

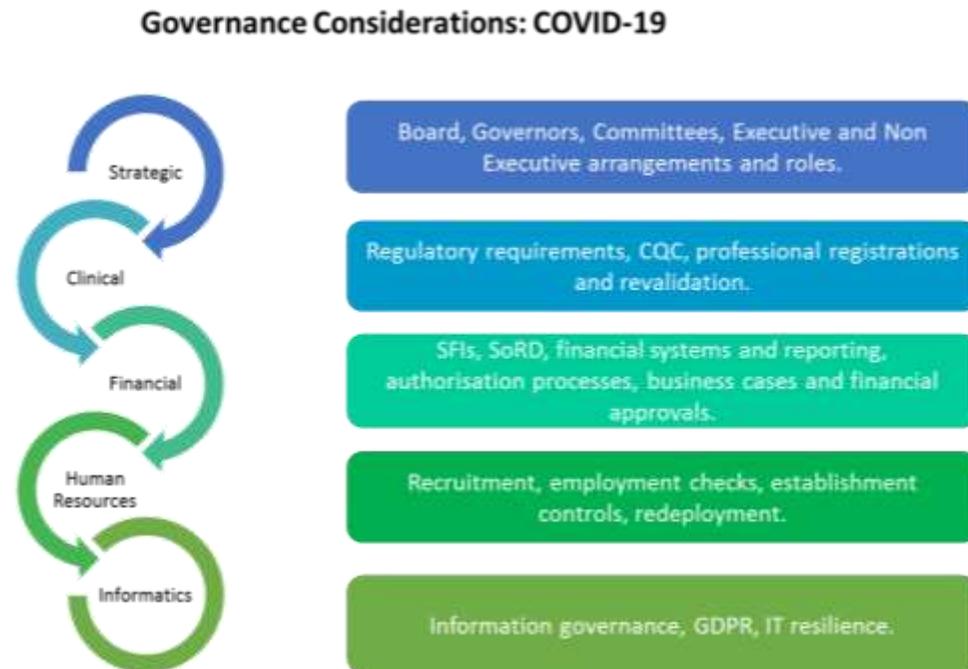
COVID-19 – Financial Governance (CCGs)

1. Introduction and Context

A number of publications have been issued over recent weeks including NHSE/I guidance and HfMA briefings to support organisation's responses to Coronavirus (COVID-19).

In light of this, MIAA recently developed a governance document to support our clients in reviewing their governance arrangements in this unprecedented situation. This considered a number of aspects of governance as noted in the adjacent diagram.

Following the issue of that checklist, we have subsequently developed this more detailed document focusing on financial governance to assist with the assessment of these specific arrangements.



2. Financial Governance

The response to the COVID-19 emergency situation requires NHS organisation to operate in a different way to 'business as usual' practice. Guidance is clear that financial constraints must not stand in the way of taking immediate and necessary action but that there has been no relaxation in fiduciary duties. This means that early actions and decisions will need to be made in relation to financial systems and controls. A practical balance needs to be struck to ensure that the basis for decisions are documented but the decision-making process is not slowed down.

NHSE/I recommend each organisation undertakes an urgent review of financial governance to ensure that decisions to commit resources in response to COVID-19 are robust. The detailed checklist on the pages that follow provides a framework against which to assess financial governance arrangements in place for the organisation. This checklist makes the assumption, that the principles of managing public money remain and key controls are in place.¹ The key areas of financial governance that need to be considered in the current situation are detailed below:



¹Any changes to processes would need to be reviewed in light of the potential impact of fraud (charitable fund arrangements are not included within the scope of this document)

3. Financial Governance Checklist

Areas for NHS organisations to consider	Organisation's Response	
 <p>Approval</p>	Authorised Signatories	
	<ul style="list-style-type: none"> • Are additional authorised signatories required to ensure 'contingency'/ cover arrangements for when staff are absent or operating remotely? • Are arrangements in place to allow remote authorisation rather than requiring physical signatures? • Are such electronic signatures held securely and is there an appropriate audit trail in place? 	
	Delegated Limits	
	<ul style="list-style-type: none"> • Do SoRD limits need to be amended to reflect any changes in working practices? These may include; <ul style="list-style-type: none"> ○ Order/ requisition authorisation levels (Potentially more people may need to be given the authority to authorise orders and requisitions); ○ Requirements for quotations/tenders and waivers (Most SFIs require quotations or full tender. It will no longer be possible for supplies relating to COVID-19. New arrangements must be clearly documented); 	

Areas for NHS organisations to consider	Organisation's Response
<ul style="list-style-type: none"> ○ Authorisation of overtime and expenses. ○ Authorisation of capital expenditure. 	
Extended Delegated Authority	
<ul style="list-style-type: none"> ● Has the Scheme of Delegation been reviewed to determine what should happen in the absence of a director or staff member to whom powers have been delegated? (e.g. consider if it is appropriate for the deputy director of finance to take on the responsibilities of a director of finance rather than another director) ● Has the organisation considered horizontal delegation? 	
Documenting Approval and Decisions	
<ul style="list-style-type: none"> ● Where a hard copy signature is usually required, have alternatives been considered eg e-mail or electronic authorisation and if so have appropriate controls been established? ● Where an electronic system is already in place, has consideration been given to any new arrangements that may need to be established e.g. addition of new signatories? ● Will the electronic system hierarchy need to be changed or a work around outside the system need to be introduced (provided adequate controls are maintained)? 	

Areas for NHS organisations to consider	Organisation's Response
<ul style="list-style-type: none"> • Where key decisions have been made in relation to COVID-19 have these been adequately documented (accepting there is a balance to ensure the decision making process is not slowed down)? • Has this documentation been held in an appropriate place, where it can be accessed at a later date? (e.g. on shared drives or in hard copy files rather than on local computer drives or emails) • Where waivers are required, is there adequate authorisation and documentation in place? 	
	
<p>COVID-19 Expenditure</p> <ul style="list-style-type: none"> • Is there a nominated individual responsible for capturing COVID-19 Expenditure? Has this been communicated to relevant staff? • Has the process to determine COVID-19 costs, costs centres and the evidence required been agreed and clearly communicated? • Is appropriate coding being applied to identify specific costs relating to COVID-19 for other expenditure? • Is appropriate coding being applied to identify specific costs relating to COVID-19 in relation to payroll? • Is there a process in place to capture additional staff costs paid (including 'lost time') because staff are self- 	

Areas for NHS organisations to consider	Organisation's Response
<p>isolating and unable to work from home (these may have to be captured outside of the core financial system)?</p> <ul style="list-style-type: none"> • Are other COVID-19 related costs, such as the costs of cancelled annual leave being captured so that, if necessary, payment can be made to discharge the liability if the time cannot be given once the pandemic is over? • Has a decision been taken as to whether opportunity costs of COVID-19 are going to be captured in real time or whether these will be calculated once the pandemic is over? • Are quotations/ tender arrangements that may need to be waived for COVID-19 expenditure adequately documented? 	
COVID-19 Capital Spend – Below £10m	
<ul style="list-style-type: none"> • Has a revised approval process been established for such capital spend to fast track decisions? (Guidance states that formal business cases no longer have to be prepared, but local delegated authority arrangements should continue). • Does the revised decision-making process ensure that decisions are fully documented? (This could be summary meeting notes/ actions with a list of those present either in person or virtually). 	

Areas for NHS organisations to consider	Organisation's Response
<ul style="list-style-type: none"> • Where additional capital expenditure is required has consideration been given the NHSE&I guidance to ensure these costs can be reclaimed. The organisation will need to ensure it can demonstrate; <ul style="list-style-type: none"> ○ The proposed expenditure is clearly linked to delivery of COVID-19 response; ○ Where applicable, the asset is capable of being delivered within the expected duration of the outbreak; ○ In the case of modifications to estate, the works must be capable of being completed within the expected duration of the outbreak. • Where cash funding is required, does the process ensure that NHSE&I approval is sought via regional offices and, where necessary, the national team? 	
COVID-19 capital spend above £10m	
<ul style="list-style-type: none"> • Is there a process in place to ensure that the NHSE&I regional office is contacted for such expenditure? • Where additional capital expenditure is required has consideration been given the NHSE&I guidance to ensure these costs can be reclaimed. The organisation will need to ensure it can demonstrate; <ul style="list-style-type: none"> ○ The proposed expenditure is clearly linked to delivery of COVID-19 response; 	

Areas for NHS organisations to consider	Organisation's Response
<ul style="list-style-type: none"> ○ Where applicable, the asset is capable of being delivered within the expected duration of the outbreak; ○ In the case of modifications to estate, the works must be capable of being completed within the expected duration of the outbreak. 	
Non-COVID-19 emergency capital spend	
<ul style="list-style-type: none"> ● Has the processes to support emergency capital for Non-COVID-19 items remained the same? 	
Commissioners Capital Spend	
<ul style="list-style-type: none"> ● Is any capital expenditure required on behalf of general practice? ● Where this is required, is it in line with NHSE&I processes? 	
Travel and Subsistence	
<ul style="list-style-type: none"> ● Have staff been reminded of the NHS organisation's policies and processes with regards to claiming travel and subsistence? ● Has the level at which personal expenses (including subsistence) will be reimbursed been reviewed? ● Where appropriate has new guidance been issued to all staff to reflect changes to allowances and processes during COVID-19? 	

Areas for NHS organisations to consider		Organisation's Response
	<ul style="list-style-type: none"> • Where staff require accommodation (as they have been asked to stay away from home in order to continue to work) are arrangements in place to allow these to be booked centrally? • Does the authorisation of overtime and expenses continue to be recorded in advance? • Once claims have been received are these only processed once they have been validated i.e. have the appropriate authorisation and original receipts? 	
	Payroll/Timesheets and E Rostering	
	<ul style="list-style-type: none"> • Is all overtime authorised in advance and formally signed off once complete? • Are existing controls for the sign off of Timesheets still operating? • Are payroll processes in place to set up and capture COVID-19 temporary/fixed term staff and ensure they are removed from the payroll once their employment with the organisation has ceased? 	

Areas for NHS organisations to consider	Organisation's Response	
	Supplier Management	
	<ul style="list-style-type: none"> • Are existing arrangements for the establishment of new suppliers being maintained or has the process been revised to ensure the quick delivery of supplies? • If the process has been revised, are controls sufficient to protect against fraud and is an audit trail in place to document why that supplier is used? • Are supplier change requests confirmed using verified contact information? • Are arrangements in place to ensure suppliers are paid promptly during this time, without exposing the organisation to unacceptable risk? • Is cumulative supplier spend being monitored regularly, particularly with respect to spend against new suppliers that have been put in place due to COVID-19 to ensure that any new company engaged, where reduced due diligence has occurred, is not taking advantage of the current position? • Where practicable are robust claw back agreements in place to be able to recover funds that are paid out incorrectly? 	
	Management of Stock	
<ul style="list-style-type: none"> • Are assurance mechanisms in place to ensure providers are managing their stock levels appropriately? 		

Areas for NHS organisations to consider	Organisation's Response	
	Asset Register	
	<ul style="list-style-type: none"> • Where possible, are fixed asset registers being kept up to date? • Are new assets being tagged and documented in the fixed asset register? • Where applicable are new assets being coded as specific to COVID-19? • Is a local asset register being maintained by all managers with staff working from home to ensure that all IT equipment is traceable and where appropriate returned after the COVID-19 lockdown? • Has this local asset register been shared and checked by IT teams at the earliest opportunity? • Is are process in place to review local asset registers to confirm accuracy and completeness? • Are processes in place to monitor the return of IT equipment after the COVID-19 lockdown? 	
	Banking	
	<ul style="list-style-type: none"> • Are bank account signatories sufficient to cover arrangements in the event of a significant number of absences? • Are electronic signatures held securely for the bank account signatories in cases where physical signature 	

Areas for NHS organisations to consider	Organisation's Response
<p>cannot be obtained? (An audit trail should be documented).</p> <ul style="list-style-type: none"> Do banking arrangements need to be reviewed to try to eliminate the need to go to the bank? 	
Credit Cards	
<ul style="list-style-type: none"> Is there a record of who has an organisation credit card and is this up to date? Are receipts being retained for all credit card purchases? Are all statements being reviewed and where appropriate challenged promptly? Are all items being coded correctly particularly if they are specific to COVID-19? 	
Processes	
<div data-bbox="257 885 459 1109" style="border: 2px solid #76b82a; padding: 5px; display: inline-block;">  </div> <ul style="list-style-type: none"> Are all procedure notes in place and readily accessible to all including electronically, particularly creditors and payroll? Are procedures being developed as and when required to support system changes/ new systems and are these adequately approved, documented and disseminated to relevant staff? 	
Access to the Network	

Areas for NHS organisations to consider	Organisation's Response
<ul style="list-style-type: none"> • Have arrangements been made to ensure finance staff working remotely can access the organisation's financial software systems securely e.g. use of VPNs? • Have IT functions disseminated guidance about remote working and logging onto secure systems to ensure finance staff working remotely are aware of processes for accessing the organisation's financial software systems securely? 	
 Annual Accounts and Annual Reports	
<ul style="list-style-type: none"> • Has the accounts timetable been updated to reflect new deadlines? • Are arrangements in place to review the annual report once the revised guidance is published? • Has it been agreed which forum will approve and sign off the accounts? 	
2020/21 budget	
<ul style="list-style-type: none"> • Has the 2020/21 budget been set in line with latest guidance? • Have arrangements been reviewed to ensure that this is appropriately approved in line with the organisation's Corporate Governance Manual? • Has it been agreed which forum will approve and sign off the budget? 	

Areas for NHS organisations to consider	Organisation's Response
QIPP	
<ul style="list-style-type: none"> • Have 2020/21 QIPPs been reviewed to identify which schemes are relevant and useful to continue? • Where a decision is made for a programme to cease is this clearly documented? 	
Month end processes	
<ul style="list-style-type: none"> • Has a month end process been established to ensure that the organisation can claim on a monthly basis for COVID-19 spend? • Are other month end processes and reporting, including cash flow forecasting still in place? 	
Cash Flow	
<ul style="list-style-type: none"> • Are routine cash flow reviews and forecasting arrangements in place to ensure sufficient cash is available to enable the prompt payment of suppliers? 	