

**Tower Hamlets GP Care Group**

# Financial Governance Framework

**Version 1.2**

<b>Title</b>	Tower Hamlets GP Care Group Financial Governance Framework
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## Document Control

Document Control		
1.0	June 2014	Original draft for consideration
1.1	August 2014	Updated to include Bank Mandate and Signatories
1.2	September 2014	Updated sections on signatories and online banking
1.3	October 2014	Final Document sent for Ratification by Board

## Introduction

This document sets out the broad framework within which The Tower Hamlets GP Care Group will operate to ensure proper and efficient financial management.

The Framework establishes the parameters within which financial transactions can be taken. It also will satisfy the financial probity requirements necessary for any legal entity vehicle adopted by the organisation.

## Framework Principles

This document has been written in accordance with the following principles:

- Provide accountability for the allocation and utilisation of financial resources
- Provide a sound basis for the financial transactions of the Organisation
- Outline the process of effective resource allocation, expenditure and delegation
- Ensure there are robust financial management systems
- Enable development within allocated resources
- Ensure best practice and reduce or eliminate financial risk
- Ensure that funds are spent according to agreed work plans
- Ensure that people responsible for implementing the activities in the work plans have the financial resources they need to do their job
- Ensure that staff spend funds efficiently and effectively and report accurately on the funds spent.

### Transparency

The organisation will maintain an open book account. The Board or any stakeholder would be able to see clearly how allocated funds are spent.

### Internal checks and balances

In maintaining robust financial management the same person would not be allowed to 'request' and 'approve' spending a sum of money. All expenditure would be by the approval of the Board unless in circumstances of recurrent spend such as the payment of salaries and pre-approved payments of bills.

### Auditing

All records showing how funds have been spent would be regularly reported to the Board and form part of the finance review process. In addition Tower Hamlets GP Care Group will have open book accounts that can be audited by the Clinical Commissioning Group or other stakeholders.

## Roles and Responsibilities

### The Board

The Tower Hamlets GP Care Group Board has the overall responsibility for ensuring that the use of resources are properly authorised, provides value for money and achieves the overall strategic aim of the Organisation.

In line with good financial governance The Organisation Board will ensure that the organisation is financially sound, and that the financial resources are spent on the achievement of appropriate outcomes.

### The Designated Manager(s) and Finance Sub-Committee

Financial Management covers all financial accountabilities in relation to the running of the Organisation, including efficient management of the budget. The day-to-day manipulation of the financial resources to achieve the desired results is the responsibility of the Network manager(s) at Board level and Finance sub-committee. In future years, if an organisation chief Executive and/or an account officers are appointed, they will typically fulfil this role.

The designated Manager will operate within the constraint of the financial delegation by the Board. The Manager will present the Board regular budget and expenditure figures/reports which would ensure that the Board is fully notified of the various funding streams and the allocation/utilization of financial resources.

The manager and the finance sub-committee have the responsibility for maintaining a continuous review of the Financial Framework and submitting any additions or changes necessary to the Board for approval.

In addition the Manager and the sub-committee will be responsible for:

- Managing and safeguarding funds
- Disbursing funds in a timely manner for spending on the approved projects and related activities
- Keeping accurate and up-to-date records of all financial transactions related to the business activities
- Providing financial reports to the Board and any external audit process
- Facilitate the Board with financial planning, budgeting, monitoring and evaluation
- Support the Board and partners to understand and comply with financial policies and procedures needed to ensure effective financial operations.

## Financial Operations Procedure

The Tower Hamlets GP Care Group effective financial operations are based on the adherence to the following procedures:

- **Cash management** (budgets, requests for funds and disbursement of funds).

To ensure efficient utilization of cash in a manner consistent with the overall strategic goals of the organisation, all activity and balances in the Organisation accounts shall be monitored by the Finance sub-committee and the Board.

The designated Manager(s) is responsible for the movement of funds between the bank accounts any beneficiaries. This includes, but is not limited to:

- Initiating all transfer of funds for general business purposes of the organisation.
- Establishing the daily cash position of the Organisation.
- Paying approved invoices

- **Banking**

The Tower Hamlets GP Care Group will bank with Barclays bank – East Ham Branch. Accounts will be held in the name of Tower Hamlets GP Care Group. The Organisation **will not** use any other bank or financial institution or use overdraft facilities or loan without the agreement of the Tower Hamlets GP Care Group Board. No account may ever be opened in the name of an individual or individuals. New accounts may only be opened by a decision of the Board and must be recorded in the minutes.

The bank will provide statements every month and these will be reconciled with the organisation accounting system every three months and the Finance committee will spot check that this reconciliation has been done at least twice a year, and subsequently report this to the Board.

- **Bank Mandate & Account Signatory**

The Board mandates the following people as signatories on behalf of the Organisation.

- Chair of the Board:
- One Network Manager at Board Level or Chief Executive (if one is appointed)
- Two Network Representatives (One must be a member of the Finance Committee)

Any two of the above roles are mandated to sign cheques on behalf of the organisation. However, No two signatories signing the cheque at any given time should be representatives from the same network (A Network Manager and a Network Representative should not be signatories if they are from the same Network).

Changes to the bank mandate described above may only be made by a decision of the Board and must be recorded in the minutes.

- **Personnel** (recruiting, Hiring, salary scales)

All staff appointments/departures will be authorised by the Board, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be by the Board.

All recruitment, salary scales and associated cost of hiring staff would be in line with allocated funding. Any deviation shall be by prior approval of the Board. The approval of the Board will be required for changes to staff pay, grading and organisational structures with financial implications. All staff pay and grading will need to match the task to hand and its suitability will be judged against the criteria of value for money, flexibility, financial control and performance.

Salary payments would be by bank transfer or cheques, payments to staff carrying out ad hoc work for the organisation would be paid following a receipt of an invoice outlining the scope of the work, hours of work undertaken and the agreed rate of pay. No payments or reimbursement would be made by cash.

- **Delegation of authority**

The Tower Hamlets GP Care Group will adhere to good practice in relation to its finances at all times.

Any 2 of the mandated 4 signatories (1 signatory should be a member of the finance group) can sign a cheque for the bank account consisting of those roles listed under Bank mandate.

This means that each cheque will be signed by at **2** signatories. The delegation of authority framework document should be referenced for detailed information.

A cheque **must not** be signed by the person to whom it is payable (where applicable). No cheque signatory shall sign for any payment to himself or herself. Debit or cash cards will not be used except for petty cash expenses and must not be above the agreed petty cash level. In circumstances where debit or cash card transactions are above the agreed petty cash level this would be by written authorisation of the account signatories. This authorisation can be via email correspondence. The **signatories** are responsible for examining the cheque for accuracy and completeness.

Blank cheques will **NEVER** be signed, the relevant payee's name must always be inserted on the cheque before signature and the cheque stub should always be properly completed. No cheques would be signed without the associated documentation e.g. invoice or work plan.

The designated Manager(s) will be responsible for holding the cheque book (unused and partly used cheque books) which would be kept under lock and key.

### *Delegated Expenditure Approval Limit*

The Board will determine and authorise an expenditure threshold that does not require prior authorisation by the Board. The Board will review the expenditure threshold regularly. <See Delegation of Authority Framework>

- **Petty Cash**

Petty cash will always be maintained on the imprest system, the designated Manager(s) would be entrusted with a float as agreed by the Board. When the petty cash is expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque will be issued following the submission of a complete set of expenditure vouchers, totalling the expended amount.

Petty cash expenditure will be analysed as required by the Finance sub-committee and form part of the regular finance report to the Board.

- **Online Banking**

The Board would nominate Board members (account signatories) and the designated Manager(s) to have access to the account online banking facility. The authorised persons would be a Network Managers at Board level and one of the other account signatories.

Account login access would only be granted to the authorised parties and the access details **MUST** not be passed on to non- authorised persons. Authorised users of the online banking facility must not transfer monies or make online payments from the account unless by the explicit instructions of the Board which must be documented in the Board minutes.

Regular transfers and payments which need to be made via online banking must be initially approved by the Finance Committee and set a time limit and this reviewed at the end of the set time limit. Regular payments or transfers must **NEVER** be set up with 'no end or review date'.

a) All online transactions must be properly recorded and documented as outlined in the records management section of this document. The signatory or designated Manager are responsible for examining the payment documentation (purchase invoice etc) prior to authorising an Internet Transfer.

b) An online transfer **must not** be carried out by the person to whom it is payable (where applicable) unless this has been approved by the Finance Committee.

- **Purchasing** (goods and services)

Every payment out of the bank accounts will be evidenced by an original invoice or associated documentation. The original invoice/documentation will be retained by the designated manager(s) and filed. The only exceptions to cheques not being supported by an original invoice/documentation would be for

such items as advanced booking fees for a future course, seminar or a deposit for a venue. However, it is encouraged that documentation is requested at all times prior to any payments being made. All payments made via cheque without an original invoice/documentation should be done using a cheque requisition form and a copy of this along with a photocopy of the cheque filed.

- **Reimbursement of related expenses**

The aim is to ensure that all expenditure is properly authorised and that this can be demonstrated. All reimbursement such as back-fill payments would be made following receipt of an invoice or the relevant supporting documentation.

Invoices above £10k will need to be authorised at board level. Any invoices raised between £5k and £10k would have to be authorised within the finance committee, where an authorising officer and nominated signatory can sign off the invoice. The authorising officer will be the Network Manager(s) at Board level. If the Network Manager(s) is unavailable default authorising officer accountability will be given to another member within the finance committee or the Chair of the Board.

- **Requirements for supporting documentation**

All purchase must be authorised for payment to ensure accuracy of figures and conformity with the order placed and that the services or goods have been received, and any problems have been followed up.

The Organisation administrator will compare the received goods/services with the invoice. If there are no discrepancies, the administrator will enter the information into the accounting system for the processing of the payments.

- **Records Management**

The Tower Hamlets GP Care Group in maintaining good financial management will at a minimum maintain the following records:

- All Banking Transactions
- All Payments (Payroll, Bills, Expenses)
- Details of Purchases and Suppliers
- All invoices and corresponding Payments
- All income streams
- Budgets, Cash Flow and Expenditure details

- **Financial reporting requirements and reporting schedules**

Monthly financial reports by cost category will be prepared by the designated Manager(s) so that budgeted costs are compared to actual costs.

These reports including cash flow statements will be provided on a timely basis to the Board in order to keep expenditure within the budget. The Finance sub-committee will review the reports monthly and the Board of will review the reports quarterly.

As the Tower Hamlets GP Care Group may have multiple-funding streams, all records will adequately identify the associated costs for each funding stream are appropriately allocated.

- **Funding allocation and funding utilization**

All distribution or allocation of funds will be done in a transparent manner and details of all payments made know to the Board for approval prior to payments. Payments that fall within the designated approval limits would not need to be approved by the Board. The designated Manager(s) are required to keep proper records and documentation as outlined in the records management section of this document

All payments would be made in “good faith” with the understanding that all monies would be used for the related activities.

## **Review**

Strong financial governance is important to build confidence within the Organisation and with all stakeholders. This framework will be reviewed yearly or earlier at the request of the Board.