

**NHS WOLVERHAMPTON CLINICAL COMMISSIONING  
GROUP**

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**CONSTITUTION APPENDIX G**

**PRIME FINANCIAL POLICIES**

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Version: [6]

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## **1. INTRODUCTION**

### **1.1. General**

- 1.1.1. These Prime Financial Policies shall have effect as if incorporated into the group's constitution as noted at paragraph 10.2 thereof.
- 1.1.2. The Prime Financial Policies are part of the group's control environment for managing the organisation's financial affairs. They contribute to good corporate governance, internal control and management of risks. They enable sound administration; lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services. They also help the Accountable Officer and Chief Finance Officer to effectively perform their duties and responsibilities and identify the financial responsibilities applying to everyone working for the group and its constituent organisations. They are used in conjunction with the Standing Orders and Scheme of Reservation and Delegation.
- 1.1.3. In support of these Prime Financial Policies, the group has prepared detailed financial policies that provide day-to-day procedural guidance. These are not part of the constitution and any changes to them will be approved by the Finance and Performance Committee. A list of the group's detailed financial policies is published and maintained on the group's website at [www.wolverhamptonccg.nhs.uk](http://www.wolverhamptonccg.nhs.uk). The group refers to these prime and detailed financial policies together as the group's financial policies.
- 1.1.4. These prime financial policies identify the financial responsibilities which apply to everyone working for the group and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial policies. The Finance and Performance Committee is responsible for approving all detailed financial policies. Should any difficulties arise regarding the interpretation or application of any of these policies then the advice of the Chief Finance Officer must be sought before acting. The user of these prime financial policies should also be familiar with and comply with the provisions of the group's constitution, standing orders and scheme of [reservation and delegation](#) ~~and reservation~~. Failure to comply with them may be regarded as a disciplinary matter that could result in dismissal.
- ### **1.2. Overriding Prime Financial Policies**
- 1.2.1. If for any reason these prime financial policies are not complied with, full details of the non-compliance, any justification for and the circumstances around it will be reported to the next formal meeting of the Audit and Governance Committee for referring action or ratification. All of the group's members and employees have a duty to disclose any such non-compliance to the Chief Finance Officer as soon as possible.

### **1.3. Responsibilities and delegation**

- 1.3.1. The roles and responsibilities of the group's members, employees, members of the governing body, members of the governing body's committees or sub-committees, members of the group's committees and sub-committees (if any) and persons working on behalf of the group are set out in chapters 6 and 7 of the constitution.
- 1.3.2. The financial decisions delegated by members of the group are set out in the group's Scheme of Reservation and Delegation or the detailed scheme of delegation as appropriate.

### **1.4. Contractors and their employees**

- 1.4.1. Any contractor or employee of a contractor who is empowered by the group to commit the group to expenditure or who is authorised to obtain income will be covered by these instructions. It is the responsibility of the Chief Finance Officer to ensure that such persons are made aware of this and that contractual terms ensure the contractor and their employees comply with the same standards of governance and financial probity as would apply to any employee.

### **1.5. Amendment of Prime Financial Policies**

- 1.5.1. To ensure that these Policies remain up-to-date and relevant, the Chief Finance Officer will review them at least annually. Following consultation with the Accountable Officer, review by the Finance and Performance Committee and scrutiny by the Audit and Governance Committee on behalf of the governing body, the Chief Finance Officer will recommend appropriate amendments to the governing body for approval. As an integral part of the constitution, any such amendment will not come into force until the group applies to the NHS England and that application is granted.

## **2. INTERNAL CONTROL**

- 2.1. The Accountable Officer has overall responsibility for ensuring that the group has a suitable control environment and effective internal controls that provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and policies.
- 2.2. The governing body has established an Audit and Governance Committee with terms of reference agreed by the governing body (see paragraph 6.9.5(a) of the constitution for further information).
- 2.3. The Chief Finance Officer will ensure that:
  - a) financial policies are considered for review and update annually;

- b) a system is in place for proper checking and reporting of all breaches of financial policies; and
- c) a proper procedure is in place for regular checking of the adequacy and effectiveness of the control environment.

### 3. AUDIT

- 3.1. The group will ensure that it has an effective and independent internal audit function and fully complies with Public Sector Internal Audit Standards and any other statutory reviews.
- 3.2. The Head of Internal Audit and the group's external auditor will have direct and unrestricted access to members of the Audit and Governance Committee, the Chair of the governing body, Accountable Officer and Chief Finance Officer for any significant issues arising from audit work that management cannot resolve, and for all cases of fraud or serious irregularity.

3.3. All members of the Audit and Governance Committee, the Chair of the governing body, the Accountable Officer and the Chief Finance Officer will have direct and unrestricted access to the Head of Internal Audit and external auditors.

a)

3.3. The Chief Finance Officer will ensure that

a) the group has a professional and technically competent internal audit function that is compliant with the Public Sector Internal Audit Standards; and

b)3.4. the Audit and Governance Committee approves any changes to the provision or delivery of assurance services to the group.

3.4.3.5. In line with the requirements of the Local Audit and Accountability Act 2014, the Group will appoint an Auditor Panel. In line with the requirement of the Act and subsequent regulations, the Panel will oversee and advise on the maintenance of an independent relationship between the group and its external auditor, and on the auditor's selection and appointment.

### 4. COUNTERING FRAUD AND CORRUPTION

- 4.1. The group has a zero tolerance approach to any lack of honesty, integrity or probity by employees or anyone with whom it does business in order to safeguard the public resources that they are responsible for. The group will not tolerate any fraud perpetrated against it and will actively chase any loss suffered. Any suspected fraud will be investigated professionally with commensurate sanctions applied if fraud is proven. The group will seek to recover any financial loss suffered provided that it is cost effective to do so.

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- 4.2. The Audit and Governance Committee will satisfy itself that the group has adequate arrangements in place for countering fraud, approve the counter fraud work plan and review the outcomes of counter fraud work.
- 4.3. The Audit and Governance Committee will ensure that the group has suitable arrangements in place to work effectively with NHS Protect.

## **5. EXPENDITURE CONTROL**

- 5.1. The group is required by statutory provisions<sup>1</sup> to ensure that its expenditure does not exceed the aggregate of allotments from NHS England and any other sums it has received and is legally allowed to spend.
- 5.2. The Accountable Officer has overall executive responsibility for ensuring that the group complies with certain of its statutory obligations, including its financial and accounting obligations and that it exercises its functions effectively, efficiently and economically.
- 5.3. The Chief Finance Officer will:
- a) provide reports in the form required by NHS England ;
  - b) ensure money drawn from NHS England is required for approved expenditure only and is drawn down only at the time of need and follows best practice;
  - c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the group to fulfil its statutory responsibility not to exceed its expenditure limits, as set by direction of NHS England.

## **6. ALLOTMENTS<sup>2</sup>**

- 6.1. The Chief Finance Officer will:
- a) periodically review the basis and assumptions used by NHS England for distributing allotments and ensure that these are reasonable and realistic and secure the group's entitlement to funds;
  - b) prior to the start of each financial year submit to the governing body for approval a report showing the total allotments received and their proposed distribution including any sums to be held in reserve; and
  - c) regularly update the governing body on changes to the initial allotment and the uses of such funds.

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<sup>1</sup> See section 223H of the 2006 Act, inserted by section 27 of the 2012 Act

<sup>2</sup> See section 223(G) of the 2006 Act, inserted by section 27 of the 2012 Act.

## **7. COMMISSIONING STRATEGY, BUDGETS, BUDGETARY CONTROL AND MONITORING**

- 7.1. The Accountable Officer will annually compile and submit to the governing body for approval a commissioning plan that explains how it proposes to discharge its financial duties and which takes into account financial targets, forecast limits of available resources and the results of consultation carried out in accordance with the arrangements approved by the governing body<sup>3</sup>. The governing body will support this with comprehensive medium term plans and annual budget.
- 7.2. Prior to the start of each financial year the Chief Finance Officer will, on behalf of the Accountable Officer, prepare and submit budgets for approval by the governing body.
- 7.3. The Chief Finance Officer will monitor financial performance against the budgets and commissioning plan, periodically review them and prepare reports explaining significant variances based on any significant departures from agreed financial plans or budgets, for the Finance and Performance Committee and the governing body as required.
- 7.4. The approval of the governing body will be required for any changes to budgets significant enough to impact on the group's ability to meet its statutory duties and/or agreed strategic aims. Other changes will be approved by the Finance and Performance Committee.
- 7.5. The Accountable Officer has overall responsibility for ensuring that information relating to the group's accounts, its income or expenditure or its use of resources is provided to NHS England as requested.

## **8. ANNUAL ACCOUNTS AND REPORTS**

- 8.1. The group will produce and submit to NHS England accounts and reports in accordance with all statutory obligations, relevant accounting standards and accounting best practice in the form and content and at the time required by NHS England.
- 8.2. The Chief Finance Officer will ensure that the group:
  - a) prepares a timetable for producing the annual report and accounts and agrees it with external auditors and the Finance and Performance Committee;
  - b) adheres to that timetable in preparing accounts in accordance with all statutory obligations<sup>4</sup>, relevant accounting standards and accounting best practice in the form and content at the time required by NHS England;

<sup>3</sup> See section 14Z13 of the 2006 Act, inserted by section 26 of the 2012 Act

<sup>4</sup> See paragraph 17 of Schedule 1A of the 2006 Act, as inserted by Schedule 2 of the 2012 Act.

- c) complies with statutory requirements and relevant directions for the publication of an annual report;
  - d) considers the external auditor's management letter and fully addresses all issues within agreed timescales; and
- publishes the external auditor's management letter on the group's website at [www. www.wolverhamptonccg.nhs.uk](http://www.wolverhamptonccg.nhs.uk). Alternatively, on request, a copy will be posted or sent by email to any enquirer who may wish to receive this.

## **9. INFORMATION TECHNOLOGY**

- 9.1. The group will ensure the accuracy and security of its computerised financial data.
- 9.2. The Chief Finance Officer is responsible for the accuracy and security of the group's computerised financial data and will:
  - a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the group's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 (as amended);
  - b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews, as the Chief Finance Officer may consider necessary, are being carried out.
- 9.3. In addition, the Chief Finance Officer will 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.

## **10. ACCOUNTING SYSTEMS**

- 10.1. The Chief Finance Officer will ensure:
  - a) the group has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of NHS England;



- b) that contracts for computer services for accounting 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 as well as ensuring the rights of access for audit purposes.

10.2. Where another health organisation or any other agency provides any accounting service to the group, the Chief Finance Officer will periodically seek assurances that adequate controls are in operation in line with the relevant auditing standards.

## **11. BANK ACCOUNTS**

11.1. The Chief Finance Officer will:

- a) review the banking arrangements of the group at regular intervals to ensure they are in accordance with Secretary of State directions<sup>5</sup>, best practice and represent best value for money;
- b) manage the group's banking arrangements and advise the group on the provision of banking services and operation of accounts;
- c) prepare detailed instructions on the operation of bank accounts such that the group maintains sufficient liquidity to meet its current commitments .

11.2. The Finance and Performance Committee will approve the overall banking arrangements.

## **12. INCOME, CHARGES, SECURITY, GRANTS, LOANS AND INVESTMENTS**

12.1. The Chief Financial Officer is responsible for:

- a) designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due;
- b) ensuring that the group maximises its potential to raise additional income but only to the extent that this does not interfere with the performance of the group or its functions<sup>6</sup>;
- c) approving and regularly reviewing the level of all fees and charges other than those determined by ~~the NHS Commissioning Board-NHS England~~ or

<sup>5</sup> See section 223H(3) of the NHS Act 2006, inserted by section 27 of the 2012 Act

<sup>6</sup> See section 14Z5 of the 2006 Act, inserted by section 26 of the 2012 Act.

by statute with independent professional advice on matters of valuation taken as necessary;

- d) establishing and maintaining systems and procedures for the secure handling of cash or other negotiable instruments and ensuring the safe receipt of funds by electronic transfer;
- e) developing effective arrangements for exercising the group's powers to:
  - i) make grants and loans to voluntary organisations which provide or arrange for the provision of similar services to those in respect of which CCGs have functions<sup>7</sup> with any such payments to be approved by the governing body;
  - ii) form or participate in forming a company and invest in and/or provide loans and guarantees and make other financial provision to the company, but only for the purpose of improving the physical and mental health of, and the prevention, diagnosis and treatment of illness in, the people for whom the CCG has responsibility. Any such arrangements will require the approval of the governing body.

### 13. TENDERING AND CONTRACTING

- 13.1. The group will ensure that competitive tenders, or quotes as appropriate, are invited for the supply of all goods and services or disposals of group assets when the nature of the expenditure/income and the likely value are such that competition is required by the group's detailed financial policies.
- 13.2. The Chief Finance Officer will ensure that any businesses/individuals invited to tender (or quote) and to whom any contract is awarded have been subject to the checking and vetting procedures defined by the group's detailed financial policies.
- 13.3. The award of any contract will be approved as determined by the group's detailed financial policies and detailed scheme of delegation and documents will be signed on behalf of the group in accordance with Standing Order 6.
- 13.4. The group may only enter into contracts within the statutory framework set up by the 2006 Act, as amended by the 2012 [& 2015 Acts](#). Such contracts will:
  - a) be consistent with the group's Standing Orders;
  - b) comply with the Public Contracts Regulation 2006, any successor legislation and any other applicable law; and

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<sup>7</sup> See section 14Z6 of the 2006 Act, inserted by section 26 of the 2012 Act.

- c) take into account as appropriate any applicable NHS England the Independent Regulator of NHS Foundation Trusts (Monitor) guidance that does not conflict with (b) above.

- 13.5. In all contracts entered into, the group will endeavour to obtain best value for money. The Accountable Officer has nominated the Chief Finance Officer to oversee and manage each contract on behalf of the group.

## **14. COMMISSIONING**

- 14.1. The group will coordinate its work as appropriate with NHS England , other clinical commissioning groups, local providers of services, local authority(ies), including through Health & Wellbeing Boards, patients and their carers, the voluntary sector and others to develop robust commissioning plans.
- 14.2. The group will enter into healthcare contracts in order to deliver its commissioning plans. This contracting activity will be subject to Prime Financial Policy 13 above, including the aspects relating to competition when the group chooses or is required to adopt a competitive approach to selecting its healthcare providers.
- 14.3. The group will maintain a register of procurement decisions that have been taken that will specify the decision, who was involved in making the decision and how any conflicts of interest that arose were dealt with.
- 14.4. The Accountable Officer will establish arrangements to ensure that regular reports are provided to the Finance and Performance Committee and governing body detailing actual and forecast expenditure and activity for each healthcare contract above the value specified in detailed Financial Policies, with similar reports presented to the Finance and Performance Committee for all healthcare contracts below that value.
- 14.5. The Chief Finance Officer will maintain a system of financial monitoring to ensure the effective accounting of expenditure under healthcare contracts. This will provide a suitable audit trail for all payments made under these contracts whilst maintaining patient confidentiality.

## **15. RISK MANAGEMENT, ASSURANCE AND INSURANCE**

- 15.1. The group has arrangements in place such that the identification, analysis, evaluation and treatment of its risks are carried out in a systematic and consistent manner.
- 15.2. The group recognises that some level of risk is unavoidable in everything it seeks to do. The risk management policy approved by the Quality and Safety

Committee describes its risk management philosophy, risk appetite and assigns the relevant responsibilities.

- 15.3. Any risk to the achievement of the group's strategic objectives are recorded and quantified in the group's Assurance Framework, for which the governing body is responsible. The Framework describes the controls in place to manage these risks and the sources of assurance provided to the governing body that those controls are in place and effective. Action plans to address any risks or the decision to accept risks as assessed, are scrutinised by the Audit and Governance Committee which reports to the governing body.
- 15.4. Other risks are recorded and quantified in the group's Risk Register, for which the Quality and Safety Committee is responsible. The Register is populated by reference to incidents, complaints and contract non-compliances as well as management assessments of inherent risk. Action plans to address high-scoring risks, as required by the risk management policy, are endorsed by the Quality and Safety Committee so that the necessary actions can be approved in line with the relevant part of the group's constitution.
- 15.5. The Governing Body receives regular integrated assurance reports from both the Audit and Governance and Quality and Safety Committees on their work, which provide assurance on risk management arrangements and an opportunity to escalate any issues that arise. In addition, the Governing Body considers the Board Assurance Framework on a Quarterly basis to highlight and address any issues with the effectiveness of internal controls and the Risk Management arrangements and Assurance framework are subject to annual review and evaluation by Internal Audit.
- 15.6. The Chief Finance Officer shall decide if the CCG will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Chief Finance Officer 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 by the Governing Body.

## **16. PAYROLL**

- 16.1. The Chief Finance Officer will ensure that the payroll service selected:
  - a) is supported by appropriate contractual terms and conditions;
  - b) has adequate internal controls and audit review processes, as required by Prime Financial Policy 10;
  - c) has suitable arrangements for the collection of payroll deductions and payment of these to appropriate bodies.

- 16.2. In addition the Chief Finance Officer will set out comprehensive procedures for the group's effective submission of payroll data to the service provider and the receipt and use of output from them.

## **17. NON-PAY EXPENDITURE**

- 17.1. The governing body will approve the level of non-pay expenditure on an annual basis (Prime Financial Policy 7.2) and the Accountable Officer will determine the level of delegation to budget managers through the detailed scheme of delegation.
- 17.2. The Chief Finance Officer will set out procurement procedures consistent with Prime Financial Policy 13 and covering the seeking of professional advice regarding the supply of goods and services.
- 17.3. The Chief Finance Officer will:
- a) be responsible for the prompt payment of all properly authorised accounts and claims;
  - b) be responsible for a system of verification, recording and payment of all amounts payable;
  - c) ensure compliance with Prime Financial Policies 10 and 13 as relevant.

## **18. CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

- 18.1. The Accountable Officer will
- a) ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
  - b) be responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
  - c) ensure that the capital investment is not undertaken without confirmation of the purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges;
  - d) be responsible for the maintenance of registers of assets, taking account of the advice of the Chief Finance Officer concerning the form of any register and the method of updating and arranging for a physical check of assets against the asset register to be conducted once a year.
- 18.2. The Chief Finance Officer will prepare detailed procedures consistent with Prime Financial Policy 13 for disposals of the group's assets.

## **19. INFORMATION GOVERNANCE AND RETENTION OF RECORDS**

- 19.1. The Accountable Officer will act as the group's Caldicott Guardian and:
- a) be responsible for ensuring that the group retains or destroys all records in accordance with NHS Code of Practice: Records Management 2006 and other relevant notified guidance;
  - b) publish and maintain a Freedom of Information Publication Scheme and ensure that arrangements are in place for effective responses to Freedom of Information requests as required by the relevant legislation;
  - c) be responsible for ensuring that the group maintains compliance with all other relevant legislation including the Data Protection Act 1998 (as amended).
- 19.2 The Chief Finance Officer will act as the group's Senior Information Risk Owner.
- 19.3 Information governance policies to facilitate the above will be approved by the Quality and Safety Committee and the group will use the NHS Information Governance Toolkit in order to assess its performance in this area.

## **20. TRUST FUNDS**

- 20.1. The Chief Finance Officer will ensure that the group does not hold any funds on trust, charitable or otherwise.