

Primary Care Cluster Financial Guide

Governance

The overarching principles for managing public resources in Wales are set out in 'Managing Welsh Public Money' [<http://gov.wales/funding/managing-welsh-publicmoney>]. This document sets out the framework and principles that must be applied by the Welsh Government and its sponsored bodies including the NHS.

To ensure the appropriate use of public funding and value for money in accordance with 'Managing Welsh Public Money', the Welsh Government issues Standing Financial Instructions (SFIs) to Health Boards. The SFIs detail the financial responsibilities, policies and procedures adopted by the Health Board and designed to ensure that all financial transactions are carried out in accordance with the law and with Welsh Government policy. Health Boards are responsible for ensuring that appropriate procedures exist in relation to all funding for which they are accountable. It is vital that money is put to use in a way that delivers the maximum benefit to the people of Wales, making sure that every penny is spent appropriately and in an accountable manner.

The SFIs identify the financial responsibilities that apply to everyone working for the Health Board and its constituent organisations

Funding identified for Clusters by Welsh Government is administered through the Health Boards Annual Allocation and as such needs to comply with the relevant Health Board SFIs and SOs.

The following notes include the relevant aspects of the Health board SFIs that apply to the Cluster expenditure and the processes that must be followed to ensure compliance with the Health Board's SFIs

1. Approval and Authorisation

a) Approval of Expenditure Plans

Approval for Cluster expenditure needs to be agreed by relevant members of the cluster as outlined in the Cluster Terms of Reference. Proposals should include timelines, pay and non-pay requirements and indicative financial costs and should support the Cluster IMTP. Approved proposals should also set out the outputs which can be expected, to enable Cluster assessment of value for money at the end of the funding period.

Cluster expenditure plans must be approved by an appropriate Health Board budget holder / delegated signatory before being committed, usually via approval by the Primary Care & Community Services Board.

b) Authorisation for Payment

Although Approval of how the cluster will spend its allocation is agreed with the relevant cluster members, authorisation to make any payments from Cluster allocations, (either directly to the Cluster practices or to external suppliers on behalf of the clusters), must comply with the Health Board's SFIs.

As part of the SFIs the HB must maintain an operational scheme of delegation which sets out:

- The list of managers who are authorised to place requisitions for the supply of goods and services;
- The maximum level of each requisition and the system for authorisation above that level.

Authorised signatories identified through the scheme of delegation have to be Health Board employees. No one employed outside the Health Board is able to commit expenditure on behalf of the Health Board.

This means that an approved signatory employed by the Health Board must sign off any expenditure agreed by the Clusters in order for payment to be made.

In order that the relevant signatory can sign off the expenditure, they will need to confirm that: the expenditure has been previously agreed in accordance with the Terms of Reference; goods or

services have been received or delivered within the terms agreed and set out in the Cluster proposal; and that expenditure complies with Health Board’s Procurement policy as outlined below.

2. Procurement of Goods & Services

While there is a need to make the financial arrangements as streamlined as possible, HBs should also ensure that taxpayers’ money is spent appropriately and that it provides good value for money. The Health Board SFIs therefore contain rules regarding procurement that are applied to all Health board spend to ensure that value for money is being achieved and the main legal and governing principles guiding public procurement (transparency, non-discrimination, fair treatment, legality, integrity effectiveness and efficiency) are applied.

The Health Board’s Procurement Team will provide support to the clusters to progress any procurement. Early identification of procurement needs and engagement with the HB procurement lead will minimise delays in the project process and enable clusters to identify and build in appropriate procurement lead-time into their plans. Identification of procurement needs at the planning stage will allow procurement time lines to be established and support Cluster Approval decisions.

The following sets out the procurement processes that must be followed to ensure compliance with the Health Board’s SFIs.

A) Procurement Thresholds

Procurement thresholds set out the expenditure levels over which quotes and competitive tendering arrangement apply as set out in the Health Board SFIs. The following table summarises the minimum thresholds for quotes and competitive tendering arrangements.

Value of service/Contract (excluding VAT)	Quotes Required
Expenditure Below £5,000	None – Approval by Authorised signatory
Expenditure Between £5,000 and £25,000	3 written quotations
Expenditure between £25,000 and OJEU threshold	Formal Tendering Process
Above OJEU threshold	Formal Tendering Process

Where the required number of quotations is not available, sign off by the Director of Finance / Director of Strategy (or nominated deputy in their absence) is required.

Single quotations – these are only allowed when a single firm or contractor or a proprietary item or service of a special character is required. Procurement must be contacted and a Single Tender Agreement form must be completed and formally authorised by the Director of Finance/Director of Strategy/Chief Operating Officer.

B) Procurement Processes

Ordering Goods & Services through the Health Board

Where possible, goods or services agreed to be purchased from Cluster funding will be ordered on behalf of the cluster through the Health Board’s procurement processes.

Goods or services must be procured by means of an Oracle purchase order as prescribed in the all Wales Purchase Order Compliance (NO PO/No Pay Policy) unless an agreed exception applies. Failure to raise an Oracle purchase order where required will result in delays to payment for any invoices received.

Orders shall only be placed in accordance with the operational scheme of delegation and authorisation as approved by the Chief Executive. The following sets out the process by which orders are raised within the Health Board:

1. Request - The Cluster submits a request for goods/services to the Cluster Development Team on the approved form. The Cluster Development Team will check that expenditure is in line with approved expenditure. Requests for goods /services that have not been agreed as part of Cluster expenditure as outlined above will not be raised until agreement has been confirmed.
2. Requisitioning – a requisition is raised on the Oracle system by the primary care team.
3. Authorisation – the Requisition is approved by the authorised signatory. As it is the order that commits the Health Board to expenditure this is the point of approval to pay for goods/services once received.
4. The approved Requisition passes to the Procurement department who check it complies with the Health Board's procedures and thresholds. If it has not followed the relevant process, requisitions will be rejected by procurement at this stage.
5. Order raised by Procurement – this generates an official order number. Order numbers should be quoted by suppliers on all correspondence and invoices.
6. Goods are received. The Cluster Development Team need to be informed on receipt of goods or services. Confirmation should be accompanied by evidence of receipt of the goods or services, this will usually be a Goods Received Notes (GRNs) or details of the services delivered as set out in the Cluster agreed proposal. The Primary care team will then update the Oracle system to show that the goods have been received.
7. Invoice received. Invoices received for items ordered through the Health Board that have a valid order number can be matched by Accounts Payable department and sent for payment.

Invoicing the Health Board for Goods & Services

Under certain circumstances, individual services within a cluster may pay for goods or provide services on behalf of the Cluster and then invoice the Health Board for reimbursement from Cluster funding. Although paid for directly by the practice, the Health Board's SFIs must still be applied in any procurement process.

When procuring goods and services on behalf of the Cluster practices should consider:

- Does this purchase comply with the approved cluster proposal?
- What value is the goods or service being procured?
- Do I need to secure a number of quotes to comply with the Health Board SFIs?
- Does this supplier offer the best value for money?

The Health Board's Procurement Team will provide support to the Clusters to progress any procurement.

Where a practice has paid for goods or services on behalf of the cluster or where services are provided directly by the practice, invoices should be raised and sent electronically to the relevant Cluster Development Team for processing

Invoices need to include:

- The Payee Name
- The invoice number
- The invoice amount
- A description of the goods/service for which reimbursement is being claimed. & the date those goods/services were received.
- The period of any claim if relevant

Invoices raised in this way will need to be authorised for payment by the delegated authorised signatory in compliance with the Health boards SFIs.

Compliance with the Health Board's SFIs means that backing documentation will be required to support any invoices as evidence that the goods or services have been received. Failure to provide appropriate backing will lead to delays in payment of invoices.

Following authorisation, the invoice is forwarded to the Accounts Payable department for payment.

C) Payments in Advance

In accordance with the SFIs, the Health Board must implement systems that ensure that payment for goods and services is only made after those goods or services are received. Prepayments are only permitted in exceptional circumstances e.g. where they are industry norms or where a written case has been set out and approved by the Director of Finance.

3. Carry Forward of Funding

Clusters are expected to fully utilise the available funding within the financial year. Utilisation of funding will be monitored during the financial year and reported to the Health Board and WG. There is no automatic facility to carry residual funding into subsequent financial years but the Health Board will endeavour to provide as much flexibility as possible.

Any potential delay in expenditure plans must be brought to the attention of the Primary Care and Community Services Board, through regular update reports and finalised no later than 1st February. These will be reviewed on a case by case basis.