

BOARD PAPER - NHS ENGLAND

Title: Report of the Audit and Risk Assurance Committee to the Board

From: David Roberts Interim Chair, Audit and Risk Assurance Committee

Purpose of Paper:

- **To update the Board of the meeting of the Audit and Risk Assurance Committee held on 28 September 2015**

The Board is invited to:

- **Note the report**
- **Approve the recommended changes to Standing Financial Instructions**

REPORT TO THE BOARD FROM: Audit and Risk Assurance Committee

COMMITTEE CHAIR: Ed Smith

DATE OF COMMITTEE MEETING: 28.09.2015

1.0 MATTERS FOR THE BOARD'S ATTENTION

1.1 Progress on Internal Audit Programme.

- i. The Committee acknowledged the good progress on implementation of internal audit recommendations and the change in the process for managing those recommendations.
- ii. There was concern about the progress on the risk and control priorities identified in the paper presented to the Committee in June 2015. A report on this is required for the meeting in December 2015.

1.2 Appointment of new NAO lead

- i. The Committee welcomed Mike Newbury as the NAO lead who had replaced Colin Wilcox. There should be no changes in approach by the NAO

1.3 Accountabilities for Data and Cyber Security in the NHS

- i. The Committee considered the complex governance arrangements in place in respect of cyber security.
- ii. There was a need for a cross-organisational view which set out ownership and responsibilities for what are the most important data areas.
- iii. The Committee asked for an update on progressing these significant issues at the next meeting in December 2015.

1.4 Risk Deep Dive on Major Programme Delivery

- i. The Committee received an update on progress on a portfolio of programmes, a number of which have arisen from the 2015-16 Business plan priorities.
- ii. There have been issues with programmes which are not entirely the responsibility of NHS England. There has also been issues sourcing the right capability to ensure successful delivery of major programmes. These issues will be considered further at the meeting in December 2015.

1.5 Corporate Governance Documents Review

- i. The Committee considered an update which set out a process to create a Corporate Governance Manual. One of the initial steps was to review Standing Financial Instructions (SFIs) to provide a baseline for the further piece of work to create the Manual. The Committee approved the approach and the changes proposed to SFIs. The Board is asked to approve the changes which were considered by the Committee. The changes are summarised at Annex A.

2.0 ITEMS FOR THE BOARD'S INFORMATION AND ASSURANCE

- ### **2.1**
- In summary, the required Audit & Risk Assurance Committee processes and key components of assurance on internal controls are now in operation. However, with a full and challenging work programme for management and our assurance providers for 2015-16, there is considerable effort required to deliver the necessary improvements to the overall control environment. The Committee will continue to track progress.

3.0 PROGRESS AGAINST THE COMMITTEE'S ANNUAL WORK PLAN

- 3.1** The Committee has now set a workplan to cover the period up to March 2017. This will remain under continual review by the Committee. Dates for meetings in 2016 are being finalised.

4.0 RECOMMENDATION

- 4.1** The Board is asked to approve the changes to SFIs referred to in paragraph 1.5 and to note the remainder of the report.

Author: David Procter Senior Finance Manager
Date: 02.11.2015

Standard Financial Instructions- Summary of amendments

SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
Definitions	3	New text	Procurement Rules ..means the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013, the Public Contracts Regulations 2006 (as amended) and the Public Contracts Regulations 2015	Legal Services Asad Shabbir	New definition suggested, as used in SFI 13, to clarify that the procurement rules include new and old procurement regulation requirements.
Fraud Bribery and Corruption	5	It will be the duty of any Officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption, to report these suspicions directly to NHS Protect: www.reportnhsfraud.nhs.uk or 0800 028 40 60. Under no circumstances should any Officer commence an investigation into a suspected or alleged crime, as this may compromise any further investigation.	It will be the duty of any Officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption, to report these suspicions directly to NHS Protect via : <ul style="list-style-type: none"> the NHS Fraud and Corruption Reporting Line: 0800 028 40 60 or by filling in an online form at www.reportnhsfraud.nhs.uk or sending an email to nhsfraud@nhsprotect.gsi.gov.uk Posting to the Central Intelligence Unit, NHS Protect, Skipton House, 80 London Road, London, SE1 6LH. Under no circumstances should any Officer commence an investigation into a suspected or alleged crime, as this may compromise any further investigation.	Stuart Francis	Changes required in order to clarify the reporting channels
Security Management	6.3	The Director identified in accordance with SO7.4.5 *for each Area, Region, National Directorate, Commissioning Support Unit, NHS Improving Quality and the NHS Sustainable Development Unit has overall responsibility for security management arrangements within their area of responsibility ('the responsible Director'). * (SO7.4.5: Where the scheme of delegation refers to 'nominated Employee(s)' or uses other non-post specific terminology the delegation will rest with the most senior Director in each Area, Region, National Directorate, Commissioning NHS Support Unit, NHS Improving Quality or the NHS Sustainable Development Unit, as appropriate)	In accordance with SO7.4.5, accountability for security management within each Region, , Central Teams, Commissioning Support Units, NHS Improving Quality and the NHS Sustainable Development Unit will be undertaken by a designated director.	Anthony Jackson	In order to match the updated standing orders Have SOs actually been amended? Can you check this? The reference is valid. The update is to the SFI for clarification of roles involved in security management..It links SFI 6.3 SO 7.4.5 The amendment clarifies the role of the designated director and the job title they have authority to appoint to.
	6.4	The responsible Director will nominate a Director to be responsible for local day to-day arrangements and a Local Security Management Co-ordinator to work with the National Security Management Co-ordinator and NHS Protect to deliver local security management arrangements on a day-to-day basis (such nominations to be recorded in their operating framework).	The designated director will be responsible for local day to-day arrangements supported operationally by the National Security Management Co-ordinator who will undertake the associated activities.	Anthony Jackson	Clarification
Banking	9.2	New text (9.2.1.6)	To action transactions governed by the bank mandates there must be two approved signatories which are listed on the Mandates and one of the signatories must be either the Chief Financial Officer or the Director of Financial Control	Mike McDonnell	This will address an audit recommendation
Banking Procedures	9.5.1.2	Those authorised to sign cheques or other orders drawn on NHS England's accounts.	Those authorised to sign payable orders or other orders drawn on NHS England's accounts.	Brian Siyolwe	For consistency as described by the Government Banking Services
Income (Sales) Contract and Contract Variation Approval and Signing (excluding CSU customer contracts)	10.4.1	The following approval limits apply to the signing of income (sales) contracts and contract variations, excluding service level agreements and contracts for services provided to Clinical Commissioning Groups, NHS England for direct commissioning support and other commissioners (see SFI10.3): - See updated table 10.4.1 at end	See updated tables 10.4.1 on the last page of this document	John McLoughlin	Sales orders are mainly in relation to recharges to HEE, ISTC or other recharges to CCGs. All tend to be relatively low risk and the current approval limits present an administrative burden hence the proposed changes.

Standard Financial Instructions- Summary of amendments

SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
Remuneration and Terms of Service	11.1	In accordance with Standing Orders, the Board will establish a Remuneration & Terms of Service Committee with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting.	In accordance with Standing Orders, the Board will establish a Strategic HR and Remuneration Committee with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting, and identifying which duties are delegated to subcommittees of the Committee	Daniel Hartley	To reflect the current committee names.
Funded Establishment	11.2	The manpower plans incorporated within the annual Budget will form the funded establishment. The funded establishment of any Directorate may not be varied without the approval of the Finance & Investment Committee.	The staffing plans incorporated within the annual Budget will form the funded establishment. The funded establishment of any Directorate may not be varied without the approval of the Executive Human Resources Sub Committee .	Daniel Hartley	To reflect the current committee names.
Staff Appointments	11.3.3	The Board will approve procedures presented by the National Director: Transformation & Corporate Operations for the determination of commencing pay rates, conditions of service, etc. for Employees.	The Strategic HR and Remuneration Committee will approve procedures presented by the National Director: Transformation & Corporate Operations for the determination of commencing pay rates, conditions of service, etc. for Employees.	Daniel Hartley	To reflect the current committee names.
Expenses	11.5	The NHS England expenses system (including use of the travel booking provider) should only be used for expenses associated with Employees. Expense reimbursements to Employees are done via payroll, and should never occur via accounts payable. The expenses system is only for the reimbursement of expenses associated with travel and subsistence, and should never be used to reimburse for items that should have been and could have been purchased via NHS England's purchasing systems.	The NHS England E-Expenses system (should only be used for expenses associated with Employees. E-Expense reimbursements to Employees are done via payroll, and should never occur via accounts payable. The E-Expenses system is only for the reimbursement of expenses associated with travel and subsistence, and should never be used to reimburse for items that should have been and could have been purchased via NHS England's purchasing systems.	Stephen Fell	To reflect the new reimbursement mechanism and align to the expenses policy.
Expenses	11.5.4	New text	Bookings for hotels, rail fares, air fares and ferry fees should only be made via the approved travel booking provider, and should never be claimed via the e-Expenses system. The approved travel booking provider should be used for bookings for associated with employees, for both secondees out and secondees in where the secondment agreement states that NHS England will make such bookings, and also for contingent workers. Travel for consultants should never be booked and paid direct by NHS England, but should be paid for by the relevant employer and charged in accordance with the relevant contract.	Stephen Fell	In compliance to audit recommendations
Processing payroll	12.6.3	Submitting termination forms in the prescribed form immediately upon knowing the effective date of an Employee's resignation, termination or retirement. Where an Employee fails to report for duty in circumstances that suggest they have left without notice, the National Director: Transformation & Corporate Operations must be informed immediately;	Submitting termination forms in the prescribed form immediately upon knowing the effective date of an Employee's resignation, termination or retirement. Where an Employee fails to report for duty in circumstances that suggest they have left without notice, the relevant Director must be informed immediately;	Daniel Hartley	In compliance to audit recommendations
Procurement, Purchasing and Efficiency Controls	13.1.3.2	This includes call-off contracts from framework agreements where individual contracts are still required. This is the key point at which a commitment on behalf of NHS England to incur expenditure is made;	This includes call-off contracts from framework agreements where individual contracts are still required. This is the key point at which a commitment on behalf of NHS England to incur expenditure is made. The limit for approval of contract variations is based upon the total revised value of the commitment (the original contract value plus the value of the variation).This includes call-off contracts from framework agreements where individual contracts are still required	Procurement Team	In compliance to audit recommendations
Procurement, Purchasing and Efficiency Controls	13.1.4.3	Travel booked via Redfern.	Travel booked via the incumbent supplier	Procurement team	In line with the new Procurement policy
Procurement, Purchasing and	13.2.1.3	New text	All variations to Contract must be undertaken in consultation with the Commercial team to ensure they meet the legislative framework and	Procurement team	In line with the new Procurement policy

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Efficiency Controls			the efficiency controls process. Formal tendering or competitive quotation procedures may, exceptionally, be waived with the prior approval of the Head of Commercial and Procurement.		
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.1	NHS England, as a central government body, is subject to Cabinet Office efficiency controls and centralised category procurement.	NHS England is subject to Cabinet Office efficiency controls and centralised category procurement.	Legal Services Asad Shabbir	Whilst we will be a “central government body” for the purposes of Cabinet Office efficiency controls, we are now also a “sub-central body” for the purposes of the Public Contract Regulations 2015. Therefore propose removing this reference in order to avoid potential confusion with new sub-central body status
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.3	Efficiency controls require that certain categories of expenditure require Department of Health and/or Ministerial and/or HM Treasury and/or Cabinet Office approval. A precursor to this approval being obtained is approval via the NHS England Efficiency Controls Committee, using business case templates agreed with the Department of Health.	Efficiency controls require that certain categories of expenditure require Department of Health and/or Ministerial and/or HM Treasury and/or Cabinet Office approval.	Procurement team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.4	New text	The approval process requires a business case to be submitted to the Commercial Team, who will forward to the ECE for approval, prior to being submitted to Department of Health and Ministers where applicable.	Procurement Team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Pro Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.5	New text	Business cases will be rejected if :	Procurement Team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.6	New text	they are not fully completed, using the template available on SharePoint	Procurement Team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.7	New text	they have not been approved by the relevant National Director	Procurement Team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.8	New text	Responsible Director and Commercial Lead who will respond to questions raised are not to be present at the meeting.	Procurement Team	In line with the new Procurement policy
Cabinet Office Efficiency Controls and Centralised Category Procurement	13.3.11	New text	Centralised procurement processes may also be subject to efficiency controls, NHS England Commercial Team are responsible for ensuring that all procurements comply with the Regulatory framework	Procurement Team	In line with the new Procurement policy

Standard Financial Instructions- Summary of amendments

SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
Clinical Services (Direct Commissioning)	13.4.2	Procurement of healthcare services for the NHS (which includes directly commissioned clinical services) is subject to the provisions of the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013, as well as the Public Contracts Regulations 2006 and guidance issued by Monitor.	Procurement of healthcare services for the NHS (which includes directly commissioned clinical services) is subject to the Procurement Rules provisions of the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013 (the “Regulations”), as well as the Public Contracts Regulations 2006 and guidance issued by Monitor	Legal Services Asad Shabbir	As per suggestion to add a new definition of the “Procurement Rules” to the Definitions Lists in SFI-3, as follows: Procurement Rules: means the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013, the Public Contracts Regulations 2006 (as amended) and the Public Contracts Regulations 2015;
Clinical Services (Direct Commissioning)	13.4.3	New text	Although the Public Contracts Regulations 2006 have been replaced by the Public Contracts Regulations 2015, healthcare services will continue to be subject to the pre-existing regulations : under the rules on Part B Services in the Public Contracts Regulations 2006 and the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013 (Regulations) until 18 April 2016.	Legal Services Asad Shabbir	NEW LEGISLATION: Update as a result of the Public Contract Regulations 2015, under which the Part B services requirements and National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013 will continue to apply.
	13.4.5	The Regulations mean that when procuring services NHS England must act in a transparent and proportionate way and treat providers equally and not discriminate. Treating providers equally and in a non-discriminatory way will include not treating one provider, or type of provider (e.g. NHS trusts), more favourably than any other provider, in particular on the basis of ownership.	The Procurement Rules mean that when procuring services NHS England must act in a transparent and proportionate way and treat providers equally and not discriminate. Treating providers equally and in a non-discriminatory way will include not treating one provider, or type of provider (e.g. NHS trusts), more favourably than any other provider, in particular on the basis of ownership.	Legal Services Asad Shabbir	The procurement principles in SFI 13.4.5 are a requirement under the Procurement Rules, this amendment is suggested to clarify this.
Clinical Services (Direct Commissioning)	13.4.7	Procurement support for tendering directly commissioned clinical services should be sourced from one of the CSUs who are approved to provide clinical procurement support.	Procurement support for tendering directly commissioned clinical services should be sourced from one of the CSUs who are approved to provide clinical procurement support. For advice on procurement guidance, please refer to the NHS England procurement policy on the intranet and Internet.	Anita Pannu (NHS BSA)	In line with the new Procurement policy
Advertising, Marketing and Communications	13.5.1	Advertising, marketing and communications spend is subject to both centralised category procurement and efficiency controls.	Advertising, marketing and communications spend over £100,000 , is subject to both centralised category procurement and efficiency controls.	Anita Pannu (NHS BSA)	In line with the new Procurement policy
Clinical Services (Direct Commissioning)	13.5.5	For new contracts, CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager or an Officer nominated by him, in advance of the need to commence any procurement activity.	CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Head of Commercial and Procurement, or an Officer nominated by him, in advance of the need to commence any procurement activity.	Procurement team	In line with the new Procurement policy
Energy	13.6.2	All energy requirements should be provided as part of property lease arrangements with NHS Property Services Limited or Community Health Partnerships.	All energy requirements should be provided as part of property lease arrangements with NHS Property Services Limited or Community Health Partnerships limited	Procurement team	In line with the new Procurement policy
ICT	13.8.1	ICT spend is subject to both centralised category procurement and efficiency controls.	ICT spend is subject to both centralised category procurement and efficiency controls as well as internal Digital Project Assurance Group approvals.	Anita Pannu (NHS BSA)	In line with the new Procurement policy
ICT	13.8.2	Additional bullet to original text	<ul style="list-style-type: none"> ICT services including cloud services 	Graham Evans	Clarification
ICT	13.8.3	Advice should be sought from the Senior Efficiency Controls Manager or an Officer nominated by him, well in advance of the need to commence any procurement activity. The timescales required to obtain all approvals before procurement can commence are likely to be considerable.	Advice should be sought from the Head of Commercial and Procurement , or an Officer nominated by him, well in advance of the need to commence any procurement activity. The timescales required to obtain all approvals before procurement can commence are likely to be considerable.	Brian Siyolwe	For consistency of terminology the job title has been amended throughout the SFI s policy.
Office Solutions	13.10.4	Courier services are provided on a central contract. Anyone needing to use courier services should contact the Senior Procurement Manager, or an Officer nominated by him, for details of how to access the contract	Anyone needing to use courier services should contact the Senior Procurement Manager, or an Officer nominated by him.	Anita Pannu (NHS BSA)	There is no central contract
Professional Services: Legal	13.15.1	Legal services are subject to both centralised category procurement and efficiency controls.	Legal services are subject to both centralised category procurement and efficiency controls. There are, however, three types of external legal professional services which are not in the scope of efficiency controls. These are:	Legal Services Asad Shabbir	LEGAL AUDIT: These exceptions are set out in the Cabinet Office Controls Guidance (v. 4,

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
			<ul style="list-style-type: none"> legal advisory services provided by counsel (barristers); legal services relating to civil or criminal litigation; and Legal disputes (including disciplinary, regulatory or tribunal matters), inquiries or any matter of a contentious nature. 		<p>last updated 2 March 2015), in particular at para 6.1 and in para 6.4 of Annex 6 of the following:</p> <p>[see para 6.1 at] link: https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40;]</p>
Professional Services: Legal	13.15.2	Clinical related legal advice and support, including advice for clinical negligence cases, is provided under a framework let by the NHS Litigation Authority. Advice on how to access the framework should be sought from the Head of Legal, or an Officer nominated by him.	All spend for external legal advice must be approved by the Head of Legal or an Officer appointed by them.	Legal Services Asad Shabbir	Guidance provided by the legal Services Department
Professional Services: Legal	13.15.3	Non-clinical related legal advice and support is provided under a range of framework agreements let by the Crown Commercial Service. Advice on how to access the frameworks should be sought from the Head of Legal, or an Officer nominated by him.	Advice should be sought from the legal team at england.legal@nhs.net in relation to any proceedings and claims correspondence, legal support requirements , available framework arrangements and related spend controls when planning any programmes of work	Legal Services Asad Shabbir	Guidance provided by the legal Services Department
Professional Services - consultancy	13.16.1	The purchase of consultancy is subject to both centralised category procurement and efficiency controls.	The purchase of consultancy over £20,000 is subject to both centralised category procurement and efficiency controls.	Anita Pannu (NHS BSA)	In line with the new Procurement policy
Procurement not covered by the Framework	13.22.2.3	All other Non-CSU purchase requests: directed to the NHS England Procurement Service, via the advertised e-mail address, who will support the procurement process.	Non-CSU purchase requests over £100,000: should be directed to the NHS England Commercial team, via the advertised e-mail address, who will support the procurement process.	Procurement team	In line with the new Procurement policy
Procurement not covered by the Framework	13.22.3	Procurement by running an OJEU process should only occur where a clear benefit can be demonstrated or no suitable frameworks are available for NHS England to use, and requires the approval of the Efficiency Controls Committee. This includes CSUs	A Procurement process using the Official Journal of the European Union procedure should only occur where no suitable framework is available and requires the approval of the Efficiency Controls Executive. This includes CSUs.	Procurement team	In line with the new Procurement policy
Procurement not covered by the Framework	13.22.4	New text	The Threshold for a potential contract value above £172,514 for supplies and non-clinical services must be advertised in the Official Journal of the European Union (OJEU)	Procurement team	In line with the new Procurement policy
Procurement not covered by the Framework	13.22.5	New text	The threshold for a potential contract value above £4,322,012 for works must be advertised in the Official Journal of the European Union (OJEU)	Procurement team	In line with the new Procurement policy
Requirement to Tender or Obtain Quotes	13.24.1	EU and UK public procurement legislation and policy requires that NHS England promotes fair competition amongst potential suppliers and is open and transparent in dealings with suppliers and potential suppliers.	EU and national public procurement legislation and policy requires that NHS England promotes fair competition amongst potential suppliers and is open and transparent in dealings with suppliers and potential suppliers	Legal Services Asad Shabbir	CLARIFICATION To clarify, as we are not subject to UK wide procurement legislation, as there are different rules for Scotland and NI.
Requirement to Tender or Obtain Quotes	13.24.2	In evaluating tenders/quotes NHS England should adopt criteria to identify the 'most economically advantageous tender'. This will involve addressing issues of quality, ensuring services/supplies/works are fit for purpose, as well as looking at cost.	In evaluating tenders/quotes NHS England should adopt criteria to identify the 'most economically advantageous tender'. This will involve addressing issues of quality, price, ensuring services/supplies/works are fit for purpose, as well as looking at life-cycle costing.	Legal Services Asad Shabbir	CLARIFICATION Additional word added to clarify "price" can be considered amongst other areas. NEW LEGISLATION Additional requirements as a result of changes from the Public Contract Regulations 2015.
Requirement to Tender or Obtain Quotes	13.24.4	Being transparent in its dealings with suppliers and potential suppliers (particularly in relation to the criteria to be used to evaluate tenders/quotes) and following good procurement practice (particularly in relation to a clear audit trail of how tenders/quotes have been evaluated and therefore a decision to award a contract arrived at) will ensure NHS England can always defend its decisions for the awarding of contracts, if necessary in a court of law.	NHS England should act in a transparent and proportionate manner in its dealings and treatment of suppliers and potential suppliers. This treatment should be equal and without discrimination (particularly in relation to the criteria to be used to evaluate tenders/quotes) and following good procurement practice (particularly in relation to a clear audit trail of how tenders/quotes have been evaluated and therefore a decision to award a contract arrived at) will ensure NHS England can always defend its decisions for the awarding of contracts, if necessary in a court of law	Legal Services Asad Shabbir	CLARIFICATION To clarify procurement principles that we are required to comply with.
Requirement to Tender or Obtain Quotes	13.24.4	Directives by the Council of the European Union prescribing procedures and UK rules on public procurement for the tendering and awarding of contracts for building and engineering works and for	Directives by the Council of the European Union and the Procurement Rules, prescribing procedures and national rules on public procurement for the tendering and awarding of contracts for	Legal Services Asad Shabbir	Guidance provided by the legal Services Department

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		the supply of goods, materials and manufactured articles and services have effect as if incorporated in these Standing Financial Instructions	building and engineering works and for the supply of goods, materials and manufactured articles and services have effect as if incorporated in these Standing Financial Instructions.		
Requirement to Tender or Obtain Quotes	13.24.5	New text	In accordance with the Procurement Rules, as updated by the Public Contract Regulations 2015, for all contracts for works, supplies and services where the value is over £25,000 there is a requirement to publish information on Contracts Finder.	Procurement Team	In line with the new Procurement policy
Requirement to Tender or Obtain Quotes	13.24.6	New text	When procuring services, NHS England should have regard to the requirements of the Public Services (Social Value) Act 2012 and its supporting policies and guidance. This Act requires contracting authorities to consider at the pre-procurement stage of any service contract and Framework Agreements above EU Thresholds:	Procurement Team	In line with the new Procurement policy
Requirement to Tender or Obtain Quotes	13.24.7	New text	How the proposed procurement may improve the economic, social and environmental wellbeing of an area.	Procurement Team	In line with the new Procurement policy
Requirement to Tender or Obtain Quotes	13.24.8	New text	How the contracting authority may act with a view to securing that improvement in conducting the process of procurement; and	Procurement Team	In line with the new Procurement policy
Requirement to Tender or Obtain Quotes	13.24.9	New text	Whether to undertake any community consultation on the above. Appropriate records should be kept of these considerations, including the reason for any decision regarding the matter of community consultation.	Procurement Team	In line with the new Procurement policy
Requirement to tender or obtain quotes	13.24.7	For Procurements with a full life expenditure of over £50,000 at least five written quotes should be requested.	• For Procurements with a full life expenditure of over £50,000 at least five written quotes should be requested. If full life expenditure reaches the OJEU limit then the procedures for OJEU will apply.	Anita Pannu (NHS BSA)	In line with the new Procurement policy
Requirement to tender or obtain quotes	13.24.7	For procurements that are not subject to European Union or UK law requirements, and for which a contract does not already exist, with regards to tendering the following quotation requirements apply:	For procurements that are not subject to EU or national law requirements, and for which a contract does not already exist, with regards to tendering the following quotation requirements apply:	Legal Services Asad Shabbir	Guidance provided by the legal Services Department
Requirement to tender or obtain quotes	13.24.7.1	New text	In addition, in accordance with the Procurement Rules as updated by the Public Contract Regulations 2015, for all contracts for works, supplies and services where the value is over £25,000 there is a requirement to publish information on Contracts Finder.	Legal Services Asad Shabbir	NEW LEGISLATION Additional requirements as a result of changes from the Public Contract Regulations 2015.
Requirement to tender or obtain quotes	13.24.7.2	New text	When procuring services, NHS England should have regard to the requirements of the Public Services (Social Value) Act 2012 and its supporting policies and guidance. This Act requires contracting authorities to consider at the pre-procurement stage of any service contract and Framework Agreements above EU Thresholds: • how the proposed procurement may improve the economic, social and environmental wellbeing of an area; • how the contracting authority may act with a view to securing that improvement in conducting the process of procurement; and • Whether to undertake any community consultation on the above. Appropriate records should be kept of these considerations, including the reason for any decision regarding the matter of community consultation.	Legal Services Asad Shabbir	CLARIFICATION This suggested amendment provides an overview of additional obligation in relation to the pre-procurement stage.
Grants	13.26.1	NHS England has specific powers and circumstances under which it can make a grant payment. Three main instances apply: • Grants made under the National Health Service Act 2006 (as amended); • Grants made under Section 64 of the Health Services and Public Health Act 1968; and, • Grants made in response to an individual funding request	NHS England has specific powers and circumstances under which it can make a grant payment. The relevant powers of NHS England are: • Section 13X of the National Health Service Act 2006 (as amended); • Section 256 & 257 of the National Health Service Act 2006 (as amended); • Section 14Z10 of the National Health Act 2006 (as amended);	Legal Services Asad Shabbir	CLARIFICATION Amendments to clarify NHS England's grant making powers. CLARIFICATION Suggested amendments as Section 64 gives power to the Secretary of State and not NHS England a power to make grant. A similar NHS England power is

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
					<p>actually covered by Section 13X. We also cannot find any direction relating to this that gives this power/function to NHS England.</p> <p>With individual funding requests these are part of a health commissioning policy.</p> <p>Therefore, these deletions are proposed.</p>
Signing of Contracts (including service level agreements, memorandums of understanding, grant funding agreements and other equivalent documents)	13.27.2	<p>The following limits apply to non-clinical non-pay contracts, excluding all leases and frameworks mandated under centralised category procurement:</p> <ul style="list-style-type: none"> • Commitments £1,000,000 and above: Board approval prior to signature. Once approved, should be signed by the NHS England Chair or Chief Executive or Chief Financial Officer. • Commitments up to £1,000,000: Should be signed by the NHS England Chair or Chief Executive or Chief Financial Officer. • Commitments up to £200,000: Can be signed by a National Director, Regional Director, Area Director or CSU Managing Director. • Commitments up to £100,000: Can be signed by any other director (VSM). • Commitments up to £50,000: Can be signed by Budget Holders at Band 9 & 8d (or equivalent). • Commitments up to £10,000: Can be signed by other Budget Holders at Band 8 (or equivalent). 	<p>The following limits (annual cost) apply to non-clinical non-pay contracts, excluding all leases and frameworks mandated under centralised category procurement:</p> <p>NHS Bodies</p> <ul style="list-style-type: none"> □ Over £15m - Board □ £5m - £15m Investment Committee □ Up to £5m NHS England Chief Executive or Chief Financial Officer <p>Third Parties</p> <ul style="list-style-type: none"> □ Over £10m - Board □ £3m - £10m Investment Committee □ Up to £3m NHS England Chief Executive or Chief Financial Officer 	November 2014 Board paper	Approved at November 2014 Board meeting
Signing of Contracts (including service level agreements, memorandums of understanding, grant funding agreements and other equivalent documents)	13.27.3	<p>The following limits apply to all lease contracts and all grant funding agreements:</p> <ul style="list-style-type: none"> • Commitments £1,000,000 and above: Board approval prior to signature. Once approved, should be signed by the NHS England Chair or Chief Executive or Chief Financial Officer. • Commitments up to £1,000,000: Should be signed by the NHS England Chair or Chief Executive or Chief Financial Officer. 	<p>The following limits apply to all lease contracts and all grant funding agreements:</p> <ul style="list-style-type: none"> • Commitments £35m and above: Board. Once approved it should be signed by NHS England Chief Executive or Chief Financial Officer. • Commitments £15m-£35m: Investment Committee. Once approved it should be signed by NHS England Chief Executive or Chief Financial Officer. • Commitments up to £15m: Should be signed by NHS England Chief Executive or Chief Financial Officer. 	Peter Brazel	To ensure that the authority to sign should align with authority to make the underlying capital commitment – i.e. up to £15m – CFO or CEO; £15m-£35m, IC; and over £35m, Board.
Signing of Contracts (including service level agreements, memorandums of understanding, grant funding agreements and other equivalent documents)	13.27.5	All original signed contracts (including CSU let contracts) should be forwarded to the Senior Procurement Manager, or an Officer nominated by him, for filing and recording on a contract management system.	All original signed contracts, change control notices and contract variations (including CSU let contracts) should be forwarded to the Head of Commercial and Procurement, or an Officer nominated by him, for filing and recording on a contract management system.	Legal Services Asad Shabbir	CLARIFICATION Amendment to clarify approach with variations of contracts
Signing of Contracts (including service level agreements, memorandums of understanding, grant funding agreements and other equivalent documents)	13.27.6	New text	A record will also be created for all contracts over £25,000 (including any contract variations whether having a financial implication or not) on the Contractor Repository	Legal Services Asad Shabbir	CLARIFICATION As per Contract Repository Intranet Page at: https://nhsengland.sharepoint.com/TeamCentre/Finance/FinancialControl/Procurement/Pages/Contracts-repository.aspx
Establishing	13.28.2	Contracts should be in a format, embodying terms and conditions,	Contracts should be in a format, embodying terms and conditions,	Procurement Team	In line with the new Procurement policy

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
Compliant Contracts		as approved by the Senior Procurement Manager, or an Officer nominated by him.	as approved by the Head of Commercial and Procurement, or the Head of Legal Services.		
Establishing Compliant Contracts	13.28.4	In all contracts NHS England should endeavour to obtain best value for money.	Contracts should be for an appropriate period that is likely to maximise value for money for NHS England	Procurement Team	In line with the new Procurement policy
Compliance Requirements for All Contracts	13.28.8	New text	<p>A contract may be varied where the contract permits such a variation and, it is in accordance with the requirements of the Procurement Rules. NHS England should endeavour to obtain best value for money in respect of any variation. In addition where the variation has:</p> <ul style="list-style-type: none"> • a financial implication it will need to be authorised in accordance with the financial limits set out in [SFI10.4.1] [OR] [13.27.2] OR [SFI13.2.9]; or • if it does not have a financial implication then it will need to be authorised in writing by a [National Director, Regional Director, Area Director or CSU Managing Director] [depending on the financial value of the contract], <p>In either case any such authorisation will need to be issued before the variation is placed. Clinical contracts also have their own pre-defined contract variation arrangements that should be correctly applied in accordance with their terms (set out in the relevant contract).</p>	Legal Services Asad Shabbir	CLARIFICATION Insertion of new SFI 13.28.8 includes further amendments to clarify approach with variations of contracts and on approvals.
Sales orders	13.29.2	<i>Please refer to table on the last page</i>	<i>Please refer to table on the last page</i>	Financial Services	Reduction in volume that has to be approved by the Financial Services team. Improvement to operational efficiency.
Purchase Orders	13.30.1	Verbal orders must only be issued very exceptionally by an Officer designated by the Chief Financial Officer and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "confirmation order".	All items of expenditure require an official order to be raised on ISFE before the expenditure is committed. Orders should not be split or otherwise placed in a manner devised to avoid financial thresholds. Splitting orders and contracts may be deemed as disaggregating a contract in breach of the Public Procurement Regulations (2015) and the SFI's.	Procurement Team	In line with the new Procurement policy
Purchase Orders	13.30.2.1	Be raised in advance of a commitment being entered into (i.e. not on receipt of an invoice);	Be raised in advance of a commitment being entered into (i.e. not on receipt of an invoice); Invoices received prior to the purchase order being raised is classed as a retrospective order and a breach of the SFI's.	Procurement Team	In line with the new Procurement policy
In-house Services	13.32.1	The Chief Executive is responsible for ensuring that best value can be demonstrated for all services provided on an in-house basis. The Board may also determine from time to time that in-house services should be market tested by competitive tendering.	The Chief Executive is responsible for ensuring that best value can be demonstrated for all services provided on an in-house basis. The Board may also determine from time to time that in-house services should be market tested by competitive tendering. This must take account of any in-house service exemptions set out in Procurement regulations.	Anita Pannu (NHS BSA)	Procurement Regulations have an 'in-house service exemption' based on old Teckal case law so this accounts for that.
Single Tender Actions	13.34.1	New text	Single Tender Actions (STAs) may only be used in exceptional circumstances, as follows, as they do not usually represent value for money through open and fair competition:	Procurement team	In line with the new Procurement policy
Single Tender Actions	13.34.2	New text	<p>where the works, supplies or services can be supplied only by a particular economic operator for either of the following reasons:</p> <ul style="list-style-type: none"> • Competition for technical reasons; • The protection of exclusive right, including intellectual property rights; 	Procurement team	In line with the new Procurement policy
Single Tender Actions	13.34.3	New text	where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.	Procurement team	In line with the new Procurement policy
Single Tender Actions	13.34.4	New text	insofar as is strictly necessary where for reasons of extreme urgency brought about by events unforeseeable by the contracting authority	Procurement team	In line with the new Procurement policy
Single Tender Actions	13.34.5	New text	For the avoidance of doubt, failure to plan is not an acceptable reason for a single tender action and does not constitute 'extreme urgency'.	Procurement team	In line with the new Procurement policy

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
Single Tender Actions	13.34.6	New text	Full records of single tender actions must be maintained to support the annual audit of the Commercial Department and for submissions to the Audit and Risk Assurance Committee at its next meeting	Procurement team	In line with the new Procurement policy
Single Tender Actions	13.34.7	New text	Single tender actions must be submitted to Efficiency Controls Executive, for approval the Chief Financial Officer and the Head of Commercial and Procurement, prior to any order being placed. If a verbal or written order or commitment to buy is given to a supplier this is a breach of the SFI's	Procurement team	In line with the new Procurement policy
Capital Investment, Asset Register & Security of Assets Introduction	14.1.1	Capital commitments typically cover land, buildings, equipment and IT, including: <ul style="list-style-type: none"> • Authority to spend capital; • Authority to enter into a leasing arrangement (in which circumstances a whole life expenditure approach will be taken to approval levels); and, • Authority to enter into a commissioning commitment which underpins the revenue implications of a third party investing capital, or entering into a lease commitment (for example commissioner support to a PFI scheme or major service reconfiguration). 	Capital commitments typically cover land, buildings, equipment and IT, including: <ul style="list-style-type: none"> • Authority to spend capital; • Authority to enter into a leasing arrangement to enter into a leasing arrangement (in which circumstances a whole life expenditure approach will be taken to approval levels); and, • Authority to enter into: <ul style="list-style-type: none"> • (i) a legally enforceable commissioning commitment to provide any transition or transaction support from centrally controlled NHS England funds; and/or to enter into a commissioning commitment which underpins the revenue implications of a third party investing capital, or entering into a lease commitment (for example commissioner support to a PFI scheme or major service reconfiguration). • underpin, recognise or confirm support for the revenue implications of a third party (e.g. NHS Property Services Limited, Community Health Partnerships Limited or a provider trust) investing capital, or entering into a lease commitment; and/or • (ii) Any other confirmation of commissioning commitment or support if the context for the expression of that commitment or support involves any departure or derogation from standard national policies applying at the relevant time. • Advice should be sought from the Head of Project Appraisal if there is any doubt as to whether any particular proposal is a capital commitment requiring formal approval as such under SFI 14. • No procurement should be undertaken or commitment given to purchase from a supplier prior to approval being received. Failure to comply will be a breach of the SFI's. 	Peter Brazel	Clarification on capital expenditure
Capital Approval Limits	14.3.1	The following approval limits apply: <ul style="list-style-type: none"> • Commitments £10m and above: Board. • Commitments £3m-£10m: Finance & Investment Committee. • Commitments up to £3m: NHS England Chair or Chief Executive or Chief Financial Officer. • For CSU programmes within approved budget, commitments up to £1m: CSU Managing Director and Chief Financial Officer 	The following approval limits apply: <ul style="list-style-type: none"> • Commitments £35m and above: Board. • Commitments £15m-£35m: Investment Committee. • Commitments up to £15m: NHS England Chief Executive or Chief Financial Officer. • For CSU programmes within approved budget, commitments up to £1m: CSU Managing Director and Chief Financial Officer 	November Board paper	Approved at November 2014 Board meeting
Private Finance	14.4.1	NHS England should normally test for Private Finance Initiative funding when considering capital procurement. When it is proposed to use finance which is to be provided other than through allocations, the following procedures will apply	NHS England should have due regard to current HM Treasury and Department of Health guidance in relation to the requirement to test for Private Finance Initiative funding when considering capital procurement. When it is proposed to use finance which is to be provided other than through allocations, the following procedures will apply	Peter Brazel	Guidance from Project management team
Private Finance	14.4.1.2	Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with the delegation from them; and,	Where the sum involved exceeds delegated limits (i.e. £35M), the business case must be referred to the Department of Health or in line with the delegation from them; and,	Peter Brazel	Guidance from Project management team
Losses and Special Payments	20.1.4		All losses and Special Payments should be reported and submitted to the Head of assurance (england.assurance@nhs.net) by using the standard template as provided on SharePoint.	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.2.2	All losses, write offs (other than those covered by SFI20.2.1) and special payments (including in/by CSUs) require approval of the	Deleted from updated version	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
		Finance & Investment Committee where over £20,000 and the Chief Financial Officer up to and including £20,000, in the case of write offs and special payments before the write off or special payment occurs. Subsequent Department of Health and/or HM Treasury approval may also be required.			Money and Treasury Guidance
Losses and Special Payments	20.2.3	Subject to limits delegated to it by the Department of Health, the Board will approve the writing-off of losses over £50,000, on the recommendation of the Finance & Investment Committee.	Deleted from updated version	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.2.10	New text	All losses and write offs should be approved in accordance with the procedure set out by the Chief Financial Officer. Where a Loss relates to threatened or instituted legal proceedings, claims or actions, additional provisions as set out in SFI26 apply.	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.3.2	New text	All special payments up to and including £20,000, can be approved by officer(s) nominated by the Chief Financial Officer.	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.3.3	New text	Special payments over £20,000 will require approval by the Investment Committee. Such payments will also need to be submitted to DH for approval by Treasury.	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.3.4	New text	All special severance payments and retention payments require the approval of the Strategic Human Resources and Remuneration Committee. These items will always require subsequent HM Treasury approval.	David Procter	Guidance from Finance - Assurance, aligning policy to Managing Public Money and Treasury Guidance
Losses and Special Payments	20.2.2	All losses, write offs (other than those covered by SFI20.2.1) and special payments (including in/by CSUs) require approval of the Finance & Investment Committee where over £20,000 and the Chief Financial Officer up to and including £20,000, in the case of write offs and special payments before the write off or special payment occurs. Subsequent Department of Health and/or HM Treasury approval may also be required.	All special payments (including in/by CSUs) require approval of the Investment Committee where over £20,000, and the officer(s) designated by the Chief Financial Officer up to and including £20,000, in the case of write offs and special payments before the write off or special payment occurs. Subsequent Department of Health and/or HM Treasury approval may also be required.	David Procter	This is to draw a distinction between the approval of special payments v the approval of losses and write offs. It also provides for Chief Financial Officer to nominate officers to approve special payments up to £20,000.
Losses and Special Payments	20.2.3	New text	All losses and write offs (as defined in SFI 20) should be approved in accordance with the procedure set out by the Chief Financial Officer.	David Procter	This provides that losses and write offs are dealt with via a separate procedure.
Losses and Special Payments	20	New text	Where a Loss relates to threatened or instituted legal proceedings, claims or actions, additional provisions as set out in SFI 20 apply	Legal Services Asad Shabbir	Legal Services have set out a separate SFI for legal cases and the proposed wording is set out in the next row.
Losses and Special Payments	20	New text	<p>Legal proceedings and pre-action cases</p> <p>This section will include any legal cases threatened or instituted by or against NHS England. This can include clinical and non-clinical matters, whether dealt with by a Court or other judicial body, such as the Family Health Services Appeals Unit and need not necessarily involve any financial claim. The matter could be a challenge to reverse a decision.</p> <p>Howsoever the threatened or instituted action may arise, payments to be made or recovered from other parties in the matter ,may fall to be treated as a Loss, a Special Payment, a combination of both, or neither. The advice of the Legal Team should be sought in these situations, if they are not already acting on the matter. As a general rule, a payment made to comply with a court judgement or costs order will not be a special payment, as this should be treated as a liability to pay and follow procedures for normal authorisations.</p> <p>Payments made to settle a case or actions which involve waiving a claim already made should be treated as Losses or Special Payments (depending on the facts) and the processes in SFI 20 should be followed.</p> <p>Payments or recovery in legal actions:</p>	Legal Services Asad Shabbir	LEGAL AUDIT

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
			<p>Where any document needs signing or acknowledging in relation to such threatened or instituted legal action, including where its execution will incur a liability to pay or recover a sum of money then, provided the relevant Employee (under the table in SFI 13 or following any procedure for Losses and Special Payments) authorises the matter, legal representatives may execute such documentation where appropriate (e.g. Not in the case of an individual's a Statement of Truth). , settlement agreement or Court Order)</p> <p>In-house legal costs If in-house legal costs are recoverable by way of settlement or Court Order then the Head of Legal is to determine the appropriate hourly rate of recovery with regard to the level of experience, the solicitor guideline hourly rate in force and the relevant legal case law</p>		
ICT	21.1.7	New text	Any proposed investment in ICT (including managed service commitments) may require formal approval as a capital commitment (see SF14 above).Advice should be sought from [the Chief Financial Officer, or an Officer nominated by him, well in advance of the need to develop a business case to support the proposed commitment by NHS England	Peter Brazel	Guidance from the Project Management team
Professional Services :Legal	13.15.2	Clinical related legal advice and support, including advice for clinical negligence cases, is provided under a framework let by the NHS Litigation Authority. Advice on how to access the framework should be sought from the Head of Legal, or an Officer nominated by him.	All spend for external legal advice must be approved by the Head of Legal or an Officer appointed by them.	Asad Shabbir	Guidance from the legal Services Department
Professional Services :Legal	13.15.3	Non-clinical related legal advice and support is provided under a range of framework agreements let by the Crown Commercial Service. Advice on how to access the frameworks should be sought from the Head of Legal, or an Officer nominated by him.	Advice should be sought from the legal team at england.legal@nhs.net in relation to any proceedings and claims correspondence, legal support requirements , available framework arrangements and related spend controls when planning any programmes of work	Asad Shabbir	Guidance from the legal Services Department
Legal proceedings and Pre-Action cases	26.5.4	New text	This section will include any legal cases threatened or instituted by or against NHS England. This can include clinical and non-clinical matters, whether dealt with by a Court or other judicial body, such as the Family Health Services Appeals Unit and need not necessarily involve any financial claim. The matter could be a challenge to reverse a decision.	Asad Shabbir	Guidance from the legal Services Department
Legal proceedings and Pre-Action cases	26.5.5	New text	However the threatened or instituted action may arise, payments to be made or recovered from other parties in the matter, may fall to be treated as a Loss, a Special Payment, a combination of both, or neither. The advice of the Legal Team should be sought in these situations, if they are not already acting on the matter. As a general rule, a payment made to comply with a court judgement or costs order will not be a special payment, as this should be treated as a liability to pay and follow procedures for normal authorisations.	Asad Shabbir	Guidance from the legal Services Department
Legal proceedings and Pre-Action cases	26.5.6	New text	Payments made to settle a case or actions which involve waiving a claim already made should be treated as Losses or Special Payments (depending on the facts) and the processes in SFI 20 should be followed	Asad Shabbir	Guidance from the legal Services Department
Legal proceedings and Pre-Action cases	26.6.1	New text	Where any document needs signing or acknowledging in relation to such threatened or instituted legal action, including where its execution will incur a liability to pay or recover a sum of money then, provided the relevant Employee (under the table in 13.29 or following any procedure for Losses and Special Payments) authorises the matter, legal representatives may execute such documentation where appropriate (e.g. not in the case of an individuals' a Statement of Truth). , settlement agreement or Court Order).	Asad Shabbir	Guidance from the legal Services Department
In House Legal Costs	26.7.1	New text	If in-house legal costs are recoverable by way of settlement or Court Order then the Head of Legal is to determine the appropriate hourly	Asad Shabbir	Guidance from the legal Services Department

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SFI area	SFI number	SFI Version 4 – Original text	Proposed SFI changes	Proposed by	Comment
			rate of recovery with regard to the level of experience, the solicitor guideline hourly rate in force and the relevant legal case law.		

Proposed Amendments to Sales Invoice and Credit Note Limits

10.4.1 The following approval limits apply to the signing of income (sales) contracts and contract variations, excluding service level agreements and contracts for services provided to Clinical Commissioning Groups, NHS England for direct commissioning support and other commissioners (see SFI10.3):

	Level SC1	Level SC2	Level SC3	Level SC4	Level SC5	Level SC6
Contract Value	Over £1m	To £1m	To £500k	To £200k	To £100k	To £50k
PROPOSED CONTRACT VALUE – option 1	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k

Approvers and/or Restrictions	All Cost Centres			CSU Cost Centres	CSU Cost Centres	CSU Cost Centres
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director OR Regional Director OR Director of Commissioning Operations OR CSU Managing Director	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer All Other Cost Centres Other Directors (VSM)	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer All Other Cost Centres Band 9 & 8d Budget Holders	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer All Other Cost Centres Other Band 8 & 7 Budget Holders

13.29.2 The following approval limits apply to all other sales invoice and credit note requests:

	Level SR1	Level SR2	Level SR3	Level SR4	Level SR5	Level SR6
Proposed changes to limits	Over £10m (original value over £1m)	To £10m Original value to £1m)	To £5m Original value to £500k)	To £1m Original value to £200k)	To £500k Original value to £100k)	To £100k Original value to £50k)
Approvers and/or Restrictions	All Cost Centres			CSU Cost Centres	CSU Cost Centres	CSU Cost Centres
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director Regional Director OR Director of Commissioning Operations , OR CSU Managing Director	As set by CSU Managing Director and approved by the Chief Financial Officer All Other Cost Centres Other Directors (VSM)	As set by CSU Managing Director and approved by the Chief Financial Officer All Other Cost Centres Band 9 & 8d Budget Holders	As set by CSU Managing Director and approved by the Chief Financial Officer All Other Cost Centres Other Budget Holders



Standing Financial Instructions

Standing Financial Instructions

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SFI1 Introduction

1.1 Purpose

- 1.1.1 These Standing Financial Instructions form a part of NHS England's Governance Framework. Together with documents such as the POL_0001: Standing Orders and POL_0002: Reservation of Powers to the Board & Delegation of Powers (incorporating the Scheme of Delegation), they fulfil the dual role of protecting NHS England's interests and protecting Officers from possible accusation that they have acted less than properly (provided that Officers have followed the correct procedures outlined in the relevant document).
- 1.1.2 All Executive and Non-executive Members and all Officers should be aware of the existence of these documents, and, where necessary, be familiar with their detailed provisions.
- 1.1.3 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by NHS England. They are designed to ensure that NHS England's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
- 1.1.4 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for NHS England. The user of these Standing Financial Instructions must also take into account relevant prevailing Department of Health and/or HM Treasury instructions.

1.2 Authority

- 1.2.1 These Standing Financial Instructions have effect as if incorporated in the Standing Orders of NHS England.

1.3 Interpretation

- 1.3.1 Should any difficulties arise regarding the interpretation or application of any of these Standing Financial Instructions, the advice of the Chief Financial Officer must be sought before acting.

1.4 Statutory Framework

- 1.4.1 The National Health Service Commissioning Board (trading as NHS England, NHS Improving Quality, NHS Sustainable Development Unit and a range of commissioning support unit names) is a statutory body established under section 1H of the National Health Service Act 2006 (as amended). NHS England came into existence on 1 October 2012.
- 1.4.2 NHS England is governed by the National Health Service Act 2006 (as amended), the Health & Social Care Act 2012 and by secondary legislation made under these Acts. In addition, as a non-departmental public body, NHS England is party to a Framework Agreement with the Department of Health and the objectives and requirements of NHS England for each financial year are set out in the Secretary of State's Mandate to NHS England, in accordance with section 13A of the National Health Service Act 2006 (as amended).
- 1.4.3 The functions of NHS England are conferred by the National Health Service Act 2006 (as amended), the Health & Social Care Act 2012 and by secondary legislation made under these Acts and are primarily set out in section 1H, Chapter 1A and Schedule A1 of the National Health Service Act 2006 (as amended). When exercising its functions, NHS England shall act in accordance with the duties imposed on it under the National Health Service Act 2006 (as amended), the Health & Social Care Act 2012 and other relevant legislation.

1.5 NHS Framework

- 1.5.1 In addition to the statutory requirements, the Secretary of State through the Department of Health issues further directions and guidance, primarily in the form of the Mandate.
- 1.5.2 Other documents of particular significance are:
- The Code of Accountability for NHS Boards;
 - The Code of Conduct for NHS Boards;
 - The Code of Conduct for NHS Managers; and,
 - The Code of Practice on Openness in the NHS.

1.6 Delegation of Function, Duties and Powers

- 1.6.1 *S07: Arrangements for the Exercise of Board Functions by Delegation* deals with the delegation of functions, duties and powers. In particular:

S07.4: Delegation to Employees

S07.4.1: Those functions of the Board, which have not been retained as reserved to the Board or delegated to a Committee or Sub-committee or joint committee, will be exercised on behalf of the Board by the Chief Executive. The Chief Executive will determine which functions he will perform personally and will nominate Employees to undertake the remaining functions for which he/she will retain accountability to the Board.

S07.4.2: The Chief Executive will prepare a scheme of delegation identifying his proposals, which will be considered and approved by the Board (POL_0002: Reservation of Powers to the Board & Delegation of Powers).

S07.4.4: The Chief Executive may periodically propose amendment to the scheme of delegation, which will be considered and approved by the Board.

S07.4.5: In nominating Employees, reference will be made to job titles rather than named individuals. The nomination will cover the substantive post holder plus an Employee formally deputising into the post during a period of absence of the substantive post holder (e.g. holiday or long term sickness) or to cover a vacant post, subject to such deputising arrangements being formally documented and signed off by the Director who prepared the local operating framework. Records should be retained locally for audit.

S07.4.6: NHS England does not have the statutory authority to delegate powers to Officers who are not Employees, other than Non-executive Members.

Therefore, Officers who are not Employees or Non-executive Members may not exercise any power on behalf of NHS England, including in a deputising capacity.

S07.4.7: Where the scheme of delegation refers to 'nominated Employee(s)' or uses other non-post specific terminology the delegation will rest with the most senior Director in each Region, National Directorate, Commissioning Support

Unit, NHS Improving Quality or the NHS Sustainable Development Unit, as appropriate.

SO7.4.6: Where a power has not been specifically delegated to an Employee under the processes described in this SO7.4 or SO7.5 they have no authority under these Standing Orders or Standing Financial Instructions to exercise that power.

SO7.4.7: Nothing in the scheme of delegation shall impair the discharge of the direct accountability to the Board of the Chief Financial Officer to provide information and advise the Board in accordance with statutory or other requirements. Outside of these statutory requirements the Chief Financial Officer shall be accountable to the Chief Executive for operational matters.

SO7.5: Ability to Delegate Delegated Functions, Duties and Powers

SO7.5.1: The Board, Committees, Sub-committees, Non-executive Members, Executive Members and designated Employees may not delegate functions, duties or powers that have been delegated to them, unless specifically authorised to do so as part of the delegation of that function, duty or power.

SO7.5.2: Where the scheme of delegation refers to 'nominated Employee(s)' or uses other non-post specific terminology the Director(s) identified in accordance with SO7.4.5 may prepare an operating framework that will identify their proposed downward delegation to specific post(s) within their area of responsibility.

SO7.5.3: Managing Directors of Commissioning Support Units, NHS Improving Quality and the NHS Sustainable Development Unit have the authority to delegate functions, duties or powers delegated to them, subject to such delegation being recorded in their function's operating framework.

SO7.5.4: All operating frameworks will be approved by the Chief Financial Officer, at which point they become effective as though an integral part of the scheme of delegation. All operating frameworks will be reviewed and ratified by the Audit & Risk Assurance Committee.

- 1.6.2 Wherever the title Chief Executive, Chief Financial Officer, or other Officer position is used in these Standing Financial Instructions, it will be deemed to

include such other Employees as have been duly authorised to deputise, in accordance with the principles of SO7.4.3, except in respect of SFI9: Banking Arrangements.

1.7 Failure to Comply with Standing Orders, Standing Financial Instructions and the Scheme of Delegation

- 1.7.1 Failure to comply with these Standing Orders, Standing Financial Instructions and the Scheme of Delegation is a disciplinary matter that may result in dismissal.
- 1.7.2 If for any reason these Standing Orders, Standing Financial Instructions or the Scheme of Delegation are not complied with, including the exercise of powers without proper authority, full details of the non-compliance, any justification for non-compliance and the circumstances around the non-compliance must be reported to the next formal meeting of the Audit & Risk Assurance Committee for action or ratification.
- 1.7.3 Notwithstanding the above, all Members of the Board and all Officers must report any instance of non-compliance with these Standing Orders, Standing Financial Instructions and the Scheme of Delegation to the Chief Executive, Chief Financial Officer and Secretary immediately they become aware of it.

SFI2 Scope

2.1 Officers Within the Scope of these Standing Financial Instructions

2.1.1 Officers of the following NHS England areas are within the scope of these Standing Financial Instructions:

2.1.1.1 NHS England:

- National Teams;
- Local Office
- Regional Teams; and,

2.1.1.2 All Commissioning Support Units;

2.1.1.3 NHS Improving Quality;

2.1.1.4 NHS Sustainable Development Unit;

2.1.1.5 Strategic Clinical Networks; and,

2.1.1.6 Clinical Senates.

2.2 Officers Not Covered by these Standing Financial Instructions

2.2.1 There are no Officers of NHS England not covered by these Standing Financial Instructions.

SFI3

Definitions

3.1 Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in this document will have the same meaning as set out in the National Health Service Act 2006 (as amended) and the Health & Social Care Act 2012 or in any secondary legislation made under the National Health Service Act 2006 (as amended) and the Health & Social Care Act 2012 and the following defined terms will have the specific meanings given to them below:

Accounting Officer	means the person responsible and accountable for resources within the control of NHS England, in accordance with the requirements of the HM Treasury guidance Managing Public Money. Under paragraph 15 of Schedule A1 of the NHS Act 2006 the Accounting Officer for NHS England is the Chief Executive.
Board	means the Chair, Executive Members and Non-executive Members of NHS England collectively as a body.
Budget	means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of NHS England.
Budget Holder	means an Officer with delegated authority to manage finance (income and/or expenditure) for a specific area of NHS England.
Chair	means the person appointed by the Secretary of State for Health under paragraph 2(1) of Schedule A1 of the NHS Act 2006, to lead the Board and to ensure that it successfully discharges its overall responsibility for NHS England as a whole. In relation to meetings of the Board, the expression "Chair" shall be deemed to include the Vice-chair if the Chair is absent from the meeting or is otherwise unavailable, or such other person appointed in accordance with SO5.10.
Chief Executive	means the chief executive of NHS England appointed pursuant to paragraph 3 of Schedule A1 of the NHS Act 2006.
Chief Financial Officer	means the chief financial officer of NHS England.
Clinical Commissioning Group/CCG	means a body established in accordance with section 11 of the NHS Act 2006.

Committee	means a committee appointed by the Board, which reports to the Board.
Employee	means a person paid via the payroll of NHS England, or for whom NHS England has responsibility for making payroll arrangements, and secondees but excluding Non-executive Members.
Executive Member	means a Member of the Board who is appointed under paragraph 3 of Schedule A1 of the NHS Act 2006.
Funds Held on Trust	means those funds which the Board holds on the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under section 13Y and paragraph 11, Schedule A1 of the NHS Act 2006. Such funds may or may not be charitable.
HSCA 2012	means Health & Social Care Act 2012.
Member	means a Non-Executive Member or Executive Member of the Board as the context permits. Member in relation to the Board does not include its Chair.
NHS Act 2006	means National Health Service Act 2006 (as amended).
NHS England	means National Health Service Commissioning Board.
Nominated Employee	means an Employee charged with the responsibility for discharging a specific task within Standing Orders and/or Standing Financial Instructions and/or the Scheme of Delegation.
Non-executive Director	means a Non-executive Member of NHS England.
Non-executive Member	means a Member of the Board who is appointed under paragraph 2(1)(a) and 2(1)(b) of Schedule A1 of the NHS Act 2006.
Officer	means an Employee of NHS England or any other person holding a paid appointment or office with NHS England
Procurement rules	means the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013, the Public Contracts Regulations 2006 (as amended) and the Public Contracts Regulations 2015.
Scheme of Delegation	means collectively those sections of POL_0002: Reservation of Powers to the Board & Delegation of Powers starting "Scheme of Delegation".

Secretary	means a person appointed to provide advice on corporate governance issues to the Board and the Chair, and to monitor the Board's compliance with the law, Standing Orders and Standing Financial Instructions, and guidance issued by the Secretary of State for Health.
Secretary of State for Health	means the UK Cabinet Minister responsible for the Department of Health.
SFI	means Standing Financial Instruction.
SO	means Standing Order.
Vice-chair	means the Non-executive Member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

SFI4 Audit

4.1 Audit & Risk Assurance Committee

- 4.1.1 In accordance with Standing Orders, NHS England will establish an Audit & Risk Assurance Committee. The terms of reference of the Committee will be drawn up and approved by the Board. The Committee will advise the Board and Accounting Officer on:
- 4.1.1.1 The strategic processes for risk, control and governance and the Governance Statement;
 - 4.1.1.2 The accounting policies, the accounts, and the annual report of NHS England, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - 4.1.1.3 The planned activity and results of both internal and external audit;
 - 4.1.1.4 Adequacy of management response to issues identified by audit activity, including external audit's management letter;
 - 4.1.1.5 Assurances relating to the management of risk and corporate governance requirements for NHS England;
 - 4.1.1.6 Proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services; and,
 - 4.1.1.7 Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.
- 4.1.2 Where the Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chair of the Committee will raise the matter in the first instance with the Chief Financial Officer and the Chief Executive. If the matter has still not been resolved to the Committee's satisfaction, then the matter will be raised at a full meeting of the Board.

4.2 Chief Financial Officer

4.2.1 The Chief Financial Officer is responsible for:

- 4.2.1.1 Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control, including the establishment of an effective internal audit function;
- 4.2.1.2 Ensuring that internal audit is adequate and meets the government mandatory audit standards;
- 4.2.1.3 Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption; and,
- 4.2.1.4 Ensuring that an annual internal audit report is prepared for the consideration of the Audit & Risk Assurance Committee. The report must cover:
 - 4.2.1.4.1 A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including, for example, compliance with control criteria and standards;
 - 4.2.1.4.2 Major internal financial control weaknesses discovered;
 - 4.2.1.4.3 Progress on the implementation of internal audit recommendations;
 - 4.2.1.4.4 Progress against plan over the previous year;
 - 4.2.1.4.5 Strategic audit plan covering the coming three years; and,
 - 4.2.1.4.6 A detailed plan for the coming year.
- 4.2.2 The Chief Financial Officer, internal auditors and external auditors are entitled without necessarily giving prior notice to require and receive:
 - 4.2.2.1 Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - 4.2.2.2 Access at all reasonable times to any land, premises, Member of the Board or Officer of NHS England;
 - 4.2.2.3 The production of any cash, stores or other property of NHS England under the control of a Member of the Board or Officer; and,

4.2.2.4 Explanations concerning any matter under consideration.

4.3 Internal Audit

- 4.3.1 All internal audit services, including the provision of assurance to other organisations over services provided to them by NHS England (including its hosted bodies), are provided under arrangements proposed by the Chief Financial Officer and approved by the Audit & Risk Assurance Committee, on behalf of the Board.
- 4.3.2 Only the Chief Financial Officer may commission the procurement of internal audit services (including services akin to internal audit services), having sought the approval of the Audit & Risk Assurance Committee.
- 4.3.3 Each CSU Managing Director is responsible for providing the assertions and descriptions of controls required by the internal audit provider to be able to provide Service Auditor Reports, and where necessary signing on behalf of NHS England to confirm their accuracy.
- 4.3.4 Internal audit will provide an independent and objective opinion on risk management, control and governance arrangements by measuring and evaluating their effectiveness. The Head of Internal Audit will provide an annual opinion on the effectiveness of the whole system of internal control.
- 4.3.5 The opinion will be based on a systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:
- 4.3.5.1 Establish and monitor the achievement of NHS England's strategic and operational objectives, including its oversight of the wider commissioning system;
 - 4.3.5.2 Identify, assess and manage strategic and operational risks to achieving the organisation's objectives;
 - 4.3.5.3 Identify the extent of compliance with, and the financial effect of, the relevant established policies, plans and procedures;

- 4.3.5.4 Identify the adequacy and application of financial and other related management controls;
- 4.3.5.5 Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes; and,
- 4.3.5.6 Identify the extent to which NHS England's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - 4.3.5.6.1 Fraud and other offences;
 - 4.3.5.6.2 Waste, extravagance, inefficient administration;
 - 4.3.5.6.3 Poor value for money; or,
 - 4.3.5.6.4 Other causes.
- 4.3.6 Internal audit will review the board assurance framework.
- 4.3.7 The Head of Internal Audit, working with NHS England, will make suitable provision to undertake assessment on key systems operated by NHS England on behalf of other organisations, where possible under International Standards on Assurance Engagements, under arrangements proposed by the Chief Financial Officer and approved by the Audit & Risk Assurance Committee.
- 4.3.8 The Head of Internal Audit will make suitable provision to form an opinion on key systems being operated by other organisations, either by deriving the opinions themselves or by relying on the opinions provided by other auditors/review bodies.
- 4.3.9 Whenever a matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity of a pecuniary nature, the Chief Financial Officer must be notified immediately.
- 4.3.10 The Head of Internal Audit will normally attend Audit & Risk Assurance Committee meetings and has a right of access to all Audit & Risk Assurance Committee members, the Chair and Chief Executive of NHS England.
- 4.3.11 The Head of Internal Audit is accountable to the Chief Financial Officer. The reporting system for internal audit will be agreed between the Chief Financial Officer, the Audit & Risk Assurance Committee and the Head of Internal Audit. The agreement will be in writing and will comply with guidance on reporting

contained in Public Sector Internal Audit Standards. The reporting system will be reviewed at least every three years.

4.4 External Audit

- 4.4.1 In accordance with the NHS Act 2006, external audit services are provided by the National Audit Office.
- 4.4.2 The Audit & Risk Assurance Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the external auditor these should be raised with the external auditor and referred on to the Audit & Risk Assurance Committee if they cannot be resolved.

SFI5 Fraud, Bribery & Corruption (Economic Crime)

- 5.1 The Chief Financial Officer is responsible for overseeing and providing strategic management and support for all anti-fraud, bribery and corruption work within NHS England, including within all its hosted bodies.
- 5.2 All anti-fraud, bribery and corruption services (including for hosted bodies) are provided under arrangements proposed by the Chief Financial Officer and approved by the Audit & Risk Assurance Committee, on behalf of the Board.
- 5.3 Only the Chief Financial Officer may commission the procurement of anti-fraud, bribery and corruption services (including services akin to anti-fraud, bribery and corruption services, e.g. post payment verification), having sought the approval of the Audit & Risk Assurance Committee.
- 5.4 The Chief Financial Officer will appoint a National Anti-fraud Co-ordinator who will manage the anti-fraud, bribery and corruption services for NHS England, including working with staff in NHS Protect to ensure the standards for anti-fraud, bribery and corruption work in commissioners are fully implemented and complied with.
- 5.5 The Director identified in accordance with SO7.4.5 for each Area, Region, National Directorate, Commissioning Support Unit, NHS Improving Quality and the NHS Sustainable Development Unit has overall responsibility for ensuring anti-fraud, bribery and corruption arrangements are implemented and complied with within their area of responsibility ('the responsible Director').
- 5.6 The responsible Director will nominate a Director to be responsible for local day-to-day arrangements and a Local Anti-fraud Co-ordinator to work with the National Anti-fraud Co-ordinator and NHS Protect to ensure the delivery of local anti-fraud, bribery and corruption arrangements on a day-to-day basis (such nominations to be recorded in their operating framework).
- 5.7 The responsible Director will produce an annual assessment of the effectiveness of anti-fraud, bribery and corruption arrangements in their area of responsibility, in accordance with arrangements specified by NHS Protect. The outcome of these assessments will be reported to the Audit & Risk Assurance Committee,

including details of action plans to address areas of weakness or non-compliance.

- 5.8 The National Anti-fraud Co-ordinator will ensure a written report is provided to each meeting of the Audit & Risk Assurance Committee on anti-fraud, bribery and corruption work within NHS England.
- 5.9 All Members of the Board and Officers, severally and collectively, are responsible for ensuring NHS England resources are appropriately protected from fraud, bribery and corruption.
- 5.10 It will be the duty of any Officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, not involving evidence or suspicion of fraud, bribery or corruption, to report these suspicions to the Chief Financial Officer.
- 5.11 It will be the duty of any Officer having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption, to report these suspicions directly to NHS Protect by using one of the following options:
- The NHS Fraud and Corruption Reporting line 0800 028 40 60
 - Completing an online form at www.reportnhsfraud.nhs.uk
 - Sending an email to: nhsfraud@nhsprotect.gsi.gov.uk
 - or by posting a letter to the Central Intelligence Unit, NHS Protect ,Skipton House,80 London Road,London,SE1 6LH
- 5.12 Under no circumstances should any Officer commence an investigation into suspected or alleged crime, as this may compromise any further investigation.

SFI6 Security Management

- 6.1 A National Director will be responsible for overseeing and providing strategic management and support to the management of security within NHS England, including within all its hosted bodies.
- 6.2 The National Director will appoint a National Security Management Co-ordinator who will manage the security management work within NHS England, including working with staff in NHS Protect to ensure the standards for security management in commissioners are fully implemented and complied with.
- 6.3 The Director identified in accordance with SO7.4.5 for each Area, Region, National Directorate, Commissioning Support Unit, NHS Improving Quality and the NHS Sustainable Development Unit has overall responsibility for security management arrangements within their area of responsibility ('the responsible Director').
- 6.4 The responsible Director will nominate a Director ("the designated Director") to be responsible for local day-to-day arrangements and will be supported, operationally, by the local Security Management Co-ordinator to work with the National Security Management Co-ordinator and NHS Protect to deliver local security management arrangements on a day-to-day basis (such nominations to be recorded in their operating framework).
- 6.5 The responsible Director will produce an annual assessment of the effectiveness of security management arrangements in their area of responsibility, in accordance with arrangements specified by NHS Protect. The outcome of these assessments will be reported to the Audit & Risk Assurance Committee, including details of action plans to address areas of weakness or non-compliance.
- 6.6 The National Security Management Co-ordinator ensure a written report is provided, at least annually, to the Audit & Risk Assurance Committee on security management work within NHS England.
- 6.7 All Members of the Board and Officers, severally and collectively, are responsible for the security of the property of NHS England.

SFI7 Resource Limits, Allocations, Planning, Budgets, Budgetary Control & Monitoring

7.1 Financial Strategy

7.1.1 The Board will formulate the financial strategy for NHS England.

7.2 Resource Limits

7.2.1 NHS England is required by statutory provisions not to exceed Resource Limits. The Chief Executive has overall executive responsibility for NHS England's activities and is responsible to the Board for ensuring that it stays within these limits.

7.2.2 The Chief Financial Officer will:

7.2.2.1 Provide reports in the form required by the Secretary of State for Health;

7.2.2.2 Provide regular financial reports in the form agreed by the Board;

7.2.2.3 Ensure money drawn from the Department of Health against cash forecasts is required for approved expenditure only, and is drawn only at the time of need, following best practice as set out in 'Cash Management in the NHS'; and,

7.2.2.4 Be responsible for ensuring that an adequate system for monitoring financial performance is in place to enable NHS England to fulfil its statutory responsibility not to exceed its annual revenue and capital resource limits and cash forecast.

7.3 Allocations

7.3.1 The Chief Financial Officer will:

7.3.1.1 Periodically review the basis and assumptions used for distributing allocations to NHS England and to the Clinical Commissioning Groups and ensure that these are reasonable and realistic and secure NHS England's entitlement to funds;

7.3.1.2 Prior to the start of each financial year submit to the Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve;

- 7.3.1.3 Regularly update the Board on significant changes to the initial allocation and the uses of such funds; and,
- 7.3.1.4 Establish a system for management of the Capital Resource Limit and the approval of investment proposals.

7.4 Preparation and Approval of Plans and Budgets

- 7.4.1 The Chief Executive will commission and submit to the Board a business plan which takes into account financial targets and forecast limits of available resource. The business plan will contain:
 - 7.4.1.1 A statement of the significant assumptions on which the plan is based; and,
 - 7.4.1.2 Details of major changes in workload, delivery of service or resources required to achieve the plan.
- 7.4.2 Prior to the start of the financial year the Chief Financial Officer will, on behalf of the Chief Executive, commission and submit Budgets for approval by the Board. Such Budgets will:
 - 7.4.2.1 Be in accordance with the aims and objectives set put in the business plan;
 - 7.4.2.2 Accord with workload and manpower plans;
 - 7.4.2.3 Be produced following discussion with appropriate Budget Holders;
 - 7.4.2.4 Be prepared within the limits of available funds; and,
 - 7.4.2.5 Identify potential risks.
- 7.4.3 The Chief Financial Officer will commission arrangements for the monitoring of financial performance against Budget and plan, periodically review them, and report to the Board.
- 7.4.4 All Budget Holders must provide information as required by the Chief Financial Officer to enable Budgets to be compiled.
- 7.4.5 All Budget Holders will sign up to their allocated Budgets at the commencement of each financial year.
- 7.4.6 The Chief Financial Officer has a responsibility to ensure that adequate training is delivered on an on-going basis to Budget Holders to help them manage their Budget successfully.

7.5 Clinical Services Commitments Against 2% Non-recurrent Funds

- 7.5.1 All clinical service commitments against the 2% non-recurrent funds are subject to business case approval via laid down processes.

7.6 Commitments Against Planned CSU Surpluses

- 7.6.1 Commitments against planned CSU surpluses are subject to business case approval by the relevant CSU Managing Director and Director of CSU Transition Programme.

7.7 Budgetary Delegation

- 7.7.1 The Chief Executive may delegate the management of a Budget to permit the performance of a defined range of activities. This delegation must be documented in the local operating framework and contain a clear definition of:
- 7.7.1.1 The amount of the Budget;
 - 7.7.1.2 The purpose(s) of each Budget heading;
 - 7.7.1.3 Individual and group responsibilities;
 - 7.7.1.4 Limits on exercising virements;
 - 7.7.1.5 Achievement of planned levels of service; and,
 - 7.7.1.6 The provision of regular reports.
- 7.7.2 The delegated Budget Holders must not exceed the budgetary total or virement limits set in the local operating framework.
- 7.7.3 Any Budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.
- 7.7.4 Non-recurring Budgets should not be used to finance recurring expenditure without the authorisation in writing of the Chief Executive, as advised by the Chief Financial Officer.

7.8 Budgetary Control and Reporting

7.8.1 The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:

- 7.8.1.1 Regular financial reports to the Board in a form approved by the Board containing:
- Surplus reporting;
 - Movements in working capital;
 - Movements in cash and capital;
 - Capital project spend and projected outturn against plan;
 - Explanations of any material variances from plan; and,
 - Details of any corrective action where necessary and the Chief Executive's and/or Chief Financial Officer's view of whether such actions are sufficient to correct the situation;
- 7.8.1.2 The issue of timely, accurate and comprehensible advice and financial reports to each Budget Holder, covering the areas for which they are responsible;
- 7.8.1.3 Investigation and reporting of variances from financial and workforce Budgets;
- 7.8.1.4 Monitoring of management action to correct variances; and,
- 7.8.1.5 Arrangements for the processing of Budget virements.
- 7.8.2 Each Budget Holder is responsible for ensuring that:
- 7.8.2.1 Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Investment Committee;
- 7.8.2.2 The amount provided in the approved Budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and,
- 7.8.2.3 No permanent Employees are appointed without the approval of the Investment Committee and the virement of appropriate budget, other than those provided

for within the available resources and manpower establishment as approved by the Board.

- 7.8.3 The Chief Executive is responsible for identifying and implementing cost improvement and income generation initiatives in accordance with the requirements of the business plan and a balanced Budget.

7.9 Capital Expenditure

- 7.9.1 The general rules applying to delegation and reporting also apply to capital expenditure.

7.10 Monitoring Returns

- 7.10.1 The Chief Financial Officer is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

SFI8 Annual Report & Accounts

- 8.1 The Chief Financial Officer, on behalf of the Board, will:
- 8.1.1 Ensure the preparation of financial returns in accordance with the accounting policies and guidance given by the Department of Health and HM Treasury, NHS England's accounting policies and generally accepted accounting practice;
 - 8.1.2 Ensure the preparation and submission of annual financial reports to the Department of Health certified in accordance with current guidelines; and,
 - 8.1.3 Ensure the submission of financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
- 8.2 NHS England will produce an annual report and accounts, including consolidated accounts, in accordance with HM Treasury guidance, which will be audited by the National Audit Office and laid before Parliament.
- 8.3 NHS England's audited annual report and accounts will be presented to a public meeting and will be made available to the public, in accordance with guidelines on local accountability.

SFI9 Banking Arrangements

9.1 General

- 9.1.1 The Chief Financial Officer is responsible for ensuring the effective management of NHS England's banking arrangements and for advising the Board on the provision of banking services and operation of accounts, including the provision and use of procurement or other card services. This advice will take into account guidance/directions issued from time to time by the Department of Health and HM Treasury.
- 9.1.2 In line with Managing Public Money, NHS England should minimise the use of commercial bank accounts (which require the consent of HM Treasury in all instances) and consider using the Government Banking Service as its supplier for all banking services.
- 9.1.3 The Board will approve the banking arrangements.

9.2 Commercial Bank and Government Banking Service Accounts

- 9.2.1 The Chief Financial Officer is responsible for:
- 9.2.1.1 Commercial bank accounts and accounts operated through the Government Banking Service;
 - 9.2.1.2 Establishing separate bank accounts for NHS England's Funds Held on Trust, including charitable funds;
 - 9.2.1.3 Ensuring arrangements are in place that ensure payments made from commercial banks or Government Banking Service accounts do not exceed the amount credited to the account except where arrangements have been made;
 - 9.2.1.4 Reporting to the Board all arrangements made with NHS England's bankers for accounts to be overdrawn; and,
 - 9.2.1.5 Ensuring there are arrangements in place for the monitoring of compliance with Department of Health guidance on the level of cleared funds; and
 - 9.2.1.6 Ensuring that to action transactions governed by the bank mandates there must be two approved signatories which are listed on the mandates and one of the

signatories must be either the Chief Financial Officer or the Director of Financial Control.

9.3 Procurement and Other Card Services (including Credit and pre-payment Cards, but excluding cards associated with personal health budgets)

9.3.1 The Chief Financial Officer is responsible for:

9.3.1.1 Recommending to the Board, for approval:

- Whether procurement or other card services should be allowed;
- For each card service that is associated with a dedicated bank account, the type of card services that should be allowed on each account (debit, procurement, etc.); and,
- The types of transactions that should be permitted on each card.

9.3.1.2 Where the Board has approved the use of card services, recommending to the Board for approval:

- The posts who should be issued with a card, and the type of card;
- The credit limit to be associated with each card; and,
- The uses to which the card can be put.

9.3.1.3 Ensuring systems have been established to monitor actual use against authorised use and, in conjunction with Human Resources, taking disciplinary action where cards are not used in accordance with the approval given by the Board.

9.4 Cards Associated with Personal Health Budgets

9.4.1 Any proposal to use a card to pay a personal health budget, which is to be funded by NHS England, should be raised with the Head of Assurance, or an Officer nominated by him, in the first instance.

9.5 Banking Procedures

9.5.1 The Chief Financial Officer is responsible for ensuring that detailed instructions on the operation of commercial bank and Government Banking Service accounts are prepared, which must include:

- 9.5.1.1 The conditions under which each commercial bank and Government Banking Service account is to be operated; and,
- 9.5.1.2 Those authorised to sign payable orders or other orders drawn on NHS England's accounts.
- 9.5.2 The Chief Financial Officer will advise NHS England's bankers in writing of the conditions under which each account will be operated.

9.6 Tendering and Review

- 9.6.1 The Chief Financial Officer will review the commercial banking arrangements of NHS England at intervals not exceeding five years, to ensure they reflect best practice and represent best value for money. This will include seeking competitive tenders for all NHS England's commercial banking business.
- 9.6.2 The results of the tendering exercise should be reported to the Board
- 9.6.3 This review is not necessary for Government Banking Service accounts.

SFI10 Income, Fees and Charges & Security of Cash, Payable Orders and Other
Negotiable Instruments

10.1 Income Systems

- 10.1.1 The Chief Financial Officer is responsible for ensuring systems are in place for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.
- 10.1.2 The Chief Financial Officer is also responsible for ensuring systems are in place for the prompt banking of all monies received.
- 10.1.3 The Chief Financial Officer will arrange to register with HM Revenue & Customs if required under money laundering legislation.

10.2 Fees and Charges

- 10.2.1 The Chief Financial Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation should be taken as necessary.
- 10.2.2 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered, the guidance in the Department of Health's *Commercial Sponsorship – Ethical Standards in the NHS* should be followed.
- 10.2.3 All Officers must inform the Finance Directorate, in accordance with notified procedures, promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

10.3 CSU Service Level Agreements and Contracts with Clinical Commissioning Groups and Other Customers

- 10.3.1 CSU Managing Directors have authority to sign service level agreements and contracts for services provided to:
- Clinical Commissioning Groups;
 - NHS England for direct commissioning support; and,
 - Other commissioners.

without financial limit, subject to the value being in line with the approved CSU business plan.

- 10.3.2 Agreements and/or contracts that are not in line with the approved CSU business plan require the approval of the Director of CSU Transition Programme and Chief Financial Officer, who will be the contract signatory.

10.4 Income (Sales) Contract and Contract Variation Approval and Signing (excluding CSU customer contracts)

10.4.1 The following approval limits apply to the signing of income (sales) contracts and contract variations, excluding service level agreements and contracts for services provided to Clinical Commissioning Groups, NHS England for direct commissioning support and other commissioners (see SFI10.3):

	Level SC1	Level SC2	Level SC3	Level SC4	Level SC5	Level SC6
Contract Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k
Approvers and/or Restrictions	All Cost Centres			<i>CSU Cost Centres</i>	<i>CSU Cost Centres</i>	<i>CSU Cost Centres</i>
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director OR Director of Commissioning Operations OR Regional Director OR CSU Managing Director	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer
				All Other Cost Centres Other Directors (VSM)	All Other Cost Centres Band 9 & 8d Budget Holders	All Other Cost Centres Other Band 8 & 7 Budget Holders

10.4.2 The appropriate signing level for contract variations will be determined by considering the revised whole life value of the contract, including the variation.

10.5 Sales Invoice/Credit Note Request Approval

10.5.1 CSU Managing Directors or Directors of Finance are authorised to approve sales invoice and credit note request against service level agreements and contracts for services provided to Clinical Commissioning Groups, NHS England for direct commissioning support and other commissioners without financial limit, subject to the value being in line with the signed agreement or contract.

10.5.2 The following approval limits apply to all other sales invoice and credit note requests:

	Level SR1	Level SR2	Level SR3	Level SR4	Level SR5	Level SR6
Request Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k
Approvers and/or Restrictions	All Cost Centres			<i>CSU Cost Centres</i>	<i>CSU Cost Centres</i>	<i>CSU Cost Centres</i>
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director Regional Director OR Director of Commissioning Operations , OR CSU Managing Director	As set by CSU Managing Director and approved by the Chief Financial Officer	As set by CSU Managing Director and approved by the Chief Financial Officer	As set by CSU Managing Director and approved by the Chief Financial Officer
				All Other Cost Centres Other Directors (VSM)	All Other Cost Centres Band 9 & 8d Budget Holders	All Other Cost Centres Other Budget Holders

10.6 Debt Recovery

- 10.6.1 The Chief Financial Officer is responsible for ensuring systems are in place for the timely recovery of all outstanding debts.
- 10.6.2 Where it is necessary to use the services of a professional debt recovery agency and/or the courts to recover an outstanding debt, NHS England will seek to recover the associated costs from the debtor concerned.
- 10.6.3 The Chief Financial Officer will confirm in the local operating framework any Employee(s) authorised to sign court documentation in relation to the recovery of outstanding debts, on behalf of NHS England.
- 10.6.4 Income not received should be dealt with in accordance with losses procedures.
- 10.6.5 Overpayments should be detected (or preferably prevented) and recovery initiated.

10.7 Security of Cash, Payable Orders and Other Negotiable Instruments

- 10.7.1 The Chief Financial Officer is responsible for ensuring systems are in place for:
 - 10.7.1.1 Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - 10.7.1.2 Ordering and securely controlling any such stationery;
 - 10.7.1.3 The provision of adequate facilities and systems for Officers whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and,
 - 10.7.1.4 Prescribing systems and procedures for handling cash and negotiable securities on behalf of NHS England.
- 10.7.2 Official money must not under any circumstances be used for the encashment of private cheques or IOUs.
- 10.7.3 All payable orders, postal orders, cash etc., must be banked intact. Disbursements must not be made from cash received, except under arrangements approved by the Chief Financial Officer.
- 10.7.4 The holders of safe keys must not accept unofficial funds for depositing in their safes unless such deposits are in sealed envelopes or locked containers. It must

be made clear to the depositors that NHS England is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving NHS England from responsibility for any loss.

- 10.7.5 During the absence (e.g. on holiday) of the holder of a safe or cash box key, the acting key holder will be subject to the same controls as the normal key holder. There must be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 10.7.6 All unused payable orders and other orders must be subject to the same security precautions as are applied to cash. Bulk stocks of cheques should normally be retained by NHS England's bankers and released by them only against a requisition signed by the Chief Financial Officer, or an Employee authorised by him.
- 10.7.7 A payable order register will be kept in which all payable order stocks ordered, received and issued will be recorded and signed for by nominated Officer(s).
- 10.7.8 Any loss or shortfall of cash, payable orders, or other negotiable instruments, however occasioned, must be reported immediately in accordance with the agreed procedure for reporting losses (SFI20). Consideration should be given to reporting to NHS Protect for investigation of any potential fraud.

SFI11 Terms of Service, Allowances & Payment of Members, Employees, Volunteers, Lay Members and Non-employed Officers

11.1 Remuneration and Terms of Service

- 11.1.1 In accordance with Standing Orders, the Board will establish a Strategic Human Resources and Remuneration Committee with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting and identifying which duties are delegated to the sub committees of the committee.
- 11.1.2 The Committee will report in writing to the Board the basis for its recommendations. The Board will use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Executive Members. Minutes of the Board's meetings should record such decisions.
- 11.1.3 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those Employees and Officers not covered by the Committee.
- 11.1.4 NHS England will pay allowances to the Chair and Non-executive Members of the Board in accordance with instructions issued by the Secretary of State for Health.

11.2 Funded Establishment

- 11.2.1 The staffing plans incorporated within the annual Budget will form the funded establishment.
- 11.2.2 The funded establishment of any Directorate may not be varied without the approval of the Executive Human Resources Sub Committee.

11.3 Staff Appointments

- 11.3.1 Members of the Board and other Employees may only engage, re-engage or re-grade Employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration in accordance with the approved scheme of delegation and within the limit of their approved Budget and funded establishment. Any exceptions must be approved in advance and in writing by the Chief Executive.

- 11.3.2 The National Director: Transformation & Corporate Operations is responsible for ensuring procedures are in place to be followed for the appointment of staff on secondment, including staff sourced via IMAS.
- 11.3.3 The Strategic Human Resources and Remuneration Committee will approve procedures presented by the National Director: Transformation & Corporate Operations for the determination of commencing pay rates, conditions of service, etc. for Employees.
- 11.3.4 Recruitment advertising activity is subject to the financial controls set out in SFI13.5.

11.4 Contracts of Employment

- 11.4.1 The National Director: Transformation & Corporate Operations is responsible for ensuring systems are in place for:
 - 11.4.1.1 Ensuring that all Employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation;
 - 11.4.1.2 Dealing with variations to, or termination of, contracts of employment; and,
 - 11.4.1.3 Ensuring all volunteers and lay members receive a contract that appropriately reflects their employment status and entitlement, or not, to pay and/or expenses.

11.5 Expenses

- 11.5.1 The NHS England e-Expenses system should only be used for expenses associated with Employees.
- 11.5.2 E-Expenses reimbursements to Employees are done via payroll, and should never occur via accounts payable.
- 11.5.3 The e-Expenses system is only for the reimbursement of expenses associated with travel and subsistence, and should never be used to reimburse items that should have been and could have been purchased via NHS England's purchasing systems.
- 11.5.4 Bookings for hotels, rail fares, air fares and ferry fees should only be made via the approved travel booking provider, and should never be claimed via the e-Expenses system. Exceptionally, e.g. where a train is missed, this will be

permitted and reported according to SFI20. This expenditure should be approved by a budget holder in accordance with the Business Travel and Expenses Policy.

- 11.5.5 The approved travel booking provider should be used for bookings associated with employees, for both secondees out and secondees in, where the secondment agreement states that NHS England will make such bookings, and also for contingent workers.
- 11.5.6 Travel for consultants should never be booked and paid direct by NHS England, but should be paid for by the relevant employer and charged in accordance with the relevant contract.

11.6 Salary Sacrifice Schemes

- 11.6.1 Where possible NHS England will offer Employees access to a range of salary sacrifice schemes. Any proposal to offer or withdraw a particular salary sacrifice scheme requires the agreement of both the Chief Financial Officer and National Director: Transformation & Corporate Operations.
- 11.6.2 All salary sacrifice schemes will be open to all Employees of NHS England who hold either a permanent contract or a fixed term contract with more than one year remaining at the point of joining the scheme (note: lease vehicle contracts are for three years and termination before the lease end will incur a penalty which is not eligible for salary sacrifice).
- 11.6.3 For all schemes an Employee will be required to enter into an arrangement for a finite period of time.
- 11.6.4 A salary sacrifice happens when an Employee gives up the right to receive part of their cash pay due under their contract of employment. The sacrifice is made in return for NHS England agreeing to provide some form of non-cash benefit (e.g. child care vouchers, car, etc.). The sacrifice is achieved by varying the Employee's terms and conditions of employment relating to pay.
- 11.6.5 Salary sacrifice is a matter of employment law not tax law. Where an Employee agrees to a salary sacrifice in return for a non-cash benefit they give up their contractual right to future cash remuneration. Therefore, an Employee wishing to enter into a salary sacrifice will be required to complete and sign an appropriate amendment to their employment contract.

- 11.6.6 The law governing salary sacrifice schemes does not allow an Employee to opt out of most salary sacrifice schemes before the end of the agreed term, other than in the case of an 'unforeseen life changing event'. An Employee wishing to opt out of a salary sacrifice agreement before the end of its term will therefore have to sign an appropriate amendment to their employment contract and demonstrate that they meet one of the criteria laid down in law.
- 11.6.7 Because of the implications for pension entitlement, tax credits and state benefits (e.g. maternity pay, sick pay, etc.) Employees wishing to enter into a salary sacrifice agreement will be encouraged to seek independent financial advice, before entering into the agreement.
- 11.6.8 A salary sacrifice cannot reduce an Employee's gross pay below the national minimum wage. Where this would occur the salary sacrifice will be restricted to an amount that reduces gross pay to the national minimum wage, and any excess will be deducted from net pay. This will be clearly highlighted to an Employee before they enter into any agreement.
- 11.7 **Payments to Volunteers and Lay Members**
- 11.7.1 In accordance with tax law, volunteers and lay members can only be reimbursed, without the deduction of income tax and national insurance, for expenses incurred.
- 11.7.2 Tax law allows for this reimbursement to either be:
- On the basis of actual costs incurred, which require supporting receipts and should be in line with agenda for change expense rates and NHS England's expenses policy; or,
 - As a round sum allowance which reasonably reflects the costs that are likely to have been incurred and is not time related. Payment of an allowance on a time related basis is deemed to be payment for time and subject to income tax and national insurance.
- 11.7.3 Where it is proposed to pay a round sum allowance this should be approved in accordance with the process laid down by the Chief Financial Officer, before an offer of payment occurs.

11.7.4 All reimbursement or expenses to volunteers and lay members should be via the payroll system, following the same processes and procedures as for Employees.

11.7.5 Where it is proposed to pay a volunteer or lay member for time, this should be done via payroll as a payment of pay and therefore subject to income tax and national insurance, following the same processes and procedures as for Employees.

11.8 Payments to Other Non-employed Officers

11.8.1 An Officer who is not an Employee of NHS England (e.g. an Officer on secondment to NHS England, an Officer employed via an employment agency, etc.) should only receive payment from their employing organisation and not from NHS England.

11.8.2 This means in addition to their employing organisation paying their salary they should also pay any expenses incurred by the Officer (where appropriate, and agreed, recharging them to NHS England).

11.8.3 NHS England should only pay costs associated with a non-employed Officer that are invoiced by their employing or contracting organisation.

11.9 Staff Loans and Advances

11.9.1 Loans and advances to individual members of staff over £20,000 in aggregate require Department of Health approval, via the National Director: Transformation & Corporate Operations.

11.10 Staff Redundancy, Severance, Incentive and Retention Payments

11.10.1 Department of Health and/or Ministerial and/or HM Treasury and/or Cabinet Office approval is required for all of the following:

- Redundancies (subject to a capitalised cost de-minimus);
- Ten or more redundancies, irrespective of capitalised cost;
- Payments in lieu of notice (subject to a de-minimus);

- All special severance payments;
- Financial incentive/retention payments;
- All novel, contentious or repercussive cases;
- Change programmes/major restructuring; and,
- Voluntary redundancy schemes.

11.10.2 Advice should be sought from the National Director: Transformation & Corporate Operations or an Officer nominated by him, well in advance of the need to undertake any of the above. The timescales required to obtain all approvals are likely to be considerable.

SFI12 Processing Payroll

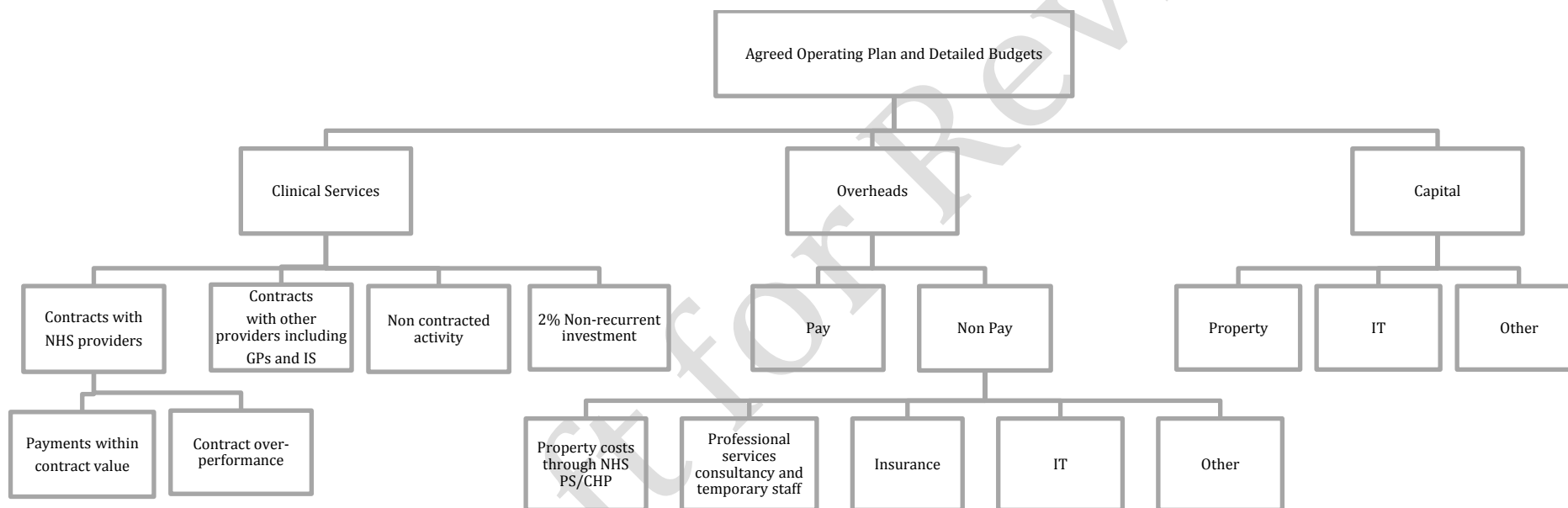
- 12.1 All Employees will be paid by bank credit transfer, unless otherwise agreed by the Chief Financial Officer.
- 12.2 The National Director: Transformation & Corporate Operations will ensure arrangements are in place to issue instructions regarding:
 - 12.2.1 Verification and documentation of data;
 - 12.2.2 The timetable for receipt and preparation of payroll data and the payment of Employees;
 - 12.2.3 Pay advances and their recovery from subsequent pay; and,
 - 12.2.4 Recovery from leavers' pay of sums of money, including overpayments, due by them to NHS England.
- 12.3 The Chief Financial Officer will ensure arrangements are in place to issue instructions regarding:
 - 12.3.1 Procedures for payment by bank credit, or other method when agreed;
 - 12.3.2 Procedures for the recall of bank credits and other methods of payment;
 - 12.3.3 Maintenance of regular and independent reconciliation of pay control accounts; and,
 - 12.3.4 Recovery from leavers of sums of money, including overpayments, due by them to NHS England, which have not been recovered from pay prior to leaving.
- 12.4 Regardless of the arrangements for providing the payroll service, the Chief Financial Officer and National Director: Transformation & Corporate Operations will jointly ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit and review procedures, and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 12.5 The Chief Financial Officer and National Director: Transformation & Corporate Operations have joint responsibility for ensuring the contract with the relevant outsource provider covers:

- 12.5.1 Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- 12.5.2 Security and confidentiality of payroll information;
- 12.5.3 Separation of duties of preparing records and inputs and verifying outputs and payments;
- 12.5.4 The final determination of pay and allowances;
- 12.5.5 Checks to be applied to completed payroll before and after payment;
- 12.5.6 Ensuring payment occurs on agreed dates; and,
- 12.5.7 Arrangements for ensuring compliance with the provisions of the Data Protection Act.
- 12.6 Appropriately nominated Officers have delegated responsibility for:
 - 12.6.1 Submitting time records, and other notifications in accordance with agreed timetables;
 - 12.6.2 Completing time records and other notifications in accordance with the National Director: Transformation & Corporate Operations instructions and in the form prescribed by the National Director: Transformation & Corporate Operations;
 - 12.6.3 Submitting termination forms in the prescribed form immediately upon knowing the effective date of an Employee's resignation, termination or retirement. Where an Employee fails to report for duty in circumstances that suggest they have left without notice, the relevant Director must be informed immediately; and,
 - 12.6.4 The recovery from leavers of property due by them to NHS England.

SFI13 Procurement, Purchasing & Efficiency Controls

13.1 Introduction

13.1.1 The following diagram sets out the different categories of expenditure within NHS England:



13.1.2 Commitments in relation to pay (staff recruitment and payment) are covered in the SFI11 and SFI12.

- 13.1.3 The key processes for commitments and accounting through the accounting system, or Integrated Single Finance Environment (ISFE), are:
- 13.1.3.1 Obtain Cabinet Office Efficiency Controls approval, where relevant;
 - 13.1.3.2 Approval of contracts. This includes call-off contracts from framework agreements where individual contracts are still required. This is the key point at which a commitment on behalf of NHS England to incur expenditure is made. The limit for approval of contract variations is based upon the total revised value of the commitment (the original contract value plus the value of the variation).
 - 13.1.3.3 NHS Shared Business Services administers setting up contract details on ISFE, and where appropriate creates a catalogue;
 - 13.1.3.4 A requisitioner raises a requisition against a catalogue item or, where a catalogue item does not exist, against a contract;
 - 13.1.3.5 The requisition is approved to commit expenditure against the contract by a Budget Holder with an appropriate authorisation level;
 - 13.1.3.6 The system generates a Purchase Order based upon the requisition;
 - 13.1.3.7 Once a service is provided, or goods delivered, users generate a receipt against the requisition. If the contract signatory is also the requisition approver, then the person generating the receipt must be a different person. This is the **key point** at which a commitment on behalf of the Board is made to pay; and,
 - 13.1.3.8 NHS Shared Business Services matches invoices against the receipted goods or services and processes payment against matched invoices.
- 13.1.4 The three exceptions to the need to raise a purchase order are:
- 13.1.4.1 Non Contracted Activity – invoices from NHS bodies for which there is no contract or Service Level Agreement do not require a requisition to be raised. Approval of invoices will be exercised by the Budget Holder, who would normally be the Regional Director of Finance or Regional Director of Commissioning;
 - 13.1.4.2 Acute SLA under/over-performance invoices – these require a retrospective requisition to be approved by the Regional Director of Finance or Regional Director of Commissioning; and,

13.1.4.3 Travel booked via the incumbent supplier

13.1.5 Payments on account to providers of acute services will be approved by the Regional Director of Finance or Regional Director of Commissioning.

13.2 General conditions

13.2.1 For all expenditure commitments, the following general conditions apply:

13.2.1.1 Commitments may only be made within agreed Budgets and with the approval of the relevant Budget Holder;

13.2.1.2 The limit for approval of contract variations is based upon the total revised value of the commitment (the original contract value plus the value of the variation);

13.2.1.3 All variations to Contract must be undertaken in consultation with the Commercial team to ensure they meet the legislative framework and the efficiency controls process. Formal tendering or competitive quotation procedures may, exceptionally, be waived with the prior approval of the Head of Commercial and Procurement.

13.2.1.4 Financial approval limits represent the cost to NHS England. If VAT can be reclaimed, the net cost should be used as the limit; if not or if the ability to recover VAT is unclear, the VAT inclusive amount should be used;

13.2.1.5 All items of expenditure require an official order unless specifically agreed otherwise by the Executive Team before the expenditure is committed or purchased from petty cash. An exception to the general requirement for an official order may only be given for a specific item of expenditure at a specific time (i.e. exceptions cannot be for a number of items collectively, or the same type of purchases over a period of time);

13.2.1.6 Orders should not be split or otherwise placed in a manner devised to avoid financial thresholds;

13.2.1.7 No order should be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to an Officer or Member, other than:

- Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars(see Standards of Business Conduct for financial de-minimus); or,

- Conventional hospitality, such as lunches in the course of working visits;
- 13.2.1.8 All gifts and hospitality should be recorded in a register of gifts and hospitality; and,
- 13.2.1.9 Goods are not to be taken on trial or loan in circumstances that could commit NHS England to a future uncompetitive price.
- 13.2.2 As an arm's length body, NHS England (including its hosted bodies) must seek HM Treasury approval for any expenditure which:
- Requires HM Treasury approval under the relevant statute;
 - Would breach specific agreements with HM Treasury e.g. ring fencing of funds for specific purposes;
 - Involves a major change of policy;
 - Does not have, or goes beyond, existing statutory powers, including a new service, before both Royal Assent of the legislation to establish the service and approval of an Estimate covering the service;
 - Although the item can be accommodated within budget this financial year, puts significant pressure on budgets in later years i.e. contractual commitments to significant spending in future years for which plans have not been set;
 - Involves a gift (except for protocol gifts valued at more than £250,000) or any other gifts not covered by the arm's length body's delegated authorities;
 - Might set a potentially expensive precedent, or otherwise be repercussive on others;
 - Is novel (strikingly new, unusual, or different) or contentious (involving or likely to cause contention; controversial) – including advanced payments;
 - Are staff severance payments;
 - Is needed for public statements or other commitments to use public resources beyond the agreed budget plans;

- Represents a guarantee, indemnity or letter of comfort creating contingent liabilities require HM Treasury agreement as if they were expenditure; and,
- Could exceed the agreed budgets and estimate limits of the sponsoring department.

13.3 Cabinet Office Efficiency Controls and Centralised Category Procurement

- 13.3.1 NHS England is subject to Cabinet Office efficiency controls and centralised category procurement.
- 13.3.2 Efficiency controls in NHS England are led by the Efficiency Controls Executive (ECE), which includes National Directors.
- 13.3.3 Efficiency controls require that certain categories of expenditure require Department of Health and/or Ministerial and/or HM Treasury and/or Cabinet Office approval.
- 13.3.4 The approval process requires a business case to be submitted to the Commercial Team, who will forward to the ECE for approval, prior to being submitted to Department of Health and Ministers where applicable.
- 13.3.5 Business cases will be rejected if :
- 13.3.6 are not fully completed, using the template available on SharePoint
- 13.3.7 have not been approved by the relevant National Director
- 13.3.8 Responsible Director and Commercial Lead who will respond to questions raised should be present at the meeting.
- 13.3.9 The Efficiency Controls Executive is a group, which includes National Directors. The Efficiency Controls Executive will, therefore, only consider business cases that:
- Are fully completed, using the appropriate format agreed with the Department of Health
 - Have been approved by the relevant National Director (confirmation from a Head of Office will be deemed to be National Director approval); and,
 - Are being presented to the meeting by a Director who can talk knowledgeably to the case and answer queries that arise.

- 13.3.10 Centralised category procurement requires that NHS England use contracts and/or frameworks let centrally for certain categories of spend.
- 13.3.11 Centralised procurement processes may also be subject to efficiency controls, NHS England Commercial Team are responsible for ensuring that all procurements comply with the Regulatory framework
- 13.3.12 Further details of the categories covered by efficiency controls and/or centralised category procurement are provided in the following sections.
- 13.3.13 Approval via the efficiency controls process does not negate the need to comply with these SFIs, particularly with respect to following proper procurement processes.
- 13.4 **Clinical Services (Direct Commissioning)**
- 13.4.1 Directly commissioned clinical services are not subject to either efficiency controls or centralised category procurement.
- 13.4.2 Procurement of healthcare services for the NHS (which includes directly commissioned clinical services) is subject to the Procurement Rules provisions of the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013 (the “Regulations”), as well as the Public Contracts Regulations 2006.
- 13.4.3 The Regulations mean that NHS England must act with a view to:
- Securing the needs of the people who use the service(s);
 - Improving the quality of the service(s); and,
 - Improving efficiency in the provision of the service(s).
- 13.4.4 In addition, consideration should be given to whether the service(s) could be provided in an integrated way (including with other healthcare services, health related services or social care).
- 13.4.5 The Procurement rules mean that when procuring services NHS England must act in a transparent and proportionate way and treat providers equally and not discriminate. Treating providers equally and in a non-discriminatory way will

include not treating one provider, or type of provider (e.g. NHS trusts), more favourably than any other provider, in particular on the basis of ownership.

- 13.4.6 The Officer responsible for each procurement under the Regulations must maintain a record of the contract award that details how, in awarding the contract, NHS England has complied with its duties to exercise its functions effectively, efficiently and economically and with a view to securing continuous improvement in the quality of services provided to individuals for or in connection with the prevention, diagnosis or treatment of illness, or the protection or improvement of public health.
- 13.4.7 Procurement support for tendering directly commissioned clinical services should be sourced from one of the CSUs who are approved to provide clinical procurement support. For advice on procurement guidance, please refer to the NHS England procurement policy on the intranet and Internet.

13.5 Advertising, Marketing and Communications

- 13.5.1 Advertising, marketing and communications spend over £100,000 is subject to both centralised category procurement and efficiency controls.
- 13.5.2 Advertising, marketing and communications spend covers:
- Advertising and marketing, including digital activity;
 - Consultation activities, including:
 - Associated publicity;
 - Events;
 - Resources and materials;
 - Research;
 - Analysis; and,
 - Evaluation.
 - Communication strategy, planning, concept and proposition testing and development;

- Market research that informs marketing and advertising activity and evaluation of marketing and advertising activity;
- Printing and publications;
- Events, conferences and exhibitions; and,
- Public relations activity.

- 13.5.3 Advice should be sought from the Senior Efficiency Controls Manager, or an Officer nominated by him, well in advance of the need to commence any procurement activity. The timescales required to obtain all approvals before procurement can commence are likely to be considerable.
- 13.5.4 CSUs may continue to use inherited contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.
- 13.5.5 CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Head of Commercial and Procurement, or an Officer nominated by him, in advance of the need to commence any procurement activity.
- 13.5.6 Any recruitment advertising activity (including that undertaken by CSUs) with a proposed total cost in excess of £40,000 requires Department of Health approval before it can occur.

13.6 Energy

- 13.6.1 Energy is subject to centralised category procurement, but not efficiency controls.
- 13.6.2 All energy requirements should be provided as part of property lease arrangements with NHS Property Services Limited or Community Health Partnerships Limited
- 13.6.3 Any perceived requirement for an energy contract should be discussed with the Senior Procurement Manager, or an Officer nominated by him, in the first instance.

13.7 Lease Vehicles and Hire Cars

- 13.7.1 Fleet services are subject to centralised category procurement, but not efficiency controls.
- 13.7.2 Fleet management services are provided by NHS Fleet, who ensure compliance with NHS England's centralised category procurement obligations.
- 13.7.3 NHS Fleet provide:
- 13.7.3.1 Management of the inherited vehicle fleet;
 - 13.7.3.2 Management of all new vehicles; and,
 - 13.7.3.3 Access to short term hire vehicles, for when this is deemed to be more cost efficient than Employees using public transport.
- 13.7.4 All new vehicles will be leased, via NHS Fleet.
- 13.7.5 Vehicles will ordinarily be leased by an individual under the NHS England vehicle salary sacrifice scheme. An individual can opt to pay for a lease car out of net pay if they so wish, and there may be instances where this is required under employment law (refer to the scheme terms and conditions for more information).
- 13.7.6 NHS England does not provide fully or partially funded vehicles to Employees.
- 13.7.7 Where it is proposed to lease a vehicle for use as a pool vehicle the relevant Regional Director, CSU Managing Director or National Director must submit a business case to the Investment Committee for approval before committing to the lease arrangement.
- 13.7.8 All areas of NHS England, including CSUs, are required to use NHS Fleet for fleet management services.

13.8 Information and Communications Technology

- 13.8.1 ICT spend is subject to centralised category procurement, efficiency controls, and the internal Digital Project Assurance Group
- 13.8.2 ICT spend covers:
- All ICT expenditure, whether it is:
 - A contract (including contract amendments and extensions);

- Licences;
- Expenditure through existing frameworks;
- Feasibility and/or proof of concept studies;
- Pilots; and,
- Projects (or an element of a project) and programmes.
- Common infrastructure solutions including voice and data communications and public services networks (whether fixed or mobile).
- ICT Services including cloud services

13.8.3 Advice should be sought from the Head of Commercial and Procurement, or an Officer nominated by him, well in advance of the need to commence any procurement activity. The timescales required to obtain all approvals before procurement can commence are likely to be considerable.

13.8.4 CSUs may continue to use inherited contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.

13.8.5 For new contracts, CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Head of Commercial and Procurement, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.9 Learning and Development (including Training)

13.9.1 Learning and development is subject to centralised category procurement, but not efficiency controls.

13.9.2 All learning and development is provided by the CSL learning and development framework via the CSL gateway. Capita is the managed service provider, who will access appropriate training providers on behalf of NHS England. Advice should be sought from the Head of Commercial and Procurement, or an Officer nominated by him, on how to access the contract.

- 13.9.3 Specialist training courses with providers or professional bodies where there is generally not a competitive market may not be covered by the Capita offering. Where this proves to be the case a waiver will be required, in accordance with SFI13.25, before a training course is booked.

13.10 Office Solutions

- 13.10.1 Office solutions are subject to centralised category procurement, but not efficiency controls.
- 13.10.2 Office solutions spend cover:
- Office supplies (including printer cartridges);
 - Postal and courier services; and,
 - Document management.
- 13.10.3 Office supplies have all been loaded as catalogues on the ISFE system, and all purchasing should be against those catalogues.
- 13.10.4 Anyone needing to use courier services should contact the Senior Procurement Manager, or an Officer nominated by him.
- 13.10.5 All areas may continue to use inherited postal and document management contracts, whilst central contracts are put in place. Any requirement to replace an expired contract, or access a contract where one has not been inherited, should be discussed with the Senior Procurement Manager in the first instance.
- 13.10.6 CSUs may continue to use inherited contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.
- 13.10.7 For new contracts CSUs are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.11 Print

- 13.11.1 Print services are subject to centralised category procurement, but not efficiency controls.
- 13.11.2 Print services spend covers:

- Print;
- Print management; and,
- Printing paper and envelopes.

- 13.11.3 Print services are provided under a managed service provider contract with Williams Lea, who will then access appropriate providers on behalf of NHS England. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, on how to access the contract.
- 13.11.4 CSUs may continue to use inherited contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.
- 13.11.5 For new contracts CSUs are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.12 Professional Services: Internal Audit

- 13.12.1 See SFI4.3 for full details of the arrangements for internal audit services for NHS England.

13.13 Professional Services: External Audit

- 13.13.1 The external auditor for NHS England is appointed by statute.
- 13.13.2 See SFI4.4 for full details of the arrangements for external audit services for NHS England.

13.14 Professional Services: Anti-Fraud, Bribery and Corruption

- 13.14.1 See SFI5 for full details of the arrangements for anti-fraud, bribery and corruption services for NHS England.

13.15 Professional Services: Legal

- 13.15.1 Legal services are subject to both centralised category procurement and efficiency controls.
- 13.15.2 All spend for external legal advice must be approved by the Head of Legal or an Officer appointed by them.

- 13.15.3 Advice should be sought from the legal team at england.legal@nhs.net in relation to any: proceedings, claims correspondence, legal support requirements, available framework arrangements and related spend controls or when planning any programmes of work.
- 13.15.4 CSUs may continue to use inherited contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.
- 13.15.5 For new contracts, CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.
- 13.16 **Professional Services: Consultancy**
- 13.16.1 The purchase of consultancy, over £20,000, is subject to both centralised category procurement and efficiency controls.
- 13.16.2 As a consequence the Crown Commercial Service 'Consultancy One' framework should be used for all consultancy requirements with a whole life contract value estimated to be between £100,000 and £2,000,000.
- 13.16.3 Cabinet Office defines consultancy as:
- The provision of management, objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such assistance will be provided outside the business as usual environment when in house skills are not available and will usually be time-limited. Services will include the identification of options with recommendations and/or assistance with (but not delivery of) the implementation of solutions.*
- 13.16.4 Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, well in advance of the need to commence any procurement activity.
- 13.16.5 CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Senior

Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.17 Professional Services: Other

- 13.17.1 This category includes the supply of other services that require delivery by specifically skilled and/or qualified professionals (such as clinicians) and is subject to both centralised category procurement and efficiency controls.
- 13.17.2 Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, well in advance of the need to commence any procurement activity.
- 13.17.3 CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.18 Professional Services: Interim Managers and Specialist Contractors

- 13.18.1 The purchase of interim managers and specialist contractors is subject to both centralised category procurement and efficiency controls.
- 13.18.2 As a consequence Lot 1 (Capita) of the Crown Commercial Service 'Contingent Labour One' framework agreement must be used for all interim manager/specialist contractors at AFC band 8a and above. No other suppliers or frameworks may be used.
- 13.18.3 CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement, and are therefore required to use the framework.
- 13.18.4 All requirements should be logged on the Fieldglass web portal and will automatically be routed to the relevant centralised category procurement supplier.
- 13.18.5 Areas without access to the Fieldglass web portal should contact the Senior Procurement Manager, or an Officer nominated by him, for advice on how to access the relevant contracts.

- 13.18.6 Capita will undertake the sourcing process and obtain CVs in accordance with the requirements of the framework agreement.
- 13.18.7 IMAS is not an approved supplier in its own right under centralised category procurement, and therefore cannot be used to directly source and contract with interim staff.
- 13.18.8 IMAS can be used as a supplier under the Capita managed framework (once they have met the registration criteria), and will be treated by Capita like any other supplier. This has the advantage of putting the onus on Capita to ensure all pre-employment and contractual issues have been resolved.
- 13.18.9 The sourcing of secondment staff via IMAS is subject to the provisions of SFI11.

13.19 Professional Services: Interim Administrative and Clerical Staff

- 13.19.1 The purchase of interim administrative and clerical staff is subject to centralised category procurement, but not efficiency controls.
- 13.19.2 As a consequence, Lot 2 (Brookstreet UK) of the Crown Commercial Services 'Contingent Labour One' framework agreement must be used for all temporary administrative and clerical staff up to and including AFC band 7. No other suppliers or frameworks may be used.
- 13.19.3 CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement, and are therefore required to use the framework.
- 13.19.4 All requirements should be logged on the Fieldglass web portal and will automatically be routed to the relevant centralised category procurement supplier.
- 13.19.5 Areas without access to the Fieldglass web portal should contact the Senior Procurement Manager, or an Officer nominated by him, for advice on how to access the relevant contracts.
- 13.19.6 Brook Street will source and sift CVs in accordance with the requirements of the framework agreement. The following minimum number of CVs should be considered by the hiring manager for each vacancy:
- Vacancies with an anticipated whole life expenditure (including all agency fees) of over £50,000: 5 candidate CVs as a minimum.

- Vacancies with an anticipated whole life expenditure (including all agency fees) of up to £50,000: 3 candidate CVs as a minimum.

13.20 Property Solutions

- 13.20.1 Property solutions are subject to both centralised category procurement and efficiency controls.
- 13.20.2 All property requirements should be provided by NHS Property Services Limited or Community Health Partnerships Limited.
- 13.20.3 Any perceived requirement for a new property contract should be discussed with the Head of Commercial & Procurement, or an Officer nominated by him, in the first instance.

13.21 Travel

- 13.21.1 Travel is subject to centralised category procurement, but not efficiency controls.
- 13.21.2 Travel covers the booking of:
- 13.21.2.1 UK and international business travel, including air rail and hotels; and,
- 13.21.2.2 Meeting rooms and event facilities.
- 13.21.3 All areas of NHS England will have access to an online booking portal for UK business travel, provided by Redfern Travel Limited. This should be used for all business travel booking requirements unless specifically agreed otherwise by the Efficiency Controls Executive.
- 13.21.4 In some instances NHS England may be able to negotiate better long term rates with a local hotel than Redfern can achieve, where there is an on-going and substantial requirement in a particular location. Any such proposal should be discussed with the Senior Procurement Manager, or an Officer nominated by him, and requires the approval of the Efficiency Controls Executive.
- 13.21.5 CSUs may continue to use inherited UK business travel contracts up to the point of contract expiry, subject to Efficiency Controls Executive approval. Any proposal to extend an expired contract requires the approval of the Efficiency Controls Executive.

13.21.6 For new contracts, CSUs are exempted from efficiency control approvals, but are subject to centralised category procurement. Advice should be sought from the Senior Procurement Manager, or an Officer nominated by him, in advance of the need to commence any procurement activity.

13.21.7 Oyster Pay As You Go (and equivalent schemes where they exist) may be used to pay for travel. Additional costs incurred should be reclaimed via expenses.

13.22 Procurement not covered by established Framework contracts

13.22.1 Items not falling into any of the categories above are not subject to either efficiency controls or centralised category procurement.

13.22.2 These items should be sourced as follows:

13.22.2.1 CSU purchasers: via their in-house team;

13.22.2.2 Non-CSU purchase requests that cannot be sourced from an ISFE catalogue and are below £100,000 full life value: requested via a free text purchase order. NHS Shared Business services will then support the quotes process; and,

13.22.2.3 Non-CSU purchase requests over £100,000 should be directed to the NHS England commercial team, via the advertised e-mail address, who will support the procurement process.

13.22.3 A Procurement process using the Official Journal of the European Union procedure should only occur where no suitable framework is available and requires the approval of the Efficiency Controls Executive. This includes CSUs.

13.22.4 The Threshold for a potential contract value above £172,514 for supplies and non-clinical services must be advertised in the Official Journal of the European Union (OJEU)

13.22.5 The threshold for a potential contract value above £4,322,012 for works must be advertised in the Official Journal of the European Union (OJEU)

13.23 Pilots

13.23.1 NHS England may wish to enter into a pilot where it wishes to test an idea, investigate whether there is a solution to a particular issue and/or develop a product. Before entering in to a pilot consideration should be given to:

- The purpose of the pilot;
- Who could deliver the pilot; and,
- What NHS England will do with the outcomes of the pilot.

13.23.2 In all cases where a pilot involves a procurement exercise, that procurement should comply with UK and EU law, the need to obtain quotes or tenders and all other requirements outlined elsewhere in this SFI13.

13.23.3 Where the value of a pilot contract is below the threshold to undertake formal tendering, and is therefore awarded after receiving quotes rather than formal tenders, the contract should include termination provisions, that would allow NHS England to exit from the contract before costs escalated above the threshold where tendering should have occurred.

13.24 Requirement to Tender or Obtain Quotes

13.24.1 EU and national public procurement legislation and policy require that NHS England promotes fair competition amongst potential suppliers and is open and transparent in dealings with suppliers and potential suppliers.

13.24.2 Managing Public Money requires that all public sector organisations can demonstrate value for money from their expenditure. Value for money does not always mean lowest price as other non-financial considerations may carry equal or more importance than price in evaluating tender responses.

13.24.3 In evaluating tenders/quotes NHS England should adopt criteria to identify the 'most economically advantageous tender' (MEAT). This will involve addressing issues of quality, price, ensuring services/supplies/works are fit for purpose, as well as looking at whole life-cycle costs.

13.24.4 NHS England should act in a transparent and proportionate manner in its dealings and treatment of suppliers and potential suppliers. This treatment should be equal and without discrimination (particularly in relation to the criteria to be used to evaluate tenders/quotes). Good procurement practice (particularly in relation to a

clear audit trail of how tenders/quotes have been evaluated and therefore a decision to award a contract arrived at) will ensure NHS England can always defend its decisions for the awarding of contracts, if necessary in a court of law.

- 13.24.5 Directives by the Council of the European Union and the Procurement Rules, prescribing procedures and UK rules on public procurement for the tendering and awarding of contracts for building and engineering works and for the supply of goods, materials and manufactured articles and services have effect as if incorporated in these Standing Financial Instructions.
- 13.24.6 In accordance with the Procurement Rules, as updated by the Public Contract Regulations 2015, for all contracts for works, supplies and services where the value is over £25,000 there is a requirement to publish information on Contracts Finder.
- 13.24.7 When procuring services, NHS England should have regard to the requirements of the Public Services (Social Value) Act 2012 and its supporting policies and guidance. This Act requires contracting authorities to consider at the pre-procurement stage of any service contract and Framework Agreements above EU Thresholds:
- How the proposed procurement may improve the economic, social and environmental wellbeing of an area.
 - How the contracting authority may act with a view to securing that improvement in conducting the process of procurement; and
 - Whether to undertake any community consultation on the above. Appropriate records should be kept of these considerations, including the reason for any decision regarding the matter of community consultation.
- 13.24.8 The National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013 and associated guidance issued by Monitor govern the tendering and awarding of contracts for healthcare services and have effect as if incorporated in these Standing Financial Instructions.
- 13.24.9 For procurements that are not subject to European Union or UK law requirements, and for which a contract does not already exist, with regards to tendering the following quotation requirements apply:

- For Procurements with a full life expenditure of over £50,000 at least five written quotes should be requested.
- For procurements with a full life expenditure of over £10,000 up to and including £50,000 at least three written quotes should be requested.
- For procurements with a full life expectancy of up to and including £10,000 one written quote may be obtained, where it is unlikely that three quotes
- Would generate a substantially better price (and therefore the cost of obtaining quotes is likely to exceed any saving achieved), otherwise at least three written quotes should be obtained.

13.25 Exceptions to the Requirement to Tender or Obtain Quote

13.25.1 Formal tendering or competitive quotation procedures need not be applied:

13.25.1.1 Where the supply is proposed under a contract or framework negotiated by the Department of Health or another body, that NHS England is able to take advantage of, in which event the said contract or framework must be complied with, including any requirement to tender amongst parties to a framework agreement. Where a multi-supplier framework is silent on tendering requirements, or offers the ability to either run a mini competition or appoint without running a mini competition, the requirement to obtain quotes detailed in SFI13.24.7 apply;

13.25.1.2 Where the requirement is covered by existing contractual terms;

13.25.1.3 Where NHS England is party to a consortium arrangement and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members; or,

13.25.1.4 Regarding disposals, as set out in these Standing Financial Instructions.

13.25.2 The waiving of competitive tendering procedures should not be used routinely to avoid competition or for administrative convenience or to award further work to a consultant or organisation beyond the existing contractual terms.

13.25.3 Formal tendering or competitive quotation procedures may, exceptionally, be waived in the following circumstances:

- 13.25.3.1 In very exceptional circumstances where the Chief Executive decides that formal tendering or competitive quotation procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering or competitive quotation procedures;
- 13.25.3.2 Where the timescale genuinely precludes competitive tendering. Failure to plan the work properly would not be regarded as a justification for a single tender;
- 13.25.3.3 Where specialist expertise is required and is available from only one source;
- 13.25.3.4 When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate; or,
- 13.25.3.5 There is a clear benefit to be gained from maintaining continuity with an earlier project/service. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering.
- 13.25.4 All proposals to waive tendering or competitive quotation procedures require the approval of the Chief Financial Officer or an Officer nominated by him.
- 13.25.5 Where it is decided that tendering or competitive quotation procedures should be waived, the fact of the waiver and the reasons should be documented and recorded by an Officer nominated by the Chief Financial Officer and reported to the Audit & Risk Assurance Committee at its next meeting.

13.26 Grants

- 13.26.1 NHS England has specific powers and circumstances under which it can make a grant payment. The relevant powers of NHS England are:
- Section 13X of the National Health Service Act 2006 (as amended)
 - Section 256 and 257 of the NHS Act 2006 (as amended)
 - Section 14Z10 of the NHS Act 2006 (as amended)
- 13.26.2 Labelling a payment as a grant payment should not be seen as a way of avoiding the procurement processes laid out in this SFI13. Because state aid rules apply to the awarding of grants, the process to award a grant should be treated the

same as any other procurement exercise, and should comply with all appropriate requirements of this SFI13.

13.26.3 Grants should be awarded and governed in accordance with NHS England's powers under the NHS Act 2006, Section 2, and the NHS England grant policy.

13.26.4 All grant awards should have a grant funding agreement, signed in accordance with SFI13.27.3.

13.26.5 Anyone considering awarding a grant should contact the Finance Manager – Financial Strategy, or an Officer nominated by him, before undertaking any work on the award process.

13.27 [Signing of Contracts \(including service level agreements, memorandums of understanding, grant funding agreements and other equivalent documents\)](#)

13.27.1 The following limits apply to clinical contracts:

- Contracts valued at £500m or above, whole life value: Signed by the Chief Executive and Chief Financial Officer, on the recommendation of the relevant Area, Regional or National Director.
- Contracts valued up to £500m, whole life value: Signed by the relevant Area Director and Area Director of Finance or Regional Director and Regional Director of Finance or National Director and Chief Financial Officer.

13.27.2 The following limits apply to non-clinical non-pay contracts, excluding all leases and frameworks mandated under centralised category procurement:

- Commitments with NHS Bodies from £15,000,001 and above can be approved by the Board. Once approved, should be signed by the NHS England Chair or Chief Executive Officer or Chief Financial Officer
- Commitments with NHS Bodies from £5,000,001 up to £15,000,000: Can be approved by the Investment Committee. Once approved should be signed by the NHS England Chair or Chief Executive Officer or Chief Financial Officer
- Commitments with NHS Bodies up to, and including, £5,000,000 can be approved and signed by the NHS England Chief Executive or Chief Financial Officer.

- Commitments with third parties from £10,000,000 can be approved by the Board. Once approved, should be signed by the NHS England Chair or Chief Executive Officer or Chief Financial Officer
- Commitments with Third parties from £3,000,000 to £10,000,000 can be approved by the Investment Committee. Once approved, should be signed by the NHS England Chair or Chief Executive Officer or Chief Financial Officer
- Commitments with Third parties up to and including £3,000,000 can be approved and signed by the NHS England Chief Executive or Chief Financial Officer

13.27.3 The following limits apply to all lease contracts and all grant funding agreements:

- Commitments from £35,000,001 and above: should be approved by the Board. Once approved they should be signed by NHS England Chief Executive or Chief Financial Officer.
- Commitments from £15,000,001 to £35,000,000 should be approved by the Investment Committee. Once approved they should be signed by NHS England Chief Executive or Chief Financial Officer.
- Commitments up to and including £15,000,000: Should be approved by NHS England Chief Executive or Chief Financial Officer.

13.27.4 The following limits apply to contracts associated with frameworks mandated under centralised category procurement:

- Frameworks with a sole supplier: Chief Financial Officer.
- Frameworks with multiple suppliers that are therefore subject to competition: as for non-clinical non-pay contracts.

13.27.5 All original signed contracts, change control notices and contract variations (including CSU let contracts) should be forwarded to the Head of Commercial and Procurement, or an Officer nominated by him, for filing and recording on a contract management system.

- 13.27.6 A record will also be created for all contracts over £25,000 (including any contract variations whether having a financial implication or not) on the Contractor Repository.

13.28 Establishing Compliant Contract

- 13.28.1 NHS England may only enter into contracts within the statutory powers delegated to it by the Secretary of State for Health and should comply with:
- 13.28.1.1 Standing Orders and these Standing Financial Instructions;
 - 13.28.1.2 EU Directives and other statutory provisions; and,
 - 13.28.1.3 Any relevant directions including “Estatecode” and guidance on the Procurement and Management of Consultants.
- 13.28.2 Contracts should be in a format, embodying terms and conditions, as approved by the Head of Commercial and Procurement, or Head of Legal Services
- 13.28.3 Contracts should embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- 13.28.4 Contracts should be for an appropriate period that is likely to maximise value for money for NHS England. .
- 13.28.5 Contracts should be for an appropriate period that is likely to maximise value for money. This would mean a contract being for a relatively short period where the product or service being bought is subject to significant price fluctuations and the costs of switching provider are not significant compared to the savings that could be achieved. Alternatively a contract may be for a longer period of time where the costs of switching to a new provider, including disruption to the business, are likely to be significant, or where the supplier is required to invest significant sums of capital in order to deliver the contract.
- 13.28.6 Any proposal (including by a CSU) to let a contract for over five years, including option to extend clauses, should be approved by the Efficiency Controls Executive before being advertised, if it has not already been approved by the Investment Committee (may occur as part of business case approval).

- 13.28.7 The Chief Financial Officer will nominate an Officer to oversee and manage each contract on behalf of NHS England, who should ensure that the contract is correctly monitored and governed within the contract's terms and Conditions contract may be varied where the contract permits such a variation and, it is in accordance with the requirements of the Procurement Rules. In addition, where the contract has a variation ;
- any financial implication will need to be authorised in accordance with the financial limits set out in SFI10 and SFI13.
 - if it does not have a financial implication then it will need to be authorised in writing by a National Director, Regional Director, CSU Managing Director depending on the financial value of the contract,
- 13.28.8 In either case any such authorisation will need to be issued before the variation is placed. Clinical contracts also have their own pre-defined contract variation arrangements that should be correctly applied in accordance with their terms (set out in the relevant contract).

13.29 Approval of Purchase Requisitions and Purchase Invoices

13.29.1 The following approval limits apply to non-clinical purchase requisitions:

	Level PR1	Level PR2	Level PR3	Level PR4	Level PR5	Level PR6
Requisition/ Invoice Value	Over £1m	To £1m	To £500k	To £200k	To £100k	To £50k
Pre-requisite	Signed contract must be in place before requisition approval (except Non Contracted Activity Invoices)					
Approvers and/or Restrictions	All Cost Centres			CSU Cost Centres	CSU Cost Centres	CSU Cost Centres
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director OR Regional Director OR Director of Commissioning Operations OR CSU Managing Director	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer
				All Other Cost Centres Other Directors (VSM)	All Other Cost Centres Band 9 & 8d Budget Holders	All Other Cost Centre Budget Holders Others at Band 8: to £50k At Band 7: to £30k At Band 6: to £10k At Band 5: to £5k

13.29.2 The following approval limits apply to non-clinical purchase invoice approval, where a purchase order has not been raised:

	Level PI1	Level PI2	Level PI3	Level PI4	Level PI5	Level PI6
Requisition/ Invoice Value	Over £1m	To £1m	To £500k	To £200k	To £100k	To £50k
Pre-requisite	Signed Contract must be in place before Requisition/Purchase Invoice approval (except Non Contracted Activity Invoices)					
Approvers and/or Restrictions	All Cost Centres			CSU Cost Centres	CSU Cost Centres	CSU Cost Centres
	Chief Executive OR Chief Financial Officer	Director of Financial Control OR Director of Strategic Finance OR Director of Financial Performance	National Director OR Regional Director OR Director of Commissioning Operations OR CSU Managing Director	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer	As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer
				All Other Cost Centres Other Directors (VSM)	All Other Cost Centres Band 9 & 8d Budget Holders	All Other Cost Centres Others at Band 8: to £50k At Band 7: to £30k At Band 6: to £10k At Band 5: to £5k

13.30 Purchase Orders

- 13.30.1 All items of expenditure require an official order raised on ISFE before the expenditure is committed. Orders should not be split or otherwise placed in a manner devised to avoid financial thresholds. Splitting orders and contracts may be deemed as disaggregating a contract in breach of the Public Procurement Regulations (2015) and the SFI's.
- 13.30.2 Official orders must:
 - 13.30.2.1 Be raised in advance of a commitment being entered on receipt of an invoice; Invoices received prior to the purchase order being raised is classed as a retrospective order and a breach of the SFIs.
 - 13.30.2.2 Be consecutively numbered;
 - 13.30.2.3 Be in a form approved by the Chief Financial Officer;
 - 13.30.2.4 Include such information concerning prices or costs as required; and,
 - 13.30.2.5 Incorporate an obligation on the supplier/contractor to comply with NHS England's or other relevant Terms and Conditions of Purchase (such as Crown Commercial Service).
- 13.30.3 Details of all orders placed should be available to the Chief Financial Officer either in paper form or accessible through a computerised ledger system.
- 13.30.4 The Chief Financial Officer should ensure that appropriate arrangements are in existence to ensure that no order is issued for any item for which there is no budget provision. In exceptional circumstances, Officers, acting with the express approval of the Chief Executive, may issue an order where there is no budget provision.

13.31 Disposals

- 13.31.1 Competitive tendering or quotation procedures will not apply to the disposal of:
 - 13.31.1.1 Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Financial Officer, or an Officer nominated by him;

- 13.31.1.2 Obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of NHS England;
- 13.31.1.3 Items to be disposed of with an estimated sale value of less than £10,000;
- 13.31.1.4 Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and,
- 13.31.1.5 Land or buildings concerning which Department of Health guidance has been issued but subject to compliance with such guidance.
- 13.31.1.6 Disposals should follow any in-house guidance and be in accordance with relevant legislative requirements and best practice.

13.32 In-house Services

- 13.32.1 The Chief Executive is responsible for ensuring that best value can be demonstrated for all services provided on an in-house basis. The Board may also determine from time to time that in-house services should be market tested by competitive tendering. This must take account of any in-house service exemptions set out in Procurement regulations.
- 13.32.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups will be set up:
 - 13.32.2.1 Specification group, comprising the Chief Executive or nominated Officer(s) and specialist;
 - 13.32.2.2 In-house tender group, comprising a nominee of the Chief Executive and technical support; and,
 - 13.32.2.3 Evaluation team, comprising normally a specialist Officer, a supplies Officer and a Chief Financial Officer representative. For services having a likely annual expenditure exceeding £250,000, a Non-executive Member should be a member of the evaluation team.
- 13.32.3 All groups should work independently of each other and individual Officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 13.32.4 The evaluation team will make recommendations to the Board.

13.33 Outsourcing of Services (including Disposals and Spin Offs)

- 13.33.1 All forms of outsourcing are subject to Cabinet Office commercial models controls, and therefore require approval by the Department of Health and/or Ministerial and/or HM Treasury and/or Cabinet Office, depending on the circumstances.
- 13.33.2 This includes:
- All disposals of a business, the assets involved in delivering a service, or both;
 - All outsourcing contracts, or significant extensions of existing contracts; or,
 - The creation of any new organisation, including a spin-off from central government, (mutual) joint venture, GovCo, charity, social enterprise, or other mutual organisation.
- 13.33.3 Advice should be sought from the Chief Financial Officer, or an Officer nominated by him, well in advance of the need to commence any outsourcing. The timescales required to obtain all approvals before outsourcing can commence are likely to be considerable.

13.34 Single Tender Actions

- 13.34.1 Single Tender Actions (STAs) may only be used in exceptional circumstances, as follows, as they do not usually represent value for money through open and fair competition:
- 13.34.2 where the works, supplies or services can be supplied only by a particular economic operator for either of the following reasons:
- Competition for technical reasons;
 - The protection of exclusive right, including intellectual property rights;
- 13.34.3 Where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.
- 13.34.4 insofar as is strictly necessary where for reasons of extreme urgency brought about by events unforeseeable by the contracting authority

- 13.34.5 For the avoidance of doubt, failure to plan is not an acceptable reason for a single tender action and does not constitute 'extreme urgency'.
- 13.34.6 Full records of single tender actions must be maintained to support the annual audit of the Commercial Department and for submissions to the Audit and Risk Assurance Committee at its next meeting
- 13.34.7 Single tender actions must be submitted to Efficiency Controls Executive, for approval by the Chief Financial Officer and the Head of Commercial and Procurement, prior to any order being placed. If a verbal or written order or commitment to buy is given to a supplier this is a breach of the SFI's

SFI14 Capital Investment, Asset Register & Security of Assets

14.1 Introduction

14.1.1 Capital commitments typically cover land, buildings, equipment and IT, including:

- Authority to spend capital
- Authority to enter into a leasing arrangement
- Authority to enter into:
 - a legally enforceable commissioning commitment to provide any transition or transaction support from centrally controlled NHS England funds; and/or
 - underpin, recognise or confirm support for the revenue implications of a third party (e.g. NHS Property Services Limited, Community Health Partnerships Limited or a provider trust) investing capital, or entering into a lease commitment; and/or
- (ii) Any other confirmation of commissioning commitment or support if the context for the expression of that commitment or support involves any departure or derogation from standard national policies applying at the relevant time.

Advice should be sought from the Head of Project Appraisal if there is any doubt as to whether any particular proposal is a capital commitment requiring formal approval as such under SFI 14.

No procurement should be undertaken or commitment given to purchase from a supplier prior to approval being received. Failure to comply will be a breach of the SFIs.

14.2 Capital Investment

14.2.1 The Chief Financial Officer:

14.2.1.1 Will ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;

- 14.2.1.2 Is responsible for ensuring there are processes in place for the management of all stages of capital schemes, that will ensure that schemes are delivered on time and to cost; and,
- 14.2.1.3 Will ensure that capital investment is not undertaken without securing the availability of resources to finance all revenue consequences.
- 14.2.2 For every capital expenditure proposal the Chief Financial Officer is responsible for ensuring there are processes in place to ensure:
 - 14.2.2.1 That a business case is produced setting out:
 - 14.2.2.1.1 An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - 14.2.2.1.2 The involvement of appropriate NHS England personnel and external agencies; and,
 - 14.2.2.1.3 Appropriate project management and control arrangements.
 - 14.2.2.2 That a designated Officer has examined and confirmed the appropriateness of the costs and revenue consequences detailed in the business case.
- 14.2.3 For a capital scheme where the contract stipulates stage payments, the Chief Financial Officer is responsible for ensuring there are processes in place to issue procedures for their management, incorporating the recommendations of “Estatecode”.
- 14.2.4 The Chief Financial Officer is responsible for ensuring there are processes in place to assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue & Customs guidance.
- 14.2.5 The Chief Financial Officer is responsible for ensuring there are processes in place for the issue of procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 14.2.6 The approval of a capital programme does not constitute approval for expenditure on any scheme.

- 14.2.7 The Chief Financial Officer is responsible for ensuring there are processes in place to issue to the Officer responsible for any scheme:
- 14.2.7.1 Specific authority to commit expenditure;
- 14.2.7.2 Authority to proceed to tender; and,
- 14.2.7.3 Approval to accept a successful tender.
- 14.2.8 The Chief Financial Officer is responsible for ensuring there are processes in place to issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures should fully take into account the delegated limits for capital schemes issued by the Department of Health.
- 14.2.9 The Chief Financial Officer is responsible for ensuring there are processes in place to ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within "Concode" and "Estatecode". The technical audit of these contracts will be the responsibility of the relevant Director.
- 14.3 **Capital Approval Limits**
- 14.3.1 The following approval limits apply:
- Commitments from £35m and above: should be approved by the Board.
 - Commitments from £15m-£35m: should be approved by the Investment Committee.
 - Commitments up to £15m: can be approved by the NHS England Chief Executive or Chief Financial Officer. For CSU programmes within approved budget, commitments up to £1m: CSU Managing Director and Chief Financial Officer.
- 14.3.2 In addition, commitments to capital expenditure on ICT are subject to the efficiency controls and centralised category procurement requirements detailed in SFI13.

14.4 **Private Finance**

14.4.1 NHS England should have due regard to current HM Treasury and Department of Health guidance in relation to the requirement to test for Private Finance Initiative funding when considering capital procurement. When it is proposed to use finance which is to be provided other than through allocations, the following procedures will apply:

14.4.1.1 The Chief Financial Officer should demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;

14.4.1.2 Where the sum involved exceeds delegated limits (£35m), the business case must be referred to the Department of Health or in line with the delegation from them; and,

14.4.1.3 The proposal must be specifically agreed by the Board.

14.5 Asset Registers

14.5.1 The Chief Executive is responsible for ensuring there are processes in place for the maintenance of both the register of assets and the register of inventory items, taking account of the advice of the Chief Financial Officer concerning the form and the method of updating the registers, and arranging for a physical check of assets and inventories against the registers to be conducted over a cycle agreed by the Audit & Risk Assurance Committee.

14.5.2 The Chief Financial Officer is responsible for ensuring there are processes in place to define the items of equipment which will be recorded on either the capital asset register or the inventory register.

14.5.3 Additions to the fixed asset register must be clearly identified to an appropriate Budget Holder and be validated by reference to:

14.5.3.1 Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;

14.5.3.2 Stores, requisitions and wages records for own materials and labour including appropriate overheads; or,

- 14.5.3.3 Lease agreements in respect of assets held under a finance lease and capitalised.
- 14.5.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 14.5.5 The Chief Financial Officer is responsible for ensuring there are processes in place to approve procedures for reconciling balances on fixed asset and inventory accounts in ledgers against balances on fixed asset and inventory registers.
- 14.5.6 Land and buildings will be held at values in accordance with NHS England's accounting policies which comply with the HM Treasury Financial Reporting Manual.
- 14.5.7 The value of each asset will be depreciated using methods and rates as specified in NHS England's accounting policies which comply with the HM Treasury Financial Reporting Manual. Estimated useful lives and depreciation rates of assets will be reviewed on an annual basis.
- 14.5.8 Budget Holders will ensure that the respective assets and inventories for their areas are physically checked annually.
- 14.5.9 The asset register and the inventory register may record items which are transferred from one part of NHS England to another. It is the responsibility of the Budget Holders concerned to inform the Chief Financial Officer of these changes.
- 14.5.10 The Chief Financial Officer is responsible for ensuring there are processes in place to maintain an up to date register of properties owned or leased by NHS England. This should include details of location, tenancy (where appropriate), and custody of the deeds and lease documents.

14.6 Security of Assets

- 14.6.1 The overall control of assets is the responsibility of the Chief Executive.

- 14.6.2 Asset control procedures (including fixed assets, inventories, cash, payable orders and negotiable instruments, and also including donated assets) must be approved by the Chief Financial Officer. These procedures should make provision for:
- 14.6.2.1 Recording managerial responsibility for each asset;
 - 14.6.2.2 Identification of additions and disposals;
 - 14.6.2.3 Identification of all repairs and maintenance expenses;
 - 14.6.2.4 Physical security of assets;
 - 14.6.2.5 Periodic verification of the existence of, condition of, and title to, assets recorded;
 - 14.6.2.6 Identification and reporting of all costs associated with the retention of an asset; and,
 - 14.6.2.7 Reporting, recording and safekeeping of cash, payable orders, and negotiable instruments.
- 14.6.3 All discrepancies revealed by verification of physical assets to fixed asset or inventory registers should be notified to the Chief Financial Officer.
- 14.6.4 Every Officer has a responsibility to exercise a duty of care over the assets of NHS England and it is the responsibility of senior Officers in all disciplines to apply appropriate routine security practices in relation to NHS England assets. A substantial or persistent breach of agreed security practices should be reported to the Secretary, who will then refer the matter to the Chief Financial Officer, who will determine the necessary action, including reference to the Security Management Co-ordinator for investigation.
- 14.6.5 Any damage to NHS England's premises, vehicles and equipment or any loss of equipment or supplies should be reported by Officers in accordance with the agreed procedure for reporting losses.
- 14.6.6 Where practical, assets should be marked as NHS England property.

SFI15 Payment of Accounts

15.1 System of Payment and Payment Verification

- 15.1.1 The Chief Financial Officer is responsible for ensuring systems are in place for the prompt payment of accounts and claims. The term "payment" includes any arrangements established to settle payments upon a non-cash basis.
- 15.1.2 Payment should normally be made by bank credit transfer. Payment by other methods should only occur with the approval of Employees nominated by the Chief Financial Officer.
- 15.1.3 Payment of contract invoices should be in accordance with contract terms. All payments should comply with the Government's policy on prompt payment.
- 15.1.4 All authorised Officers should inform the Chief Financial Officer, or an Officer nominated by him, promptly of all money payable by NHS England arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions.
- 15.1.5 The Chief Financial Officer is responsible for ensuring systems are in place for the design and maintenance of a system for the verification, recording and payment of all accounts payable by NHS England. This system will provide for:
 - 15.1.5.1 A list of Officers authorised to certify requisitions and invoices;
 - 15.1.5.2 Certification that:
 - 15.1.5.2.1 Goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct;
 - 15.1.5.2.2 Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used were of the requisite standard and that the charges are correct;
 - 15.1.5.2.3 In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with appropriate rates, that the materials have been checked with regard to quantity, quality and price and that the charges for the use of vehicles, plant and machinery have been examined;

- 15.1.5.2.4 Where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained;
- 15.1.5.2.5 The account is arithmetically correct; and,
- 15.1.5.2.6 The account is in order for payment.
- 15.1.5.3 A timetable and system for submission of accounts for payment, including provision for early settlement of accounts subject to settlement discount or otherwise requiring early settlement; and,
- 15.1.5.4 Instructions to Officers regarding the handling and payment of accounts within the Finance Directorate.
- 15.1.6 Where an Officer certifying accounts relies upon other Officers to do preliminary checking, the Officer certifying accounts will ensure that those who check delivery or execution of work, act independently of those who have placed orders and negotiated prices and terms.
- 15.1.7 In the case of contracts which require payment to be made on account, during progress of the works, the Chief Financial Officer is responsible for ensuring systems are in place to make payment on receipt of a certificate from the appropriate qualified Officer or outside consultant. Without prejudice to the responsibility of any consultant, a contractor's account shall be subjected to such financial examination by Officers nominated by the Chief Financial Officer and such general examination by appropriately qualified Officers as may be considered necessary, before the person responsible to NHS England for the contract issues the final certificate.
- 15.1.8 The Chief Financial Officer is responsible for ensuring systems are in place to ensure that payment for goods and services is made only when the goods and services have been properly received.

15.2 Prepayments

- 15.2.1 Prepayments will be permitted for instances relating to payments for rent, maintenance contracts and in those instances, where, as normal business practice, prepayments are required (e.g. training, publications).
- 15.2.2 Prepayments which fall outside of normal business practice (advance payments) are only permitted in exceptional circumstances, and require HM Treasury approval. In such instances:
 - 15.2.2.1 The financial advantages must outweigh the disadvantages; and,
 - 15.2.2.2 The appropriate Director, or CSU Managing Director in the case of a CSU, must provide the Efficiency Controls Executive (revenue purchases) or Investment Committee (capital purchases), in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on NHS England if the supplier is at some time during the course of the advance payment agreement unable to meet their commitments.
- 15.2.3 The relevant Committee will need to be satisfied with the proposed arrangements and the Chief Financial Officer should have received HM Treasury approval, before contractual arrangements proceed.
- 15.2.4 The Budget Holder is responsible for ensuring that all items due under an advance payment contract are received and must immediately inform the Chief Financial Officer if problems are encountered.

SFI16 Stores & Receipt of Goods

16.1 General Position

- 16.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
 - 16.1.1.1 Kept to a minimum;
 - 16.1.1.2 Subjected to annual stock take; and,
 - 16.1.1.3 Valued at the lower of cost and net realisable value.

16.2 Control of Stores, Stocktaking, Condemnations and Disposal

- 16.2.1 Subject to the responsibility of the Chief Financial Officer for the systems of control, overall responsibility for the control of stores will be delegated to an Officer by the Chief Financial Officer, and recorded in the relevant operating framework. The day-to-day responsibility may be delegated by him to departmental Officers, subject to such delegation being recorded in the relevant operating framework.
- 16.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations will be clearly defined in writing by the designated Officer. Wherever practicable, stocks should be marked as health service property.
- 16.2.3 The Chief Financial Officer is responsible for ensuring systems are in place to set out procedures and systems to regulate the stores including records for receipt of goods, issues, returns to stores and losses.
- 16.2.4 Stocktaking arrangements will be agreed with the Chief Financial Officer and there will be a physical check covering all items in store at least once a year.
- 16.2.5 Where a complete system of stores control is not justified, alternative arrangements will require the approval of the Chief Financial Officer.
- 16.2.6 The designated Officer will be responsible for a system, approved by the Chief Financial Officer, for reviewing slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer will report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice. Procedures for the

disposal of obsolete stock will follow the procedures set out for disposal of all surplus and obsolete goods.

Draft for Review

SFI17 Petty Cash

17.1 General

- 17.1.1 NHS England discourages the use of petty cash and as a general rule does not issue petty cash floats. The issue of a petty cash float will, therefore, only occur in exceptional circumstances.

17.2 Issue of Petty Cash Floats

- 17.2.1 The Chief Financial Officer must authorise the issue of a petty cash float (including within a CSU), which must be recommended by the Director of Financial Control.
- 17.2.2 Each petty cash float must be issued to two named Employees, who will be jointly responsible for its safe keeping and proper administration.
- 17.2.3 A petty cash float will only be issued if the named Employees can demonstrate appropriate security arrangements are in place for the safe storage of the float
- 17.2.4 Each petty cash float issued will have an approved list of transactions for which it can be used and both named Employees must sign the list to confirm they understand what the float may be used for. Use of a petty cash float for anything other than the approved list of transactions is a disciplinary offence.
- 17.2.5 Each petty cash float will be issued for an agreed period, not exceeding one year.
- 17.2.6 The log of transactions for the month, supporting receipts and remaining float should be presented to finance at the end of each month for verification and recording on the financial ledgers.

17.3 Purchases

- 17.3.1 Purchases from petty cash are to be limited in value and type of purchase in accordance with instructions issued by the Chief Financial Officer at the time of approving the issue of an individual petty cash float, and documented in the form prescribed in those instructions.
- 17.3.2 All expenditure should be supported by VAT receipts.
- 17.3.3 Under no circumstances may a petty cash float be used to purchase/reimburse:

17.3.3.1 Goods or services that could have been purchased through the normal procurement system;

17.3.3.2 Gifts, presents, flowers, alcohol, etc.;

17.3.3.3 Donations of any form; or,

17.3.3.4 Employee expenses.

17.4 [Encashment of payable orders and IOUs](#)

17.4.1 Petty cash should not under any circumstances be used for the encashment of private cheques or IOUs.

SFI18 External Borrowing & Investment

18.1 External Borrowing

- 18.1.1 The Chief Financial Officer will advise the Board concerning any proposed new borrowing, within the limits set by the Department of Health and HM Treasury and NHS England's statutory powers. The Chief Financial Officer is responsible for reporting periodically to the Board concerning all loans and overdrafts.
- 18.1.2 The Board will agree the list of Officers (including specimens of their signatures) who are authorised to make short term borrowings on behalf of NHS England. This must contain the Chief Executive and the Chief Financial Officer.
- 18.1.3 The Chief Financial Officer is responsible for ensuring systems are in place to prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 18.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the Department of Health and HM Treasury and NHS England's statutory powers.
- 18.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Financial Officer. The Board must be made aware of all short term borrowings at the next Board meeting.
- 18.1.6 All long-term borrowing must be consistent with the plans outlined in the current business plan and be approved by the Board.

18.2 Investments

- 18.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State for Health and authorised by the Board.
- 18.2.2 The Chief Financial Officer is responsible for advising the Board on investments and will report periodically to the Board concerning the performance of investments held.

- 18.2.3 The Chief Financial Officer is responsible for ensuring systems are in place to prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

SFI19 Disposals & Condemnations

19.1 Disposals

- 19.1.1 The Chief Financial Officer is responsible for ensuring detailed procedural instructions for the disposal of assets, including recording and accounting for the disposal, are prepared and notified to Officers.
- 19.1.2 When it is decided to dispose of an NHS England asset, the Head of Department or authorised deputy will determine and advise the Chief Financial Officer of the estimated market value of the item, taking account of professional advice where appropriate.

19.2 Condemnations

- 19.2.1 The Chief Financial Officer is responsible for ensuring detailed procedural instructions for the condemnation of assets, including recording and accounting for the disposal, are prepared and notified to Officers.
- 19.2.2 All unserviceable articles should be:
 - 19.2.2.1 Condemned or otherwise disposed of by an Officer authorised for that purpose by the Chief Financial Officer; and,
 - 19.2.2.2 Recorded by the condemning Officer in a form approved by the Chief Financial Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries should be confirmed by the countersignature of a second Officer authorised for the purpose by the Chief Financial Officer.
- 19.2.3 The condemning Officer should satisfy himself as to whether or not there is evidence of negligence in use and should report any such evidence to the Chief Financial Officer who will take appropriate action.

SFI20 Losses & Special Payments

20.1 General

- 20.1.1 Losses and special payments are items that parliament would not have contemplated when it agreed funds for NHS England (including its hosted bodies) or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared to the generality of payments, and special notation in the accounts to bring them to the attention of parliament.
- 20.1.2 If HM Treasury is not satisfied that a case has been appropriately managed (including imposing financial penalties or disciplinary measures, as appropriate), it may withhold approval. HM Treasury brings any such refusal to the notice of the Comptroller & Auditor General, who in turn notifies the Public Accounts Committee, who may call the Accounting Officer to justify and defend NHS England's actions in the case.
- 20.1.3 A loss, write off or special payment will always require HM Treasury approval, irrespective of value, if it:
- Involves important questions of principle;
 - Raises doubts about the effectiveness of existing systems;
 - Contains lessons which might be of wider interest;
 - Is novel or contentious;
 - Might create a precedent for other departments in similar circumstances; or,
 - Arose because of obscure or ambiguous instructions issued centrally.
- 20.1.4 All losses and Special Payments should be reported and submitted to the Head of assurance (england.assurance@nhs.net) by using the standard template as provided on SharePoint.

20.2 Losses and Write-Offs

- 20.2.1 The Chief Financial Officer is responsible for ensuring that detailed procedural instructions for the recording and accounting for losses are prepared and notified to Officers.
- 20.2.2 Managing Public Money defines losses as including, but not limited to:
- Cash losses (physical loss of cash and its equivalents, e.g. credit cards, electronic transfers);
 - Bookkeeping losses (un-vouched or incompletely vouched payments, including missing items or inexplicable or erroneous debit balances);
 - Exchange rate fluctuations;
 - Losses of pay, allowances and superannuation benefits paid to Employees (including; overpayments due to miscalculation, misinterpretation or missing information; unauthorised issue; and, other causes);
 - Losses arising from overpayments;
 - Losses from failure to make adequate charges;
 - Losses of accountable stores (through fraud, theft, arson, other deliberate act or other cause);
 - Fruitless payments and constructive losses; and,
 - Claims waived or abandoned (including bad debts).
- 20.2.3 Losses that are subject to insurance cover should be accounted for on a net basis (i.e. after any insurance pay-out).
- 20.2.4 Fruitless payments include payments for rail fares and hotels that are not required but could not be cancelled without a partial or full charge being incurred.
- 20.2.5 Any Officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Chief Financial Officer, or inform an Officer charged with responsibility for responding to concerns involving loss. This Officer will then appropriately inform the Chief Financial Officer and/or Chief Executive. Where a criminal offence is suspected, the Chief Financial Officer must immediately inform

the police, if theft or arson is involved. In cases of fraud, bribery and corruption, or of anomalies which may indicate fraud, bribery or corruption, the Chief Financial Officer must ensure the External Auditor and NHS Protect have been informed.

20.2.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify:

20.2.6.1 The Board; and,

20.2.6.2 The External Auditor.

20.2.7 The Chief Financial Officer is authorised to take any necessary steps to safeguard NHS England's interests in bankruptcies and company liquidations.

20.2.8 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made.

20.2.9 All write offs in accordance with the NHS Shared Business Services ISFE contract do not require pre-approval if based on the debt management policy.

20.2.10 All losses and write offs should be approved in accordance with the procedure set out by the Chief Financial Officer. Where a Loss relates to threatened or instituted legal proceedings, claims or actions, additional provisions as set out in SFI26 apply.

20.3 Special Payments

20.3.1 The Chief Financial Officer is responsible for ensuring that detailed procedural instructions for the recording and accounting for special payments are prepared and notified to Officers.

20.3.2 All special payments up to and including £20,000, can be approved by officer(s) nominated by the Chief Financial Officer.

20.3.3 Special payments over £20,000 will require approval by the Investment Committee. Such payments will also need to be submitted to DH for approval by Treasury.

20.3.4 All special severance payments and retention payments require the approval of the Strategic Human Resources and Remuneration Committee. These items will always require subsequent HM Treasury approval.

20.3.5 Managing Public Money defines special payments as:

- Extra-contractual payments: payments which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically these arise from the organisation's action or inaction in relation to a contract. Payments may be extra-contractual even where there is some doubt about the organisation's liability to pay, e.g. where the contract provides for arbitration but a settlement is reached without it. A payment made as a result of an arbitration award is contractual;
- Extra-statutory and extra-regulatory payments: are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms;
- Compensation payments: are made to provide redress for personal injuries (except for payments under the Civil Service Injury Benefits Scheme), traffic accidents, and damage to property etc., suffered by civil servants or others. They include other payments to those in the public service outside statutory schemes or outside contracts;
- Special severance payments: are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract; and,
- Ex gratia payments: go beyond statutory cover, legal liability, or administrative rules, including: payments made to meet hardship caused by official failure or delay; out of court settlements to avoid legal action on grounds of official inadequacy; and, payments to contractors outside a binding contract, e.g. on grounds of hardship.

20.4 Losses and Special Payments Register

- 20.4.1 The Chief Financial Officer is responsible for ensuring that a losses and special payments register is maintained in which write-off action is recorded (including that at CSU level). All losses and special payments in NHS England are to be recorded in the register.
- 20.4.2 All losses and special payments above £10,000 will be reported to the Audit & Risk Assurance Committee.

SFI21 Information & Communications Technology (ICT)

21.1 General

- 21.1.1 In order to ensure compatibility and compliance with NHS England's corporate ICT strategy, no corporate ICT hardware, software or facility should be procured without the authorisation of an Officer specifically appointed by the Chief Executive.
- 21.1.2 The Officer specifically appointed by the Chief Executive will ensure that adequate controls exist for all corporate ICT services and systems deployed, to support the business requirements of NHS England, excluding CSUs.
- 21.1.3 The Officer specifically appointed by the Chief Executive will satisfy himself that new corporate ICT services and systems and amendments to current corporate ICT services and systems are developed in a controlled manner and thoroughly tested prior to implementation.
- 21.1.4 In order to ensure compatibility and compliance with each CSU's ICT strategy, no CSU ICT hardware, software or facility will be procured without the authorisation of an Officer specifically appointed by the CSU Managing Director.
- 21.1.5 The Officer specifically appointed by the CSU Managing Director will ensure that adequate controls exist for all CSU ICT services and systems deployed, to support the business requirements of the CSU.
- 21.1.6 The Officer specifically appointed by the CSU Managing Director will satisfy himself that new CSU ICT services and systems and amendments to current CSU ICT services and systems are developed in a controlled manner and thoroughly tested prior to implementation.

21.2 Finance Systems

- 21.2.1 The Chief Financial Officer will ensure that adequate controls exist such that all finance computer operations are separated from development, maintenance and amendment.
- 21.2.2 The Chief Financial Officer and an Officer specifically appointed by the Chief Executive will ensure that an adequate management (audit) trail exists through all computerised finance systems.

21.2.3 The Chief Financial Officer will satisfy himself that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

21.3 [Applicability to Contractors](#)

21.3.1 All contractors must agree to, and sign copies of, NHS England's IT security policy before accessing any of NHS England's ICT systems.

SFI22 Information Governance

22.1 General

- 22.1.1 The Chief Executive is responsible for ensuring that NHS England has registered with the Information Commissioner's Office for compliance with the Data Protection Act 1998 and will ensure that information is published and maintained in accordance with the requirements of the Freedom of Information Act 2000.
- 22.1.2 The Chief Financial Officer is primarily responsible for the accuracy and security of the computerised financial data of NHS England in accordance with security retention and data protection policies as defined by the Officer designated for this purpose by the Chief Executive.
- 22.1.3 The Chief Financial Officer and National Director: Transformation & Corporate Operations are jointly responsible for the accuracy and security of the computerised payroll data of NHS England in accordance with security retention and data protection policies as defined by the Officer designated for this purpose by the Chief Executive.
- 22.1.4 An Officer specifically appointed by the Chief Executive will devise and implement any necessary procedures to ensure adequate protection of NHS England's manual and computer data, programs and hardware for which the Chief Executive is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act and any defined NHS-wide security requirements.
- 22.1.5 An Officer specifically appointed by the Chief Financial Officer will ensure that adequate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of all NHS England financial systems and data as well as the efficient and effective operation of the system.
- 22.1.6 The Chief Financial Officer will ensure that contracts for computing services for financial applications with another agency clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing transmission and storage. The contract should also ensure rights of access for audit purposes.

22.1.7 Where another agency provides a computer service for financial applications, the Chief Financial Officer will periodically seek assurances that adequate controls as outlined above are in operation.

22.1.8 The Chief Financial Officer and an Officer specifically appointed by the Chief Executive will ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent over transmission networks.

22.2 Senior Information Risk Owner

22.2.1 The Board will nominate a National Director to be responsible to the Board for information risk management (the Senior Information Risk Owner).

22.2.2 The role of the Senior Information Risk Owner is defined in the Information Governance toolkit and is summarised in NHS England's Information Governance Policy as a Board level post. The Senior Information Risk Owner is the leading advocate for information risk to the Board, advising how information security risks could impact the strategic goals of NHS England.

22.2.3 Each area of NHS England that produces an operating framework in accordance with SO7.5.2 will include in that document a nominated Employee to act as a local Deputy Senior Information Risk Owner.

22.3 Applicability to Contractors

22.3.1 All contractors must agree to, and sign copies of, NHS England's data confidentiality code of conduct before accessing NHS England records.

SFI23 Funds Held on Trust, including Charitable Funds

23.1 Corporate Trustee

- 23.1.1 The discharge of NHS England's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 23.1.2 The Chief Financial Officer will ensure that each fund which NHS England is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

23.2 Accountability to Charity Commission and Secretary of State for Health

- 23.2.1 The trustee responsibilities must be discharged separately and full recognition given to NHS England's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for Health for all funds held on trust.
- 23.2.2 POL_0002: Reservation of Powers to the Board & Delegation of Power makes clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Members and Officers must take account of that guidance before taking action.

23.3 Applicability of Standing Financial Instructions to Funds Held on Trust

- 23.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.
- 23.3.2 The over-riding principle is that the integrity of each trust must be maintained and statutory and trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

- SFI24 [Acceptance of Gifts by Officers and Members & Link to Standards of Business Conduct](#)
- 24.1 The Secretary will ensure that all Members and Officers are made aware of NHS England policy on acceptance of gifts and other benefits in kind.
- 24.2 This policy is defined in the NHS England document Standards of Business Conduct and is deemed to be an integral part of Standing Orders and these Standing Financial Instructions.
- 24.3 All hospitality and gifts accepted by Board Members, regardless of value, will be recorded by the Secretary and will be available for public inspection on request.
- 24.4 All hospitality and gifts accepted by Board Members will be published on a quarterly basis.

SFI25 Retention of Documents

- 25.1 The Chief Executive is responsible for ensuring systems are in place to maintain archives for all documents required to be retained in accordance with Department of Health guidelines and NHS England policy.
- 25.2 The documents held in archive should be capable of retrieval by persons authorised by the Chief Information Officer.
- 25.3 Documents held in accordance with Department of Health guidance should only be destroyed in accordance with that guidance and NHS England policy. Records will be maintained of all documents so destroyed.

SFI26 Risk Management & Insurance

26.1 Programme of Risk Management

- 26.1.1 The Chief Executive will ensure that NHS England has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved by the Board and monitored by the Audit & Risk Assurance Committee.
- 26.1.2 The programme of risk management should include:
 - 26.1.2.1 A process for identifying and quantifying risks and potential liabilities;
 - 26.1.2.2 Engendering among all levels of staff a positive attitude towards the control of risk;
 - 26.1.2.3 Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
 - 26.1.2.4 Contingency plans to offset the impact of adverse events;
 - 26.1.2.5 Audit arrangements including; internal audit, clinical audit, health and safety review;
 - 26.1.2.6 A clear indication of which risks shall be insured; and,
 - 26.1.2.7 Arrangements to review the risk management programme.
- 26.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to complete the governance statement within the annual report and accounts as required by the HM Treasury Financial Reporting Manual.

26.2 Insurance: General

- 26.2.1 Insurance will be provided under arrangements proposed by the Chief Financial Officer, and approved by HM Treasury where necessary.
- 26.2.2 Only the Chief Financial Officer may commission the procurement of insurance arrangements (including at CSU level).

26.3 Insurance: Risk Pooling Schemes Administered by the NHS Litigation Authority

26.3.1 The Board will decide if NHS England will insure through the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision should be reviewed annually.

26.3.2 Where it is possible to insure a risk via the risk pooling arrangements run by the NHS Litigation Authority that will be the only acceptable form of insurance for that risk. These arrangements do not need the approval of HM Treasury.

26.4 Insurance: Arrangements with Commercial Insurers

26.4.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, three exceptions when NHS England may enter into insurance arrangements with commercial insurers without seeking HM Treasury approval. The exceptions are:

26.4.1.1 Commercial arrangements for insuring motor vehicles owned or leased by NHS England including insuring third party liability arising from their use;

26.4.1.2 Where NHS England is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and,

26.4.1.3 Where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by NHS England for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the NHS Litigation Authority.

26.5 Arrangements to be Followed by the Board in Agreeing Insurance Cover

26.5.1 Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority, the Chief Financial Officer is responsible for ensuring systems are in place to ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial

Officer is responsible for ensuring systems are in place to ensure that documented procedures cover these arrangements.

26.5.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Chief Financial Officer will ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Chief Financial Officer is responsible for ensuring systems are in place to draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

26.5.3 All Risk pooling schemes require scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Financial Officer is responsible for ensuring systems are in place to ensure documented procedures also cover the management of claims and payments below the deductible in each case (which should be accounted for in accordance with the process for losses) Legal proceedings and Pre-Action cases.

26.6 Payments or Recovery in legal actions:

26.6.1 This section will include any legal cases threatened or instituted by or against NHS England. This can include clinical and non-clinical matters, whether dealt with by a Court or other judicial body, such as the Family Health Services Appeals Unit and need not necessarily involve any financial claim. The matter could be a challenge to reverse a decision).

26.6.2 However the threatened or instituted action may arise, payments to be made or recovered from other parties in the matter, may fall to be treated as a Loss, a Special Payment, a combination of both, or neither. The advice of the Legal Team should be sought in these situations, if they are not already acting on the matter. As a general rule, a payment made to comply with a court judgement or costs order will not be a special payment, as this should be treated as a liability to pay and follow procedures for normal authorisations

26.6.3 Where any document needs signing or acknowledging in relation to such threatened or instituted legal action, including where its execution will incur a liability to pay or recover a sum of money then, provided the relevant Employee

(under the table in 13.29 or following any procedure for Losses and Special Payments) authorises the matter, legal representatives may execute such documentation where appropriate (e.g. not in the case of an individuals' a Statement of Truth). , settlement agreement or Court Order).

- 26.6.4 Payments made to settle a case or actions which involve waiving a claim already made should be treated as Losses or Special Payments (depending on the facts) and the processes in SFI 20 should be followed

26.7 In-House legal costs

- 26.7.1 If in-house legal costs are recoverable by way of settlement or Court Order then the Head of Legal is to determine the appropriate hourly rate of recovery with regard to the level of experience, the solicitor guideline hourly rate in force and the relevant legal case law.

Appendix 1 Version Control Tracker

Version Number	Date	Author Title	Status	Comment/Reason for Issue/Approving Body
V01.00	01-10-2012	Board Secretary	Approved	National Director: Policy
V02.00	12-04-2013	Head of Assurance & Procurement	Approved	NHS England Board
V03.00	19-11-2013	Head of Assurance & Procurement	Approved	NHS England Audit Committee
V04.00	15-05-2014	Head of Assurance & Procurement	Approved	NHS England Board
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