

# Budgetary Control Policy and Procedures

<b>Date:</b>	27 July 2016	<b>Release:</b>	Final
<b>Lead Manager:</b>	Wendy Kerr, Chief Finance Officer		
<b>Clinical Leads:</b>	Not Applicable		

## Revision History

Author	Version	Revision Date	Previous Revision Date	Summary of Changes	Changes Marked
S. Sheppard	1	15.04.2014	n/a	No Changes – initial draft text	n/a
W Kerr	2	27 July 2016	15.04.2014	Changes tracked until approved	

## Approvals

This document requires the following approvals:

Lead	Name	Signature	Title	Date of Issue	Version
QF&P Committee	D Harding		Chair	15.04.2014	1
Governing Body	C Pidsley		Chair	15.04.2014	1
QF&P Committee	D Harding		Chair	27.06.2016	2
Governing Body	C Pidsley		Chair	22.09.2016	2

## Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version
QIPP Finance & Performance Committee	David Harding (chair)	15.4.2014	1
CCG Governing Body	Dr. Charles Pidsley (chair)	26.6.2014	1
QF&P Committee	David Harding (Chair)	27.06.2016	2

Note: This document is only valid on the day it was printed

**Date Approved:** 27<sup>th</sup> July 2016

*[QIPP, Finance & Performance Committee]*

**Date Ratified:** To be confirmed

*[CCG Governing Body]*

**Review Date:** 2 Years post-ratification (i.e. by July 2018)

**Lead Officer:** Chief Finance Officer (CFO)

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## 1. Purpose

- 1.1. This policy document is a key element of the CCG's internal control environment and describes, in detail, how to ensure that the financial management responsibilities placed upon the Accountable Officer and CFO are discharged and implemented. Budgeting is important within the CCG's overall performance management processes.
- 1.2. The CCG's Governing Body has approved Standing Orders and Prime Financial Policies, which include instructions on financial management. The principles contained in this policy are based on these. Complimentary advice can be found in Sections 7, 13, 17 and 18. Of the Prime Financial Policies, contained in Appendix E of the CCG's Constitution.
- 1.3. This policy prescribes the responsibilities of Budget Holders in how to maintain sound financial management and the minimum procedures needed to ensure this. It also sets out the duties that Budget Holders must discharge in order to ensure the effective control of their financial activities.
- 1.4. The Prime Financial Policies detail the financial responsibilities, policies and procedures to be adopted by the CCG. Together with the Standing Orders, the Scheme of Delegation, Financial Procedure Notes and other locally generated rules, instructions and written policies, they cover all aspects of financial management and control.
- 1.5. These Procedures, once adopted by the Governing Body, form part of the Prime Financial Policies and become binding on all Directors and employees of the CCG who have responsibilities connected with the budgetary control process.
- 1.6. Failure to comply with Budgetary Control procedures may be treated as a breach of discipline.
- 1.7. Any Director or employee involved in any way with the budgetary process, who is not clear as to the interpretation of these procedures or who has specific difficulty in complying with them, should in the first instance seek the advice of their line manager. If in further difficulty they should refer the matter to the CFO.
- 1.8. The Accountable Officer reserves the right to suspend any aspect of this policy in order to maintain the financial viability of the CCG.

## 2. Responsibilities

- **The CCG**
- ✓ The CCG is required to fulfil certain statutory financial duties, specifically:
  - Resource limits – a statutory duty to keep expenditure within resource limits; CCGs have resource limits for both revenue (RRL) and capital (CRL), which must be met individually
  - Cash limits (CL) – a statutory duty not to spend more than the cash allotted to them; CCGs have a combined cash limit for both revenue and capital
  - Financial balance – CCGs are expected to achieve operational financial balance each year: this is defined as not exceeding their resource limit excluding unplanned brokerage received
- ✓ The CCG will delegate some commissioning functions through collaborative agreements with other CCGs in the locality; Lead Executives within the CCG will nonetheless retain budgetary responsibility for the resultant expenditure.

- ✓ The CCG may also delegate certain functions to service agencies who will incur expenditure in line with investment programmes and plans agreed with the CCG (e.g. this may occur in Estates, IM&T or Finance); Lead Executives within the CCG will nonetheless retain budgetary responsibility for such expenditure

- ***The Governing Body***

- ✓ The Governing Body is responsible for ensuring that financial performance is within the targets agreed by the Department of Health and Social Care, and that the future financial standing of the CCG is assured (e.g. the Governing Body should identify broadly how the following year's budget will be balanced if resources have to be repaid): in exercising this responsibility, it will be guided by the advice of the Accountable Officer and CFO
- ✓ The Governing Body should approve the budgets, and may, during the financial year, alter the budgets to ensure that the CCG meets its financial obligations or maximises the use of its resources
- ✓ In doing so, the Governing Body will also need to consider the legality of the budget to ensure that the CCG does not breach the statutory powers bestowed on it - the CFO and Accountable Officer will need to satisfy the Governing Body that the Financial Plan and Budget are within the CCG's legal framework by providing clarification on any:
  - Unusual / innovative areas
  - Unclear areas
  - New areas / application of new legislation
  - Known risk areas

Such clarification should therefore include Pooled Budgets; Grants to other bodies; Private Sector spend etc.

- ***The Accountable Officer***

- ✓ The Accountable Officer is responsible for ensuring that all Budget Holders are provided with an up-to-date version of these procedures; and that they are made aware of their responsibility to abide by their contents

- ***The Chief Finance Officer:***

- ✓ Prime Financial Policies require that the CFO will "prepare and submit budgets for approval by the Governing Body" and "monitor financial performance against budget and plan, periodically review them, and report to the Governing Body" – these Budgetary Control Procedures cover the directions laid down in the Prime Financial Policies and should be read in conjunction with the other documents referred to in 1.1 above
- ✓ The CFO is responsible for ensuring that an adequate system of monitoring financial performance is in place so that the CCG can fulfil its responsibility for meeting its statutory financial duties – a number of functions are carried out by the Midlands and Lancashire Commissioning Support Unit (the CSU) on behalf of the CCG; these duties and the CCG performance manages them via a Service Level Agreement
- ✓ The CFO shall devise and ensure the maintenance of a suitable / adequate system of budgetary control – this will include ensuring that systems for invoicing and receipt of income, payroll, payment of invoices and stock control adequately match the needs of the budgetary control system; these functions are carried out by the CSU on behalf of the CCG, and the CCG performance manages them via a Service Level Agreement
- ✓ The CFO is responsible for ensuring that all budgetary control information is provided on time in the required format to all Directors and Budget Holders within their remit; this

function is also carried out by the CSU and the CCG performance manages them via a Service Level Agreement

- ✓ The CFO will check that all routines have been carried out by the CSU in accordance with these instructions and that all appropriate persons have been properly informed of all pertinent matters
- ✓ The CFO, on behalf of the Accountable Officer, is responsible for:
  - ensuring that the sum total of all revenue budgets balances recurrently to the CCG's Revenue Resource Limit received taking one year with another
  - ensuring that the sum total of all capital budgets, in any one year, reconciles to the Capital Resource Limit received
- ✓ The CFO will assist the Accountable Officer / other Directors by interpreting financial regulations and advising on the flexible and effective use of resources including:
  - on behalf of the Accountable Officer, production and submission of an annual Financial Plan to the Governing Body
  - production and presentation of regular financial reports to the Governing Body, the QIPP, Finance & Performance Committee and the Audit Committee, as directed
  - assisting in the identification and achievement of cost improvements and income generation initiatives to meet savings targets
  - assessment of financial risk
  - assessment, advice and subsequent monitoring of the financial consequences of management decisions
  - implementation of the CCG's financial policies
  - preparation and presentation of unit prices and/or costs as appropriate
  - advising on matters relating to the Capital Programme, Capital Charges, Contract Income and Allocations
- ✓ The CFO reserves the right to have access to all Budget Holders and has the authority to require explanations on performance and spending/income trends within the remit of the Budget Holder; in normal circumstances, access will be through the relevant Executive
- ✓ The CFO will review where necessary, the financial expertise of employees involved in the budgetary process and ensure that the appropriate guidance and training in respect of their budgetary duties is available
- **Midlands & Lancashire Commissioning Support Unit (CSU)**
- ✓ Some budgetary control functions are carried out by the CSU on behalf of the CCG; these functions and the CCG's method of performance monitoring these duties are set out in a Service Level Agreement
- ✓ The financial systems to be used are mandated by NHS England (NHSE): the system is administered by the Shared Business Service (SBS) via a Service Level Agreement with NHSE; the CSU works closely with the SBS to provide financial reporting to the CCG
- **Budget Holders**
- ✓ Budget Holders are required to review procedures for financial management to ensure that they meet the standards laid down and must comply with the directions / guidance contained within this policy

- ✓ Budget Holders are responsible for ensuring that all employees to whom any powers are delegated are made aware of, read and have continuous access to these procedures
- **Individual Employees:**
- ✓ All Users of this procedure should note that separate procedures exist for the Accounts Receivable System and the Accounts Payable System

### 3. Detailed Procedure Notes - Revenue Expenditure

#### 3.1. Financial Management Framework

- 3.1.1. The preparation and maintenance of annual revenue budgets is undertaken with the CCG's statutory financial duties in mind. The budget structure and the content of individual budgets must follow the CCG's management arrangements. However, the General Ledger chart of accounts is dictated centrally by the Department of Health (DoH).
- 3.1.2. The production and interpretation of timely and accurate budgetary control information is an essential ingredient of the management of the CCG. The balance between speed of production and greater accuracy of information should be reviewed on a regular basis.
- 3.1.3. Employees of the CCG, and especially those involved with the budgetary process, have a responsibility to the Governing Body for identifying all possible opportunities to make savings or to use CCG resources more effectively. All such opportunities should be brought to the attention of the appropriate Director or Budget Holder.
- 3.1.4. The budgetary process requires adherence to particular timescales for the performance of routines and duties. As the timescales will change periodically they are not included here. The CFO is responsible for agreeing budgetary timescales with the CSU and for ensuring that the timetable is issued to all Budget Holders. The CFO is responsible for issuing / reviewing guidance on budgetary timetables, which will be driven in some respects by national timetables and guidelines issued by NHSE.
- 3.1.5. It is the responsibility of all Executives and Budget Holders concerned to adhere to such timetables and to inform the CFO of any reasons preventing the achievement of a specific deadline.
- 3.1.6. The Accountable Officer, in conjunction with the CFO, will periodically re-assess all functions of the CCG that incur financial consequences and ensure that the responsibility for exercising budgetary control for each and every function is delegated to an appropriate Budget Holder.
- 3.1.7. Each Director will, from time to time, review the range of delegated functions and make recommendations to the CFO on a scheme for further delegating the budgetary responsibilities pertaining to those functions to appropriate Budget holders. Account shall be taken of the scope / approximate value of resources and the seniority and subjective judgement of a prospective Budget Holder.
- 3.1.8. The Governing Body, acting upon the advice of the CFO, will periodically review and approve the income and expenditure limit within which Budget Holders may operate. These limits will be laid down in the Scheme of Delegation.

### **3.2. Delegated Powers**

- 3.2.1. All Budget Holders should be encouraged to demonstrate efficient and effective use of resources whilst considering the overall financial health and priorities of the CCG. Directors should be able to give reasonable managerial freedom to proven efficient Budget Holders as well as ensuring greater control in those areas where budgetary performance has previously come into question or future difficulties anticipated.
- 3.2.2. The Accountable 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 transfers between budgets
  - achievement of planned levels of service
  - The provision of regular reports
- 3.2.3. The Budget Holders and the CFO will be required to sign off budgets at the commencement of each financial year. The Accountable Officer and delegated budget holders must not exceed the budgetary total or budget transfer limits set by the Governing Body.
- 3.2.4. Budget Holders should be clear that all expenditure they authorise falls within both the remit for which it was delegated, and the statutory powers bestowed on the CCG. Where a Budget Holder cannot be certain that either duty is not being breached, the Budget Holder should approach the relevant Executive Director for clarification. Should uncertainty remain regarding breach of the statutory powers bestowed on the CCG, the Head of Performance & Governance should be consulted.
- 3.2.5. Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Accountable Officer, subject to any authorised use of budget transfer.
- 3.2.6. Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Accountable Officer.
- 3.2.7. Commitments extending for more than one year and thus reducing future financial flexibility (e.g. signing up to significant commitment under PFI schemes) should be approved by the Governing Body.
- 3.2.8. The CFO will maintain a register of all Budget Holders: standard limits for expenditure are set out in the Scheme of Delegation.
- 3.2.9. Budget Holders must restrict budgetary / spending activity within the limits of delegated authority and purpose for each budget and may not further delegate any aspect without the approval of the appropriate Director: standard limits for expenditure are set out in the Scheme of Delegation.
- 3.2.10. Once a budget has been delegated, the Accountable Officer or appropriate Director may not take any action incurring financial consequences to the budget without prior consultation with the Budget Holder.
- 3.2.11. No Director may incur expenditure against a budget outside of their particular remit without the express agreement of the delegated Budget Holder for the budget concerned.

- 3.2.12. No purchase requisition may be split in such a way as to circumvent particular spending limits attached to a Budget Holder or budget heading.
- 3.2.13. All purchases and acquisition of services must be made in accordance with the delegated powers and the Financial Procedure Notes on Authorising Orders and Invoices.
- 3.2.14. All staff appointments and transfers must be made in accordance with the delegated powers and the Financial Procedure Notes on Payroll Procedures. Members of staff may only be appointed when provided for in the budgeted establishment and they remain within the overall resources. This should be reflected also in the Electronic Staff Records system.
- 3.2.15. Where a Budget Holder has delegated power to vire between budget headings and also staff establishments, no virement action should be exercised without consultation with the CFO (see paragraph 3.10).
- 3.2.16. The CFO will provide a list to the CSU of CCG officers authorised to have access to the financial systems, together with an indication of the level of access required and the financial limits within which each officer may operate.
- 3.2.17. The CFO will undertake regular (six monthly) reviews of access rights to ensure currency and appropriateness.
- 3.2.18. Deletions from the list must be notified within one working day and additions to the list must be notified prior to the designated signatory becoming effective.
- 3.2.19. The CSU should provide confirmation that amendments to the list of budget holders will be provided upon completion to the CFO or Deputy CFO.

### **3.3. Income and Service Level Agreements.**

- 3.3.1. It is essential that Directorates ensure that all patient-related and general service costs incurred are recovered by income and recharges due under service agreements. It will be the responsibility of the Finance Department in conjunction with the CSU to ensure income arising from such activity is properly reflected in budgets.
- 3.3.2. All Service Level Agreement costs / estimates must be approved by the CFO before commitment. In-year marginal adjustments must be ratified by the CFO.
- 3.3.3. The CFO is responsible for ensuring that all NHS Service Level Agreement costs are reviewed within appropriate timescales and are in accordance with the rules set down by the DoH Operating Framework.
- 3.3.4. The CFO is responsible for drawing up and agreeing to the financial details contained within the Service Level Agreements and take account of activity, quality and other associated issues.
- 3.3.5. The CFO will ensure that all income due to the CCG is properly invoiced within the requisite timescales and that there is an adequate system for chasing late payments.

### **3.4. Budget Preparation**

- 3.4.1. Prior to the commencement of a financial year and at a time designated by the CFO, Directors and Budget Holders will agree budget proposals for the ensuing year.

- 3.4.2. Budgets will be formulated with regard to approved and anticipated staffing levels and levels of non-pay expenditure. The CCG's approved management structures will also be clearly identified. Where possible, budgets will be related to the provision of a planned level of service. It is essential that the agreement and commitment of the budget holders to the proposed budget be obtained prior to the budget setting process.
- 3.4.3. The CCG's internal revenue budgets are expressed in the Income and Expenditure format. Thus accruals adjustments for working capital items such as stocks, debtors and creditors are taken into account in determining expenditure rather than on a cash-paid basis i.e. creditors e.g. goods delivered but not paid for are taken into account.
- 3.4.4. The CFO will submit the budgets to the Governing Body for approval.
- 3.4.5. The CFO will summarise the budget proposals in such a way as to demonstrate how the financial targets for the CCG can be achieved.
- 3.4.6. The Accountable Officer will review the delegation of budgets and rules pertaining to the operation of individual budgets prior to approve budgets being notified to Budget Holders.
- 3.4.7. The accurate phasing of planned expenditure in each budget is key to maintaining in-year financial control. This is the responsibility of the Budget Holder, supported and advised by the appropriate member of the Finance Team. The emphasis of management activity is, therefore, focused upon looking forward, controlling planned expenditure, rather than working retrospectively as to why overspending has happened. Each budget has clearly defined phasing representing planned expenditure. This can take many forms, twelve equal monthly payments, month by month specific amounts, quarterly payments or one single lump sum payment.

### **3.5. The Roles of the Corporate HQ Finance Team, the CSU and the CCG**

- 3.5.1. Each budget limit must be agreed with the Budget Holder as being realistic and attainable, as there is no point in setting unrealistic budgets.
- 3.5.2. The CFO will provide the framework within which budget setting takes place, and upon which performance management is used.
- 3.5.3. A comprehensive Financial Management Support Service will be provided by the Deputy CFO and CSU Embedded Accountant to ensure that Budget Holders receive good quality professional advice on the budgeting process.
- 3.5.4. The appropriate member of the CSU Finance Team or the Deputy CFO will:
  - During each financial year, maintain budget information regularly: in conjunction with CSU officers, they will calculate the financial effect of all proposed budgetary changes including the cost of pay awards, price inflation, approved additions / reductions, volume variations (where appropriate) and properly authorised budget transfers; all values will be expressed in terms of the cost / income in both the current year and a full financial year
  - discuss all proposed changes with Budget Holders and then obtain approval from the CFO or other appropriate Director in order to transfer to/from reserves or other budgets as appropriate
  - maintain a record of all budget sums together with the value of all approved changes to budget during the year
  - ensure that Budget Holders use the correct financial codes assigned to purchase requisitions, manpower forms and other source documents

- Regularly review the appropriate payroll records to ensure that all employees charged to a service are correctly coded and conform to the total staff establishment of each service (details of the reviews will be discussed with the appropriate Budget Holders)

### **3.6. Reporting Procedures**

- 3.6.1. Beginning in May each year, the CSU Embedded Accountant and Corporate HQ will produce a monthly budget statement or separate reports in accordance with the timetable laid down by the CFO. The statement will include, where appropriate for each individual heading, details of:
  - the annual budget
  - actual and budgeted staff members for the reporting month
  - the proportion of budget for the report month
  - expenditure and income in the report month
  - variance in the report month
  - the proportion of budget for the cumulative period from the commencement of the financial year to the end of the report month
  - expenditure and income for the cumulative period from the commencement of the financial year to the end of the report month
  - variance in the cumulative period from the commencement of the financial year to the end of the report month
- 3.6.2. All of this data should be sourced directly from the CCG's General Ledger.
- 3.6.3. The statements will conform to a reporting format agreed by the CFO.
- 3.6.4. Budget values reported in statements should wherever possible take into account all known adjustments to budget / all reasonably anticipated future adjustments. Proportions of budget applied to the report month / the accumulated period to date should take account of appropriate start / finish dates of functions or value variations, seasonal fluctuations, irregular spending patterns and spending conforming to quarterly, annual (or other non-monthly) patterns.
- 3.6.5. The CSU Embedded Accountant and Corporate HQ should carefully assess income and expenditure within each report month and make appropriate accruals in order to allow for probable financial transactions not yet recorded in the accounting records. To achieve this activity, the CSU will prepare and review a register of periodic payments and receipts.
- 3.6.6. After preparation of the draft statements, the Embedded Accountant and Corporate HQ Finance team will request, in an approved format, any significant variances (a significant variance is considered to be the lower of 5% of budget or £10,000) displayed in the resulting financial data be investigated by the CSU prior to submission of the final statements.
- 3.6.7. The sum total of budget reports must be easily reconciled to the total budget for the CCG.
- 3.6.8. The CFO is responsible for collating all budget reports and preparing submissions, in the required format and timescale, to the Governing Body, NHSE and DoH.
- 3.6.9. The CFO is responsible for preparing reconciliation between the final outturn report and the accounts to be audited. This reconciliation should be presented to the Audit Committee with the draft accounts.

- 3.6.10. The financial performance data will be integrated into the reporting of other performance measures and indicators presented to meetings of the Governing Body, the QIPP, Finance & Performance Committee and the Audit Committee at regular intervals.

### **3.7. Investigation of Variances**

- 3.7.1. Information on both adverse and favourable material variances from the budget plan must be sought. A significant variance is considered to be the lower of 5% of budget or £10,000.
- 3.7.2. When variances become apparent at the time of the monthly draft report, every effort should be made to investigate the cause of the variance prior to submission of the final report. The Embedded Accountant will submit queries and request appropriate actions with CCG staff at the draft reporting stage, based on material variances identified from summary level reports only.
- 3.7.3. Similarly, the Embedded Accountant will submit queries and request appropriate actions with the CSU at the final reporting stage, based on material variances identified from the detailed monthly budget reports.
- 3.7.4. When significant deviation from the planned budgetary trend appears likely the Budget Holder should report it to the appropriate member of the Finance Team for investigation. Where appropriate, queries should be placed with the CSU, in order to understand them, and any appropriate actions requested.
- 3.7.5. The appropriate members of the finance team should report all findings to the appropriate Budget Holders.
- 3.7.6. Where investigations cannot be concluded within the reporting timescale, the Budget Holder should be informed.
- 3.7.7. In respect of significant adverse variances, action to remedy (or cover) the problem should be taken as quickly as possible, but only after seeking appropriate advice. Failure to take prompt action could lead to more drastic measures becoming necessary at a later stage.
- 3.7.8. As part of the Final Accounts closedown process, Budget Holders will be asked to highlight and explain any significant variances in advance of the audit. The investigation threshold should be linked to the External Auditor's materiality or testing level.

### **3.8. Underspends**

- 3.8.1. Generally, Budget Holders should be encouraged to generate savings and underspends, without reducing quality of service or administrative performance. The delegated powers attached to each budget will indicate the level of authority given to the Budget Holder with regard to the transfer of underspends. Where standard authorisation has been given, the limits of virement (as in section 3.9) will apply.
- 3.8.2. Wherever possible Budget Holders should be allowed to retain planned underspends for alternative use providing that sound proposals can be put forward which will not jeopardise the CCG overall commitment to achieving breakeven on the income and expenditure account.
- 3.8.3. Budget Holders are required to ensure, through consultation with the appropriate member of the Finance Team, that anticipated material under

spends, whether planned or otherwise are notified to the CFO at the earliest possible opportunity. Failure to make proposals in good time could result in underspends being withdrawn from the service.

3.8.4. Underspends arising from:

- unplanned or fortuitous circumstances
- failure to achieve contracted workload or agreed activity
- under demand for the budgeted level of service

Should not be retained or transferred without the prior agreement of the Accountable Officer or CFO. Normally, such under spends will be transferred back to a general reserve for re-allocation by the Accountable Officer or CFO.

3.8.5. A Budget Holder may not use under spends for other purposes unless specific authority has been given by the Accountable Officer or CFO either in the notice of delegation of budget or by other means.

3.8.6. The Accountable Officer, acting on advice from the CFO, may approve a scheme or brokerage of underspends between Budget Holders where transfer is not approved by the delegated powers.

### **3.9. Overspendings**

3.9.1. The Governing Body must safeguard its overall spending position with regard to the breakeven duty and will expect appropriate prompt action to be taken in order to minimise the serious consequences of potential overspending.

3.9.2. Where Budget Holders become aware that possible significant overspends could arise, immediate action must be taken to rectify the situation. The CFO should be informed by the appropriate member of the Finance Team as quickly as possible. Delay that leads to a loss in opportunity to regulate overspending will be viewed as a serious breach of conduct.

3.9.3. Expenditure for which no budgetary provision has been made and which cannot be covered by delegated powers of transfer must not be incurred without the express permission of the Governing Body. The Governing Body has delegated this power to the Accountable Officer or CFO. When this power is exercised, it must be reported to the Governing Body at the earliest opportunity.

3.9.4. Where power to transfer between budgets or budget headings has not been delegated, setting an underspend against a corresponding overspend is not permitted.

3.9.5. Directors and Budget Holders will be expected to provide a financial strategy to ensure that a balanced budget is achieved.

### **3.10. Virement Between Budgets**

3.10.1. Virement is defined as a transfer of resources between two budgets, and is in effect a downward revision in one budget off-setting an upward revision in another. Budget Holders must be able to respond to overspends / underspends if the variations are due to activity and workload, or as the result of external factors influencing expenditure.

3.10.2. Budget Holders may vire funds between the separate budget lines within their control. A Budget Holder may ask the CFO to reduce a budget limit and raise another budget limit. This facility affords managers some level of flexibility

during the year. Controls have been established to ensure that virement only takes place where agreement exists.

3.10.3. The following types of virement will generally not be supported unless a very strong case of need is made by the Budget Holder:

- virement between non-recurrent and recurrent resources
- virement between staff costs and operating expenses
- virement between capital and revenue

### **3.11. Virement Limits**

3.11.1. The Accountable Officer shall have unlimited powers of virement.

3.11.2. Lead Directors shall have unlimited powers of virement within their own area of responsibility and within the boundaries of section 14 above, with the exception of where the Directorate is in total overspent.

3.11.3. No powers of virement will be available to overspending Directorates without the approval of the CFO.

3.11.4. Directors and Budget Holders are required to consult with the appropriate member of the Embedded Finance Team when considering the financial viability of virement proposals. The CFO will be informed by the Embedded Accountant of all authorised virements.

### **3.12. Reserves**

3.12.1. Reserves will be approved by the Governing Body at the commencement of the financial year as part of the annual budgetary control process. Generally, reserves are maintained for the following reasons:

- to provide for future pay awards
- to provide for future price inflation
- to provide 'specific reserves' for known contingencies
- to provide a 'Contingency Reserve' wherever possible from which extraordinary commitments can be met, e.g. significant Losses or special payments items

3.12.2. The Accountable Officer holds reserves at Governing Body level and releases funds from those in accordance with Governing Body instruction. Reserves will be reviewed on a monthly basis as to both their adequacy / necessity.

### **3.13. Other Controls**

3.13.1. QIPP Programme Board – in times of forecast financial deficit, the CCG will invoke a process to address such deficits:

- The CCG currently has a FRP Programme Board that reports to the QIPP, Finance & Performance Committee: this would become the forum to be used to steer the financial recovery of the CCG by identifying additional QIPP programmes
- This Board should include the Accountable Officer, CFO, Directors, COO, Clinical Chair and other senior managers
- The Board reports to the QF&P Committee, and where required will also provide reports to the Audit Committee
- The Board will support and aid the CCG to reduce overspends:
  - to minimise any deficit the CCG is faced with and target a breakeven position as

- early as practicable
  - to agree Director saving's targets where appropriate
  - to performance manage the recovery through additional QIPP plans
  - to monitor in-year achievement of Cash Releasing Efficiency Savings
  - to provide regular progress / action reports to the Governing Body, the QIPP, Finance & Performance Committee and the Audit Committee
  - to ensure the CCG provides an early focus on future planning rounds, ensuring clarity about the likelihood of availability of funds
- 3.13.2. Establishment Control – the CCG should be able to demonstrate to the Accountable Officer that effective establishment control procedures are in place, having regarded to approve HR policies. Establishment Lists should be forwarded to responsible managers on a quarterly basis for agreement / return. Anomalies must be investigated and appropriate action taken to correct these.
- 3.13.3. Director / Budget Holder Spending Limits Revenue – the levels of expenditure that individual officers are able to commit are included in the Scheme of Delegation:
- Budget Holders must not commit expenditure where no funding / budget are available without prior reference to the CFO
  - A schedule of authorised Budget Holders shall be kept up to date by the CFO: these will be validated routinely by the CSU, taking place quarterly
  - For all new staff the appropriate proforma will be completed providing delegated authorisations: this will be signed by the CFO
  - The financial spending limits may be varied annually by the Accountable Officer and the CFO
- 3.13.4. Contracts, Tenders and Quotations – the provisions in the CCG Tendering and Contracts Policy must be strictly applied: this policy is included in the Prime Financial Policies within Schedule E of the CCG's Constitution.

## **4. Detailed Procedure Notes - Capital Expenditure**

### **4.1. Approval of Funding for Capital Expenditure**

- 4.1.1. The overall level of the CCG's capital expenditure is determined by the CCG's Capital Resource Limit. This is set on an annual basis, with in-year amendments authorised by DoH.
- 4.1.2. The CRL is set so that within the financial managerial freedoms of CCG status there is a control upon the amount of effective public expenditure that a CCG can undertake. The budgetary process in both revenue and capital terms needs to ensure that the CCG is operating within its Resource Limits.

### **4.2. Approval of Capital Expenditure**

- 4.2.1. Major Capital – this will normally be financed under PFI, and be subject to applicable procedures for such schemes at the time.
- 4.2.2. Minor Capital – the capital programme for schemes funded from the CCG's Capital Allocation will be approved by the Governing Body following consideration by the QIPP, Finance & Performance Committee. Subsequent amendments during the year may be initially approved by the CFO and the Accountable Officer for ratification at future Governing Body meetings.

*[The definitions of Major and Minor Capital expenditure will follow the principles laid down by NHSE. The Capital Programme will be approved by the QIPP, Finance & Performance Committee and presented to the Governing Body for ratification prior to the commencement of each financial year.]*

### **4.3. Reporting to the Governing Body**

- 4.3.1. Monthly reports will be presented to meetings of the QIPP, Finance & Performance Committee and the Governing Body, summarising the latest position on the Capital Programme. These will include:
- a forecast of the likely monthly cash requirement and outturn against its CRL
  - an assessment of financial risk

### **4.4. Manager Spending Limits**

- 4.4.1. The spending limits of managers are subject to approval limits set by the Governing Body. The Accountable Officer and CFO are authorised to commit expenditure subject to the approval of business cases for each scheme.

## **5. Cross-References**

- 5.1. Cross-reference should be made to the following policies and procedures:
- System user notes issued by the CSU
  - Tendering and Contracts Policy
  - CCG Scheme of Delegation

## **6. Training**

- 6.1. There is no specific training requirement to underpin the policy. However if any individual requires this then it will be accommodated by the CFO / CSU Embedded Accountant.

## **7. Review of the Policy**

- 7.1. All policies will be reviewed no less than every 2 years from the date of approval. The lead person will be responsible for ensuring that the review is undertaken and where changes are required that the process of consultation on the revised arrangements is completed. The lead will also be responsible for securing adoption of policy revisions by the Executive Team. .
- 7.2. All policies will be marked with the review date on the front cover before being distributed.
- 7.3. Legal or statutory directives may require that policies are reviewed more regularly than every 2 years. It is the lead person's responsibility to ensure that they keep up-to-date with relevant directives to ensure the CCG meets its responsibilities.

## **8. Monitoring and Compliance**

- 8.1. The effective implementation of individual policy documents shall be monitored as appropriate to that individual policy.
- 8.2. The effective implementation of this policy will be monitored by the QIPP, Finance and Performance Committee on review and approval of the policy documents developed in line with this policy.

**Appendix 1 – Equality Analysis (EA) Template**

Piece of work being assessed:

Aims of this piece of work:

Name of lead person:  Other partners / stakeholders involved:

Date of assessment:

Who is intended to benefit from this piece of work?

Single Equality Scheme Strands	Baseline data and research on the population that this piece of work will affect: what is available; what does it show; are there any gaps? Use both quantitative & qualitative research, user data & consultation with users if available	Is there likely to be a differential impact? Yes or No
Gender Reassignment Race, Religion or Belief Disability Sex and Sexual Orientation Age Marriage & Civil Partnership Pregnancy & Maternity	<p>The principles of CCG Budgetary Control Policy and Procedures will meet the CCG's Public Sector Equality Duty, as guided by the core requirements of the Equality Act 2010 and the NHS Constitution. All organisational, governance, legal or policy requirements are necessarily broad and aim to wholly cover all Protected Characteristic groups employed by the CCG. They are therefore not expected to have any negative impact on the promotion of equality as a consequence of designing and implementing these.</p> <p>This includes the subsequent implementation of any practices, operational activities of the CCG or any clinical / managerial interventional approaches (on defined issues), as set out by the main body text of the document.</p>	NO
Human Rights	Will this piece of work impact on anyone's human rights?	NO

**Equality Analysis Action Plan**

Strand	Issue	Action required	How will you measure the impact / outcome?	Timescale	Lead
n/a	n/a	n/a	n/a	n/a	n/a

## Appendix 2 – Checklist for Ratifying Policies, Standards, Procedures & Guidelines

To be completed by the Lead Officer with responsibility for development of the Policy / Standard / Procedure / Guideline

<b>Title of Policy / Standard / Procedure / Clinical Guideline</b>	<b>Budgetary Control Policy and Procedures</b>
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<b>Have the relevant staff groups been consulted on the content and implementation of the policy?</b>		<b>No</b>
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*Please give the title and the date of the Group(s) the Policy / Standard / Procedure / Guideline has been through for agreement*

<b>Group / Panel / Committee</b>	<b>Date (MUST BE INCLUDED)</b>
As per front sheet – QF&P recommendation then GB approved	As per front sheet – April 2014 QF&P
	Recommended then June GB
QF&P	July 2016

<b>Has the evidence base for the Policy / Standard / Guideline / Procedure been referenced, including any requirements of the Mental Capacity Act?</b>		<b>No</b>
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<b>Has the Policy / Standard / Guideline / Procedure been through the Staffordshire &amp; Stoke-on-Trent Trade Union Forum?</b>		<b>No</b>
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<b>If “No”, what is the rationale for not submitting it to the Staffordshire &amp; Stoke on Trent CCG Trade Union Forum?</b>
Advise taken from HR rep at CSU and nature of policy considered not required to be submitted to Trade Union Rep. Requested comments again for review – HR response no amendments required.

<b>Have staff training or development needs been considered and clearly identified where these are necessary?</b>	<b>Yes</b>	
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<b>If “Yes”, how will these be delivered?</b>
Staff can request 1 to 1 training where individual or line manager requests. TO be provided by CSU embedded accountants.