

CONTROL RECORD			
<b>Title</b>	Budget Management Policy		
<b>Reference</b>			
<b>Purpose</b>	To minimise risk within the CCG by ensuring that all staff are aware of the policy for managing budgets throughout the organisation		
<b>Audience</b>	All CCG Staff but particularly Budget Managers		
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<b>Superseded Documents</b>	n/a		
<b>Main Changes from previous versions</b>	n/a		
<b>Associated Documents</b>	Rotherham CCG Corporate Manual incorporating the Prime Financial Policies, Retention of Documents Policy, Budget Management Procedures, Finance Local Work Instructions		
<b>Groups Consulted</b>	Service Leads		
<b>Approved by</b>	John Gomersall	<b>Date</b>	20/11/13
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## Budget Management Policy

**December 2013**

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Name of responsible committee/individual and title:	Keely Firth, Chief finance Officer
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## **1. Introduction**

The CCG will produce and publish an annual commissioning plan that explains how it proposes to discharge its financial duties. This will be supported by comprehensive medium term financial plans and annual budgets.

Budget management incorporates the setting, monitoring and identification of action plans in relation to variances. The CCG's Prime Financial Policies sets out the principles of budgetary control and management to be adopted by the CCG.

This budget management policy forms part of the overall budgetary control framework within the CCG and should be read in conjunction with the CCG's Prime Financial Policies.

Budget managers will be supported with their responsibilities by a named member of the finance team within the CCG or the finance team within the West & South Yorkshire & Bassetlaw CSU (WSYBCSU).

## **2. Purpose - the purpose of this policy is:**

- 2.1.** To ensure that budgets are systematically managed and controlled throughout the organisation.
- 2.2.** To ensure there is a standardised approach to budget identification and monitoring throughout the organisation.
- 2.3.** To conform to best practice in terms of governance and control of budgets.
- 2.4.** To ensure that all staff are aware of their responsibilities in respect of budget management.
- 2.5.** To ensure all allocations and budgets are documented and approved in line with the CCG scheme of delegation.
- 2.6.** To ensure that all adverse variances against budget are investigated and corrective action plans put in place, if required.

## **3. Scope**

This policy applies to all NHS Rotherham CCG staff, with particular reference to managers who are assigned budgetary responsibility within the organisation.

## **4. Roles and Responsibilities**

### **4.1. The CCG Governing Body will be responsible for:**

- 4.1.1. Approval of the CCG's commissioning and corporate (running cost) budgets to meet the CCG's financial duties.
- 4.1.2. Approval of changes to budgets where variation would have a significant impact on the overall approved levels of income and expenditure or the CCG's ability to achieve its strategic aims.
- 4.1.3. Approve arrangements for risk sharing and/or risk pooling with other organisations (e.g. pooled funds or pooled budget arrangements).
- 4.1.4. Approval of the CCG's detailed operational scheme of delegation.
- 4.1.5. Recommending any changes to CCG Members on changes to the Constitution which includes the Prime Financial Policies.

### **4.2. The Audit Committee will be responsible for:**

- 4.2.1. Approving all the CCG's detailed financial policies, including this one.

- 4.2.2. Reviewing schedules of losses and special payments (e.g. compensations) and making recommendations to the Governing Body.
- 4.2.3. Reviewing schedules of receivables/payables balances over £5,000 and which are over six months old.
- 4.2.4. Ensuring there is a bi-annual review of the Standing Orders, Scheme of reservation and delegation and Prime Financial Policies and making recommendations to the Governing Body on required changes.

#### **4.3. The Chief Officer will be responsible for:**

- 4.3.1. Preparing the CCGs operational scheme of delegation, which sets out those key operational decisions delegated to individual employees of the CCG.
- 4.3.2. Ensuring that the CCG complies with certain of its statutory obligations, including its financial and accounting obligations.

#### **4.4. The Chief Finance Officer will be responsible for:**

- 4.4.1. Ensuring that any person (contractor or their employees) empowered by the CCG to commit expenditure or authorised to obtain income is made aware of this policy.
- 4.4.2. Provide financial reports in the form required by the Governing Body.
- 4.4.3. Ensuring money drawn down from NHS England is only as required.
- 4.4.4. Devising and maintaining systems of budgetary control.
- 4.4.5. Ensuring that an adequate system of monitoring financial performance is in place.
- 4.4.6. Ensuring adequate training is delivered to budget holders and managers.
- 4.4.7. Ensuring the CCG has an accounting system that creates both management and financial accounts.
- 4.4.8. Preparing detailed financial policies that underpin the CCGs Prime Financial Policies.
- 4.4.9. Ensuring that the CCG has in place a system for checking and reporting of all breaches of financial policies.

#### **4.5. The Budget Manager will be responsible for:**

- 4.5.1. Working with the CCG and WSYBCSU finance teams to create a comprehensive, deliverable and affordable annual budget which represents value for money.
- 4.5.2. Checking and agreeing that the individual elements of income, pay, non-pay and total annual budget are correct.
- 4.5.3. Confirming that the year to date position from periodic reporting is as expected and correct, including identifying accruals where expenditure has been committed and not yet invoiced, and explaining variances to the profiled budget.
- 4.5.4. Informing the likely forecast expenditure position for the year-end.
- 4.5.5. Identifying and delivering action plans in relation to forecast overspends against the approved budget.
- 4.5.6. Ensuring that all invoices are checked, queried and paid on a timely basis and all debtor requests raised on a timely basis.
- 4.5.7. Opportunities for savings, if required, to contribute to the delivery of the overall CCG position.
- 4.5.8. Communicating changes that will affect the budget or forecast position so those changes can be incorporated into the overall forecast position for the CCG.
- 4.5.9. Budgets are set for the financial year and managers need to keep within the constraints of their budget.

- 4.5.10. Budget Managers will only commit expenditure in line with the CCG policies, procedures and scheme of delegation, and where an approved budget exists.
- 4.5.11. Ensuring that any likely overspending or reduction of income, which cannot be met by virement, is not incurred without the prior consent of the Governing Body.
- 4.5.12. Ensuring that the approved budget is not used in whole or in part for any purpose other than that specifically authorised.
- 4.5.13. Ensure that any budget transfers or virements are requested through their named finance support and the document is signed off by them.
- 4.5.14. The CCG's operational scheme of delegation listing authorised budget signatories and financial limits is attached at Annex A.

#### **4.6. The CCG and WSYBCSU finance teams will be responsible for:**

- 4.6.1. Assisting the budget manager with budget setting and costing.
- 4.6.2. Ensuring that regular reports are produced and distributed to the budget manager in line with the CCG internal and external reporting timetable.
- 4.6.3. Training budget managers in the understanding and interpretation of the budget monitoring statements.
- 4.6.4. Ensuring that the CCG financial rules, regulations and procedures are publicised and communicated throughout the organisation, and specifically to the budget managers.

### **5. Reporting Framework**

- 5.1. Annual budgets will be produced and presented to the CCG Governing Body for approval prior to the start of each financial year.
- 5.2. The agreed financial summary and narrative will be presented to the CCG Governing Body meeting including year to date actual and forecast positions.
- 5.3. Budget monitoring reports will be available to budget managers in line with the CCG financial reporting timetable, incorporating a variance analysis against the year to date and forecast budget.

### **6. Interaction with Other Policies and Procedures**

This policy should be read in conjunction with the following documents:

- 6.1. Rotherham CCG Prime Financial Policies.
- 6.2. Records Management Policy.
- 6.3. Further support in the understanding and use of this policy can be obtained from either the Rotherham CCG Finance Team or the WSYBCSU Finance Team.

### **7. Equality and Diversity Statement**

The organisation is committed to ensuring that it treats its employees fairly, equitably and reasonably and that it does not discriminate against individuals or groups on the basis of their ethnic origin, physical or mental abilities, gender, age, religious beliefs or sexual orientation.

### **8. Monitoring and Review**

- 8.1. Monitoring of compliance to this policy will be the responsibility of the Chief Finance Officer.
- 8.2. The budget monitoring framework within the CCG will be subject to periodic audit scrutiny.
- 8.3. The implementation and use of this policy will be monitored by the Audit Committee.

ROTHERHAM CLINICAL COMMISSIONING GROUP							
BUDGETARY SCHEME OF DELEGATION							
Description	CCG BOARD	CHIEF OFFICER (CO)	Deputy CO, Chief Finance Officer, Chief Nurse	ASSISTANT COO AND HEADS OF DEPARTMENT	SENIOR OFFICERS	Named CSU & CCG Officers (service specific)	CSU & CCG Officers
	LIMIT	LIMIT	LIMIT	LIMIT	LIMIT	LIMIT	LIMIT
Requisitions and Invoices for Goods and Services	CCG Budget Line for specified service	CCG Budget Line for specified service	£500,000	£50,000	£10,000	£2,000	0
Virements	CCG Budget	CCG Budget	£500,000	£50,000	£10,000	0	0
Grants to Voluntary Bodies	CCG Budget Line for specified service	£50,000	£10,000	0	0	0	0
Payments to Local Authorities - including Public Health and Grants	CCG Budget Line for specified service	CCG Budget Line for specified service	£500,000	£50,000	0	0	0
Write offs, Compensations and/or ex-gratia payments	CCG Budget Line for specified service	CO and CFO Jointly up to £30,000	0	0	0	0	0
Approval of Final Business Case for Capital or PFI *	CCG Budget Line for specified service	£500,000*	0	0	0	0	0
Acquisition, Disposal or Change of land and buildings *	CCG Budget Line for specified service	£500,000*	0	0	0	0	0
<b>* Unlikely to be required under current Health &amp; Social Care Act and all schemes will require National Commissioning Board or NHS Property Services approval.</b>							
Agree litigation	CCG Budget Line for specified service	£100,000	£25,000	0	0	0	0
Sign off of Annual Contracts with NHS Trusts & FTs, non NHS clinical providers & non clinical contracts	CCG Budget Line for specified service	CCG Budget Line for specified service	£15,000,000	0	0	0	0
Monthly NHS Contract payments	CCG Budget Line for specified service	CCG Budget Line for specified service	£15,000,000	£50,000	£10,000	£2,000	0
Invoices for Non clinical services from NHS Trusts & FTs and non NHS Providers	CCG Budget Line for specified service	CCG Budget Line for specified service	£500,000	£50,000	£10,000	£2,000	0
Invoices for clinical services from non NHS & private organisations (exc Local Authorities)	CCG Budget Line for specified service	CCG Budget Line for specified service	£500,000	£50,000	£10,000	£2,000	0
Early retirement, redundancy and termination settlements	RATS approval and minute required			0	0	0	0
Purchase of Goods or Services	Verbal Quotations needed			£0 - £15,000			
	3 Competitive Quotations needed			£15,000 - £50,000			
	Actual Tenders needed			£50,001+			