

Standing Financial Instructions

1 General

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.

The purpose of this governance document 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.

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 and help the Chief Executive and Executive Director of Finance to effectively perform their responsibilities.

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.

In support of these prime financial policies, the Board has prepared more detailed operating policies and procedures, also approved by the Executive Director of Finance.

These prime financial policies identify the financial responsibilities which apply to everyone working for the Integrated Care Board, they do not provide detailed procedural advice and should be read in conjunction with the detailed financial policies.

A list of the Integrated Care Board's prime financial policies will be published and maintained on the ICB website at www.cheshireandmerseyside.nhs.uk

Or upon request by

- Post – Regatta Place, Brunswick Business Park, Summers Lane, Liverpool, L3 4BL.
- Email – enquiries@cheshireandmerseyside.nhs.uk

They should be used in conjunction with the scheme of reservation and delegation found in section 1.

The user of these prime financial policies should also be familiar with and comply with the provisions of the Board's constitution, standing orders and scheme of reservation and delegation.

Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the chief executive or the chief financial officer must be sought before acting.

If for any reason these prime financial policies are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the ICB Audit Committee for referring action or ratification.

All the Board's members and employees have a duty to disclose any non-compliance with these prime financial policies to the Executive Director of Finance as soon as possible.

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

To ensure that these prime financial policies remain up-to-date and relevant, the Executive Director of Finance will review them at least annually.

Following consultation with the Chief Executive and scrutiny by the ICB Audit Committee, the Executive Director of Finance will recommend amendments, as fitting, to the board for approval.

As these prime financial policies are an integral part of the Boards constitution, any amendment will not come into force until the Board applies to NHS England and that application is granted, however detailed financial procedures may be changed by the Integrated Care Board locally.

Scope, Roles and Responsibilities

2 Staff

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.

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.

Any reference to an enactment is a reference to that enactment as amended.

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.

All ICB Officers are separately and collectively, responsible to their respective employer(s) for:

- abiding by all conditions of any delegated authority;
- the security of the statutory organisations property and avoiding all forms of loss;
- ensuring integrity, accuracy, probity and value for money in the use of resources; an
- conforming to the requirements of these SFIs

2.1 Accountable Officer

The ICB constitution provides for the appointment of the Chief Executive by the ICB chair. The Chief Executive is the accountable officer for the ICB and is personally accountable to NHS England for the stewardship of ICB allocated resources.

The Executive Director of Finance reports directly to the ICB Chief Executive officer and is professionally accountable to the NHS England regional finance director

The Chief Executive will delegate to the Executive Director of Finance 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)
- meets the financial targets set for it by NHS England;
- use of incidental powers such as management of ICB assets, entering commercial agreements;
- the Governance statement and annual accounts & reports are signed;
- 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;
- 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;
- 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; and
- the Executive Director of Finance 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 risk.

2.2 Audit Committee

The board and accountable 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.

3 Strategy, Budgetary Control and Monitoring

The Executive Director of Finance is responsible for maintaining policies and processes relating to the control, management and use of resources across the ICB.

The Executive Director of Finance has financial leadership responsibility for the following statutory duties:

- the financial performance 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, as to secure 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 Expenditure Control

The Chief Executive 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 and in a way which provides good value for money.

The Executive Director of Finance 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 board to fulfil its statutory responsibility not to exceed its expenditure limits, as set by direction of NHS England, delivered through implementation of effective financial management arrangements.
- d) will prior to the start of the financial year, submit a plan to the board for approval, ensuring it discharges its financial duties, duly considering financial targets as appropriate compared to available resource allocations

- e) monitor financial performance against agreed budgets and planned levels, and report to the Board, including relevant explanations for any variances with any material departures from agreed financial plans or budgets.
- e) develop longer term financial plans to support delivery of ICB objectives

The Executive Director of Finance will delegate the budgetary control responsibilities to budget holders through a formal documented process.

3.2 Resource Allocation

The Executive Director of Finance will:

- a) periodically review the basis and assumptions used by NHS England for distributing allocation and ensure that these are reasonable and realistic and secure the Boards entitlement to funds;
- b) prior to the start of each financial year submit to the Board for approval, a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- c) regularly update the Board on significant changes to the initial allocation and the uses of such funds.
- d) delegate the budgetary control responsibilities to budget holders through a formal documented process

3.3 Other Controls

The Executive Director of Finance will also ensure:

- the promotion of compliance to the SFIs through an assurance certification process;
- the promotion of long term financial health for the NHS system (including ICS);
- that budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for;
- improved financial literacy of budget holders with the appropriate level of expertise and systems training;
- that 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.

The Executive Director of Finance and any senior officer responsible for finance within the ICB will promote a culture where budget holders and decision makers consult their finance business partners in key strategic decisions that carry a financial impact.

4 Income, banking arrangements and debt recovery

4.1 Income

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.

The Executive Director of Finance is responsible for ensuring that:

- 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 existing Shared Services provider; and
- ensuring the debt management strategy reflects the debt management objectives of the ICB and the prevailing risks;

4.2 Banking

The Executive Director of Finance 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.

The Executive Director of Finance will ensure that:

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

4.3 Debt management

The Executive Director of Finance is responsible for the ICB debt management strategy, including

- a debt management strategy 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 strategy covers a minimum period of 3 years and must be reviewed and endorsed by the ICB board 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.

5 Financial systems and processes

5.1 Provision of finance systems

The Executive Director of Finance 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.

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.

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

The Executive Director of Finance 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 shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes; and
- where another health organisation or any other agency provides a computer service for financial applications, the chief finance officer shall periodically seek assurances that adequate controls are in operation.

6 Procurement and purchasing

6.1 Principles

The Executive Director of Finance 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.

The ICB will ensure that any procurement activity is performed in accordance with the Public Contracts Regulations 2015 (PCR) and associated statutory requirements whilst securing value for money and sustainability.

The ICB will consider, as appropriate, any applicable NHS England guidance that does not conflict with the above.

The ICB will ensure it has a Procurement Policy which complies with all legislative requirements.

All revenue and non-pay expenditure will 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.

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.

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

Undertake any contract variations or extensions in accordance with PCR 2015 and the ICB procurement policy.

Retrospective expenditure approval will 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 committee.

7 Staff costs and staff related non pay expenditure

7.1 Chief People Officer

The Chief People Officer 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

Operationally the Chief People Officer 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.

The Chief People Officer will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.

Where a third-party payroll provider is engaged, the Chief People Officer shall closely manage this supplier through effective contract management.

The Chief People Officer is responsible for management and governance frameworks that support the ICB employees' life cycle.

8 Annual reporting and Accounts

8.1 Principles

The Executive Director of Finance will ensure, on behalf of the Accountable Officer and ICB board, that:

- the ICB is in a position to produce its required monthly reporting, annual report, and accounts
- the ICB, in each financial year, prepares a report on how it has discharged its functions in the previous financial year;

An annual report will include information relating to

- 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.

It is recognised that NHS England may give directions to the ICB as to the form and content of an annual report.

The ICB will give a copy of its annual report to NHS England by the date specified by NHS England and publish the report.

8.2 Internal audit

The Chief Executive, 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 Executive Director of Finance to ensure that:

- all internal audit services provided under arrangements proposed by the Executive Director of Finance are approved by the Audit Committee, on behalf of the ICB board;
- 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);
- the ICB internal audit charter and annual audit plan, must be endorsed by the ICB Accountable Officer, audit committee and board;
- the head of the internal audit provision 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;
- the head of internal audit provision will be required attend audit committee meetings and have a right of access to all audit committee members, the Chair and Chief Executive of the ICB.
- 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.

8.3 External Audit

The Executive Director of Finance is responsible for:

- liaising with external audit colleagues to ensure timely delivery of financial statements for audit and publication in accordance with statutory, regulatory requirements;
- 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
- 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.

9 Losses and special payments

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.

The Executive Director of Finance 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.

NHS England has the statutory power to require an integrated care board 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.

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

All losses and special payments (including special severance payments) must be reported to the ICB Audit Committee and managed in line with the relevant losses and special payments operational guidance – see section 1C in Scheme of Reservations and Delegations

10 Fraud, bribery and corruption (Economic crime)

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

The ICB Executive Director of Finance is responsible for ensuring appropriate arrangements are in place to provide adequate counter fraud provision which will include reporting requirements to the board and audit committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the board.

The ICB Executive Director of Finance will ensure that arrangements comply with relevant requirements as issued by NHS Counter Fraud Authority and any guidance issued by NHS England / Improvement.

11 Capital Investments & security of assets

The Executive Director of Finance 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 ICB's predecessor clinical commissioning group(s);
- 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 Executive Director of Finance is responsible for ensuring there are processes in place to ensure that a business case is produced.

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

- authority to spend capital or make a capital grant;
- authority to enter into leasing arrangements.

Advice should be sought from the Executive Director of Finance or nominated officer if there is any doubt as to whether any proposal is a capital commitment requiring formal approval.

For operational purposes, the ICB shall have nominated senior officers accountable for ICB property assets and for managing property.

The ICB will establish a defined and established property governance and management framework, which

- ensure the ICB asset portfolio supports its business objectives; and
- comply with NHS England policies and directives and with this standard

Decisions regarding the disposal of surplus assets will be made in accordance with published guidance and supported by a business case which will be required to

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.

12 Grants

The Executive Director of Finance 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.

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.

13 Legal and insurance

The ICB will ensure that it has relevant 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.

The ICB will not buy commercial insurance to protect against risk unless it is part of a risk management strategy that is approved by the accountable officer.