

NHS Resolution offers insurance to the ICB for CNST, PES and LTPS. 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.

There is a general prohibition on entering into insurance arrangements with commercial insurers except for:

- Insuring motor vehicles owned by the ICB including insuring third party liability arising from their use.
- 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.
- Where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the ICB for an NHS purpose the activity may be covered in the risk pool.

15.2.1 In any case of doubt concerning an ICB's powers to enter into commercial insurance arrangements the Chief Finance and Performance Officer should consult the Department of Health and Social Care and/or NHS England as appropriate.

15.3 Risk Pool

15.3.1 Whether the ICB has used a Risk pooling scheme or not, the Chief Finance and Performance Officer holds specific responsibilities.

Risk Pooling Decision Tree:

Has the ICB Board used a Risk Pooling Scheme?	
<p>Yes - The Chief Finance and Performance Officer shall:</p> <ul style="list-style-type: none">• Ensure scheme arrangements are appropriate;• Ensure arrangements complement the risk management programme; and• Ensure documented procedures cover this arrangement	<p>No - The Chief Finance and Performance Officer shall:</p> <ul style="list-style-type: none">• Ensure the ICB Board is informed of nature and extent of risks that are self insured;• 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

16 Information and communication technology

IT plays a vital role in helping the ICB deliver on its commitments to the public. The vision and drive to use IT is to support through information and technology the delivery of the triple aim: better health for populations, better care for patients and lower costs allowing the NHS to do more within available resources.

In order to ensure compatibility and compliance with the ICB's strategy, no corporate ICT hardware, software or facility should be procured without the authorisation as detailed in the Scheme of Reservation and Delegation. The Chief Executive will ensure that new corporate ICT services, systems, and amendments to current corporate ICT services and systems are developed in a controlled manner and thoroughly tested prior to implementation.

The Chief Executive will ensure that adequate controls exist for all corporate ICT services and systems deployed, to support the business requirements of the organisation.

The Chief Executive will ensure that adequate controls exist for all ICT services and systems deployed, to support the business requirements of the ICB.

The Chief Executive will satisfy their self that all digital services procured will have appropriate:

- Interoperability standards;
- Reporting and outcomes linked to the services purchased;
- Information governance and security.

16.1 Finance Systems

Any system, software or hardware used to implement financial control and governance must have an adequate level of security surrounding their use, to include segregation of roles.

- The Chief Finance and Performance Officer will ensure that adequate controls exist, such that all finance computer operations are separated from development, maintenance and amendment.

- The Chief Finance and Performance Officer will ensure that an adequate audit trail exists through all computerised finance systems.
- The Chief Finance and Performance Officer will satisfy their self that access to finance systems is strictly controlled and delegated authorities within system approved limits are appropriately assigned.
- The Chief Finance and Performance Officer will ensure that appropriate financial limits are allocated to users for journal postings to finance systems.
- The Chief Finance and Performance Officer will satisfy their self that new financial systems, and amendments to current financial systems, are developed in a controlled manner and thoroughly tested prior to implementation.
- All staff must agree to, and sign copies of, the ICB's IT code of conduct before accessing any of the ICB's ICT systems.