

**NHS Gloucestershire
Integrated Care Board**

**Standing Financial Instructions
(SFIs)**

v1.0
1st July 2022

1. Purpose, Statutory Framework and Scope

- 1.1. These Standing Financial Instructions (SFIs) shall have effect as if incorporated into the Integrated Care Board's (ICB) constitution. In accordance with the National Health Service Act 2006, as amended by the Health and Care Act 2022, the ICB must publish its constitution.
- 1.2. In accordance with the Act, as amended, NHS England is mandated to publish guidance for ICBs, to which each ICB must have regard, in order to discharge their duties.
- 1.3. The purpose of these SFIs is to ensure that the ICB fulfils its statutory duty to carry out its functions effectively, efficiently and economically. The SFIs are part of the ICB's control environment for managing the organisation's financial affairs as they are designed to ensure regularity and propriety of financial transactions.
- 1.4. These SFIs define the purpose, responsibilities, legal framework and operating environment of the ICB. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services.
- 1.5. 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.
- 1.6. 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.
- 1.7. All members of the ICB (its board) and all other Officers should be aware of the existence of these documents and be familiar with their detailed provisions. The ICB SFIs will be made available to all Officers on the intranet and internet website for each statutory body.
- 1.8. Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the Chief Executive Officer or the Chief Financial Officer must be sought before acting.
- 1.9. Failure to comply with the SFIs may result in disciplinary action in accordance with the ICB's applicable disciplinary policy and procedure in operation at that time.

- 1.10. 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.
- 1.11. 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.
- 1.12. Any reference to an enactment is a reference to that enactment as amended.
- 1.13. 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.

2. Roles and Responsibilities

2.1. Staff

- 2.1.1. All ICB Officers are severally and collectively, responsible to their respective employer(s) for:
 - abiding by all conditions of any delegated authority;
 - the security of Gloucestershire ICB's property and avoiding all forms of loss;
 - ensuring integrity, accuracy, probity and value for money in the use of resources; and
 - conforming to the requirements of these SFIs
- 2.1.2. For any and all Directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Chief Financial Officer.

2.2. Accountable Officer

- 2.2.1. The ICB constitution provides for the appointment of the Chief Executive Officer by the ICB chair. The Chief Executive Officer is the Accountable Officer for the ICB and is personally accountable to NHS England for the stewardship of ICB's allocated resources.
- 2.2.2. The Chief Financial Officer reports directly to the ICB Chief Executive Officer and is professionally accountable to the NHS England regional finance director.

2.2.3. The Chief Executive Officer and Chief Financial Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

2.2.4. The Chief Executive Officer will delegate to the Chief Financial Officer the following responsibilities in relation to the ICB:

- preparation and audit of annual accounts;
- adherence to the directions from NHS England in relation to accounts preparation;
- ensuring that the allocated annual revenue and capital resource limits are not exceeded, jointly, with system partners;
- ensuring that there is an effective financial control framework in place to support accurate financial reporting, safeguard assets and minimise risk of financial loss;
- meeting statutory requirements relating to taxation;
- ensuring that there are suitable financial systems in place (see Section 5)
- meeting the financial targets set by NHS England;
- use of incidental powers such as management of ICB assets, entering commercial agreements;
- ensuring the Governance statement and annual accounts and reports are signed;
- ensuring planned budgets are approved by the relevant Board; developing the funding strategy for the ICB to support the board in achieving ICB objectives, including consideration of place-based budgets;
- making use of benchmarking to make sure that funds are deployed as effectively as possible;
- 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;
- provision of financial advice to other members of the Board and employees;
- ensuring that executive members (partner members and non-executive members) and other officers are notified of and understand their responsibilities within the SFIs;
- specific responsibilities and delegation of authority to specific job titles are confirmed;
- provision of financial leadership and financial performance of the ICB;
- identification of key financial risks and issues relating to robust financial performance and leadership and working with relevant providers and partners to enable solutions

- 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 and;
- ensuring money drawn from the Department of Health against the financing requirement arising from the Resource Limit is required for approved expenditure only, and is drawn down only at the time of need, following best practice as set out in 'Cash Management in the NHS'.

2.3. Audit Committee

2.3.1. The Board and Chief Executive Officer should be supported by an Audit Committee, which should provide proactive support to the board in advising on:

- the management of key risks;
- the strategic processes for risk;
- the operation of internal controls;
- control and governance and the governance statement;
- the accounting policies, the accounts, and the annual report of the ICB;
- 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.

2.4. System Resources Committee

2.4.1. The Board and Chief Executive Officer should be supported by the System Resources Committee, which should provide proactive support to the board in advising on:

- matters relating to system resources allocation;
- performance against strategic plans;
- financial performance for the organisation and the NHS system performance.

2.5. Primary Care and Direct Commissioning Committee

2.5.1. The Board and Chief Executive Officer should be supported by a Primary Care and Direct Commissioning Committee, which should provide proactive support to the board in advising on:

- performance against strategic plans relevant to the committee's remit;
- financial performance for the areas within the committee's remit.

3. Management Accounting and Business Management

3.1. Chief Financial Officer responsibilities

- 3.1.1. The Chief Finance Officer is responsible for maintaining policies and processes relating to the control, management and use of resources across the ICB.
- 3.1.2. The Chief Financial Officer will delegate the budgetary control responsibilities to budget holders through a formal documented process.
- 3.1.3. The Chief Financial Officer will ensure:
- the promotion of compliance to the SFIs
 - the promotion of long-term financial health for the NHS system (including ICS);
 - budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for;
 - the improvement of financial literacy of budget holders with the appropriate level of expertise and systems training;
 - that the budget holders are supported in proportion to the operational risk; and
 - the implementation of financial and resources plans that support the NHS Long Term Plan objectives.
- 3.1.4. In addition, the Chief Financial Officer should have financial leadership responsibility for the following statutory duties:
- the duty of the ICB, in conjunction with its partner NHS trusts and NHS foundation trusts, to exercise its functions with a view to ensuring that, in respect of each financial year;
 - local capital resource use does not exceed the limit specified in a direction by NHS England;
 - local revenue resource use does not exceed the limit specified in a direction by NHS England;
 - the duty of the ICB to perform its functions to ensure that its expenditure does not exceed the aggregate of its allotment from NHS England and its other income; and
 - the duty of the ICB, in conjunction with its partner trusts, to seek to achieve any joint financial objectives set by NHS England for the ICB and its partner trusts.
- 3.1.5. The Chief Financial Officer and any senior officer responsible for finance within the ICB should also promote a culture where budget holders and decision makers consult their management accountants in key strategic decisions that carry a financial impact.

3.2. Allocations

3.2.1. The Chief Financial Officer of the ICB will:

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

3.3. Annual Planning

3.3.1. The Chief Executive Officer will compile and submit to the Board an Annual Operating Plan and Financial Budget which take into account financial targets and forecast limits of available resources. The plan will contain:

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

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

- be in accordance with the aims and objectives set out in the plan;
- accord with workload and staffing plans;
- be produced following discussion with appropriate system partners and budget holders;
- be prepared within the limits of available funds (resource limits);
- identify potential risks.

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

3.4. Budgetary Delegation

3.4.1. 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:

- the amount of the budget;
- the purpose(s) of each budget heading;
- individual and group responsibilities;
- authority to exercise virement;

- achievement of planned levels of service;
- the provision of regular reports.

3.4.2. The Chief Executive Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

3.4.3. 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.

3.4.4. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive Officer, as advised by the Chief Financial Officer.

3.5. Delegation of Commissioned Services

3.5.1. NHS England may delegate services to the ICB. The Chief Executive Officer must ensure that:

- a full due diligence process has been undertaken prior to the decision to accept the delegation of services to the ICB to ensure that the ICB has a full understanding of the responsibilities associated with the services to be delegated including the risks.
- appropriate systems and processes have been put in place to ensure the management of the delegated services delegated

3.5.2. The Chief Financial Officer must ensure that appropriate financial procedures are in place covering the delegated services

3.6. Budgetary Control

3.6.1. The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:

- monthly financial reports to the Board in a form approved by the Board containing:
 - a) income and expenditure monitoring showing forecast year-end position;
 - b) balance sheet and cash flow statement;
 - c) capital project spend and projected outturn against plan;
 - d) explanations of any material variances from financial, workload and manpower budgets;
 - e) details of any corrective action where necessary and the Chief Executive Officer's and/or Chief Financial Officer's view of whether such actions are sufficient to correct the situation.

- the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- investigation and reporting of variances from budgets;
- monitoring of management action to correct variances;
- arrangements for the authorisation of budget transfers.

3.7. Budget Holder Responsibilities

3.7.1. Each budget holder is responsible for ensuring that:

- they sign off their budget at the start of the year and provide accurate forecasts of out-turn on a monthly basis during the course of the year;
- any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board and to provide full variance analysis from budgeted plan and corrective actions;
- 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;
- no permanent employees are appointed without the approval of the Chief Executive Officer other than those provided for within the available resources and manpower establishment as approved by the Board;
- they participate in finance training to develop the skills and knowledge necessary to discharge their financial management duties;
- they use the ICB's finance systems as required;
- where matters of financial control risk are identified, they are communicated to the Finance Team as a matter of urgency;
- they are accountable for their budgets and financial performance, even where contracts are negotiated on behalf of the ICB by another institution;
- they take responsibility for ensuring that new members of staff are paid the correct salary and for making sure that final payments to and from employees are correct;
- ensuring that the prices paid for goods are correct, represent value for money, that procedures are followed to prevent fraud and that all invoices are appropriately authorised and that the goods and services received are correct;
- they are available to work with the auditors and respond to questions or recommendations.

3.7.2. The Executive Team is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Operating Plan and a balanced budget.

3.8. Virements

3.8.1. Virements cover all budget transfers carried out in the financial year apart from those enacting the Annual Operating Plan. Delegated limits for virement are provided in the Detailed Scheme of Delegation.

3.9. Reserves

3.9.1. Reserves cover all expenditure budgets not currently allocated to a budget holder and are held centrally.

3.10. Capital Expenditure

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

3.11. Monitoring Returns

3.11.1. The Chief Executive Officer is responsible for ensuring that the appropriate monitoring forms are submitted to the ICB's designated external regulators.

4. Income, Banking Arrangements and Debt Recovery

4.1. Income

4.1.1. An ICB has power to do anything specified in section 7(2) of the Health and Medicines Act 1988 for the purpose of making additional income available for improving the health service.

4.1.2. The Chief Financial Officer is responsible for:

- ensuring order to cash practices are designed and operated to support efficient, accurate and timely invoicing and receipting of cash. The processes and procedures should be standardised and harmonised across the NHS System by working cooperatively with the Shared Services provider; and
- ensuring the debt management strategy reflects the debt management objectives of the ICB and the prevailing risks;
- approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute.

Independent professional advice on matters of valuation shall be taken as necessary.

4.1.3. All employees must inform the Chief Financial Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts and any other transactions.

4.2. Banking

4.2.1. The Chief Financial Officer is responsible for ensuring the ICB complies with any directions issued by the Secretary of State with regards to the use of specified banking facilities for any specified purposes.

4.2.2. The Chief Financial Officer will ensure that:

- the ICB holds the minimum number of bank accounts required to run the organisation effectively. These should be raised through the government banking services contract; and
- the ICB has effective cash management policies and procedures in place.;

4.3. Debt Management

4.3.1. The Chief Financial Officer is responsible for the ICB debt management plan.

4.3.2. This includes:

- a debt management plan that covers end-to-end debt management from debt creation to collection or write-off in accordance with the losses and special payment procedures;
- ensuring the debt management plan covers a minimum period of 3 years and must be reviewed and endorsed by the ICB Audit Committee every 12 months to ensure relevance and provide assurance;
- accountability to the ICB board that debt is being managed effectively;
- accountabilities and responsibilities are defined with regards to debt management to budget holders; and
- responsibility to appoint a senior officer responsible for day to day management of debt.

4.3.3. The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.

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

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

4.4. Security of Cash and Other Negotiable Instruments

4.4.1. The Chief Financial Officer is responsible for prescribing systems and procedures for handling cash and negotiable securities on behalf of the ICB.

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

4.4.3. 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.

5. **Financial Systems and Processes**

5.1. Provision of Financial Systems

5.1.1. The Chief Financial Officer is responsible for ensuring systems and processes are designed and maintained for the recording and verification of finance transactions such as payments and receivables for the ICB.

5.1.2. The systems and processes will ensure, inter alia, that payment for goods and services is made in accordance with the provisions of these SFIs, related procurement guidance and prompt payment practice.

5.1.3. As part of the contractual arrangements for ICBs, officers will be granted access where appropriate to the Integrated Single Financial Environment ("ISFE"). This is the required accounting system for use by ICBs. Access is based on single access log on to enable users to perform core accounting functions such as the transacting and coding of expenditure/income in fulfilment of their roles.

5.1.4. The Chief Financial Officer will, in relation to financial systems:

- promote awareness and understanding of financial systems, value for money and commercial issues;
- ensure that transacting is carried out efficiently in line with current best practice – e.g. e-invoicing;

- ensure that the ICB meets the required financial and governance reporting requirements as a statutory body by the effective use of finance systems;
- enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records;
- ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable;
- ensure 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;
- ensure that risk is appropriately managed;
- ensure identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers;
- ensure the ICB has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of the ICB;
- ensure that contracts for computer services for financial applications with another health organisation or any other agency 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
- where another health organisation or any other agency provides a computer service for financial applications, the Chief Financial Officer shall periodically seek assurances that adequate controls are in operation
- ensure reasonable protection of the ICB 's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage;
- ensure that reasonable controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews are being carried out.

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

5.2. Requirements for Computer Systems which have an Impact on Corporate Financial Systems

- 5.2.1. Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:
- systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
 - data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
 - only relevant staff have access to such data.

6. **Procurement and Purchasing**

6.1. Principles

- 6.1.1. The Chief Financial Officer will take a lead role on behalf of the ICB to ensure that there are appropriate and effective financial, contracting, monitoring and performance arrangements in place to ensure the delivery of effective health services.
- 6.1.2. The ICB must ensure that procurement activity is in accordance with the ICB Standing Orders, Public Contracts Regulations 2015 (PCR) and associated statutory requirements whilst securing value for money and sustainability.
- 6.1.3. The ICB must consider, as appropriate, any applicable NHS England guidance that does not conflict with the above.
- 6.1.4. The ICB must have a Procurement Policy which sets out all of the legislative requirements.
- 6.1.5. All revenue and non-pay expenditure must be approved, in accordance with the ICB business case policy, prior to an agreement being made with a third party that enters a commitment to future expenditure.
- 6.1.6. All officers must ensure that any conflicts of interest are identified, declared and appropriately mitigated or resolved in accordance with the ICB standards of business conduct policy.
- 6.1.7. Budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for. This includes obtaining the necessary internal and external approvals which vary based on the type of spend, prior to procuring the goods, services or works.

- 6.1.8. Undertake any contract variations or extensions in accordance with PCR 2015 and the ICB procurement policy.
- 6.1.9. Retrospective expenditure approval should not be permitted. Any such retrospective breaches require approval from any committee responsible for approvals before the liability is settled. Such breaches must be reported to the audit and risk assurance committee.
- 6.1.10. In all contracts entered into, the ICB shall endeavour to obtain best value for money. The Chief Executive Officer shall nominate an individual who shall oversee and manage each contract on behalf of the ICB.

7. Staff Costs and Staff-Related Non-Pay Expenditure

7.1. Payroll

- 7.1.1. The CFO will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.
- 7.1.2. Where a third-party payroll provider is engaged, the CFO shall closely manage this supplier through effective contract management.

7.2. Director of People, Culture and Engagement

- 7.2.1. The Director of People, Culture and Engagement 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.
- 7.2.2. Operationally the Director of People, Culture and Engagement will be responsible for:
- defining and delivering the organisation's overall human resources strategy and objectives; and
 - overseeing delivery of human resource services to ICB employees.
- 7.2.3. The Director of People, Culture and Engagement is responsible for management and governance frameworks that support the ICB employees' life cycle.

8. Non-Pay Expenditure

- 8.1.1. The 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.
- 8.1.2. The Chief Executive Officer shall set out procedures on the seeking of professional advice regarding the supply of goods and services.
- 8.1.3. The Chief Financial Officer will:
- a) advise the Chief Executive Officer on the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in the scheme of reservation and delegation;
 - b) be responsible for the prompt payment of all properly authorised accounts and claims;
 - c) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable.

9. Annual Reporting and Accounts

- 9.1.1. The Chief Financial Officer will ensure, on behalf of the Chief Executive Officer and ICB board, that:
- the ICB is in a position to produce its required monthly reporting, annual report, and accounts, as part of the setup of the new organisation; and
 - the ICB, in each financial year, prepares a report on how it has discharged its functions in the previous financial year;
- 9.1.2. The annual report must, in particular, explain how the ICB has:
- discharged its duties in relating to improving quality of services, reducing inequalities, the triple aim and public involvement;
 - reviewed the extent to which the board has exercised its functions in accordance with its published 5 year forward plan and capital resource use plan; and
 - reviewed any steps that the board has taken to implement any joint local health and wellbeing strategy.
- 9.1.3. NHS England may give directions to the ICB as to the form and content of an annual report.
- 9.1.4. The ICB must give a copy of its annual report to NHS England by the date specified by NHS England in a direction and publish the report.

10. Audit, Security Management and Fraud

10.1. Internal audit

10.1.1. The Chief Executive Officer, as the Accountable Officer, is responsible for ensuring there is appropriate internal audit provision in the ICB. For operational purposes, this responsibility is delegated to the Chief Financial Officer to ensure that:

- a) all internal audit services provided under arrangements proposed by the Chief Financial Officer are approved by the Audit Committee, on behalf of the ICB board;
- b) the ICB must have an internal audit charter. The internal audit charter must be prepared in accordance with the Public Sector Internal Audit Standards (PSIAS);
- c) the ICB internal audit charter and annual audit plan, must be endorsed by the ICB Chief Executive Officer, Audit Committee and Board;
- d) the head of internal audit must provide an annual opinion on the overall adequacy and effectiveness of the ICB Board's framework of governance, risk management and internal control as they operated during the year, based on a systematic review and evaluation;
- e) the head of internal audit should attend Audit Committee meetings and have a right of access to all Audit Committee members, the Chair and Chief Executive Officer of the ICB.
- f) the appropriate and effective financial control arrangements are in place for the ICB and that accepted internal and external audit recommendations are actioned in a timely manner.
- g) The reporting system for Internal Audit shall be agreed between the Chief Finance Officer, the Audit Committee and the Head of Internal Audit shall comply with the guidance on reporting contained in the NHS Internal Audit Standards.

10.2. External Audit

10.2.1. The Chief Financial Officer is responsible for:

- a) liaising with external audit colleagues to ensure timely delivery of financial statements for audit and publication in accordance with statutory, regulatory requirements;
- b) ensuring that the ICB appoints an auditor in accordance with the Local Audit and Accountability Act 2014; in particular, the ICB must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year; the ICB must appoint a local auditor at least once every 5 years (ICBs will be informed of the transitional arrangements at a later date); and

- c) ensuring that the appropriate and effective financial control arrangements are in place for the ICB and that accepted external audit recommendations are actioned in a timely manner.

10.2.2. The External Auditor will provide an opinion on the ICB's annual financial statements, its Annual Governance Statement and Annual Report. It will make an assessment of the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources. The External Auditor is also required to give a Regularity Opinion on whether expenditure has been incurred 'as intended by Parliament'.

10.2.3. 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 ICB Audit Committee if the issue cannot be resolved.

10.3. Security Management

10.3.1. In line with their responsibilities, the ICB 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.

10.3.2. 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 and Social Care guidance on NHS Security Management.

10.3.3. The ICB shall nominate the Chief Financial Officer to oversee and contract for NHS Security Management Services, who will report to the Board.

10.3.4. The Chief Executive Officer has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD), or equivalent, and the appointed Local Security Management Specialist (LSMS).

10.4. Fraud, Bribery and Corruption (Economic Crime)

10.4.1. The ICB is committed to identifying, investigating and preventing economic crime.

10.4.2. The ICB Chief Financial Officer is responsible for ensuring appropriate arrangements are in place to provide adequate counter fraud provision which should include reporting requirements to the Board and Audit Committee, and defining roles and accountabilities for those involved as part of the process of providing assurance to the Board.

- 10.4.3. The CFO shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud Authority guidance.
- 10.4.4. These arrangements should comply with the NHS requirements Government Functional Standard 013 Counter Fraud as issued by NHS Counter Fraud Authority and any guidance issued by NHS England.

11. Losses and Special Payments

- 11.1.1. HM Treasury approval is required if a transaction exceeds the delegated authority, or if transactions will set a precedent, are novel, contentious or could cause repercussions elsewhere in the public sector.
- 11.1.2. The Chief Financial Officer will support a strong culture of public accountability, probity, and governance, ensuring that appropriate and compliant structures, systems, and process are in place to minimise risks from losses and special payments.
- 11.1.3. NHS England has the statutory power to require the ICB to provide NHS England with information. The information, is not limited to losses and special payments, must be provided in such form, and at such time or within such period, as NHS England may require.
- 11.1.4. ICBs will work with NHS England teams to ensure there is assurance over all exit packages which may include special severance payments. ICBs have no delegated authority for special severance payments and will refer to the guidance on that to obtain the approval of such payments.
- 11.1.5. All losses and special payments (including special severance payments) must be reported to the ICB Audit Committee.
- 11.1.6. For detailed operational guidance on losses and special payments, please refer to the ICB losses and special payment guide which includes delegated limits.

12. Disposals and Condemnations

- 12.1.1. The Chief Financial Officer must prepare procedures for the disposal of assets including condemnations and ensure that these are notified to managers.
- 12.1.2. When it is decided to dispose of an ICB asset, the Head of Department or authorised deputy will determine and advise the Chief Financial Officer of the

estimated market value of the item, taking account of professional advice where appropriate.

12.1.3. All unserviceable articles shall be:

- a) condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Financial Officer;
- b) recorded by the Condemning Officer in a form approved by the Chief Financial Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Chief Financial Officer.
- c) The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Financial Officer who will take the appropriate action.

13. Capital Investments and Security of Assets and Grants

13.1. The Chief Financial Officer is responsible for:

- ensuring that at the commencement of each financial year, the ICB and its partner NHS trusts and NHS foundation trusts prepare a plan setting out their planned capital resource use;
- ensuring that the ICB and its partner NHS trusts and NHS foundation trusts exercise their functions with a view to ensuring that, in respect of each financial year, local capital resource use does not exceed the limit specified in a direction by NHS England;
- ensuring the ICB has a documented property transfer scheme for the transfer of property, rights or liabilities from the ICB's predecessor Clinical Commissioning Group;
- ensuring that there is an effective appraisal and approval process in place 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 is not authorised without evidence of availability of resources to finance all revenue consequences; and
- for every capital expenditure proposal, the Chief Financial Officer is responsible for ensuring there are processes in place to ensure that a business case is produced; this should be in line with local and NHSE Business case processes as applicable.

13.2. Capital commitments typically cover land, buildings, equipment, capital grants to third parties and IT, including:

- authority to spend capital or make a capital grant; and
 - authority to enter into leasing arrangements.
- 13.3. Advice should be sought from the Chief Financial Officer or nominated officer if there is any doubt as to whether any proposal is a capital commitment requiring formal approval.
- 13.4. For operational purposes, the ICB shall have nominated senior officers accountable for ICB property assets and for managing property.
- 13.5. ICBs shall have a defined and established property governance and management framework, which should:
- ensure the ICB asset portfolio supports its business objectives; and
 - comply with NHS England policies and directives and with this guidance
- 13.6. Disposals of surplus assets should be made in accordance with published guidance and should be supported by a business case which should contain an appraisal of the options and benefits of the disposal in the context of the wider public sector and to secure value for money. All property or land disposals will require approval by the Board.
- 13.7. Grants
- 13.7.1. The Chief Financial Officer is responsible for providing robust management, governance and assurance to the ICB with regards to the use of specific powers under which it can make capital or revenue grants available to:
- any of its partner NHS trusts or NHS foundation trusts; and
 - to a voluntary organisation, by way of a grant or loan.
- 13.7.2. All revenue grant applications should be regarded as competed as a default position, unless there are justifiable reasons why the classification should be amended to non-competed.

14. Legal, Risk Management and Insurance

- 14.1.1. This section applies to any legal cases threatened or instituted by or against the ICB. The ICB should have policies and procedures detailing:
- engagement of solicitors / legal advisors;
 - approval and signing of documents which will be necessary in legal proceedings; and
 - Officers who can commit or spend ICB revenue resources in relation to settling legal matters.

14.1.2. The Chief Executive Officer shall ensure that the ICB has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved by the Board.

14.1.3. The programme of risk management shall include:

- a process for identifying and quantifying risks and potential liabilities;
- engendering among all levels of staff a positive attitude towards the control of risk;
- 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 including; internal audit, clinical audit, health and safety review;
- a clear indication of which risks shall be insured;
- arrangements to review the risk management programme.

14.1.4. The 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. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

14.1.5. ICBs are advised not to buy commercial insurance to protect against risk unless it is part of a risk management strategy that is approved by the Chief Executive Officer.

14.1.6. In any case of doubt concerning an ICB's powers to enter into commercial insurance arrangements the Chief Financial Officer should consult the Department of Health.

15. Acceptance of Gifts by Staff

15.1.1. The Chief Financial Officer shall ensure that all staff are made aware of the ICB policy on acceptance of gifts and other benefits in kind by staff which will be in line with the Bribery Act 2010. This policy follows the guidance contained in the NHS England Policy for Managing Conflicts of Interest 2017; the Code of Conduct for NHS Managers 2002; and the ABPI Code of Professional Conduct relating to hospitality/gifts from

pharmaceutical/external industry and is also deemed to be an integral part of these ICB Constitution and Standing Financial Instructions.

16. Payments to Independent Contractors

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

16.1.2. The Chief Executive Officer shall:

- ensure that lists of all contractors, for which the ICB is responsible, are maintained in an up to date condition;
- 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.

16.1.3. The Chief Financial Officer shall:

- ensure that contractors who are included on ICB's approved lists receive payments and that there is no evidence of inequality in payment value or method;
- 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;
- ensure that regular independent verification of claims is undertaken, to confirm that:
 - (1) rules have been correctly and consistently applied;
 - (2) overpayments are detected (or preferably prevented) and recovery initiated;
 - (3) suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health and Social Care's Directions on the management of fraud and corruption.
- ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- ensure that a prompt response is made to any query raised by the NHS Business Services Authority, regarding claims from contractors submitted directly to them.

17. Retention of Records

- 17.1.1. The Chief Executive Officer shall be responsible for maintaining archives for all records required to be retained in accordance with “Records Management Code of Practice for Health and Social Care 2016.
- 17.1.2. The records held in archives shall be capable of retrieval by authorised persons.
- 17.1.3. Records held in accordance with NHS Code of Practice - Records Management 2006, shall only be destroyed at the express instigation of the Chief Executive Officer. Detail shall be maintained of records so destroyed.