

# Standing Financial Instructions



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## **1 Policy statement**

All procedural documents should have a policy statement

## 2 SFI2 Introduction

### 2.1 Purpose

- 2.1.1 These Standing Financial Instructions form part of NHS England's Governance Manual. Together with documents, such as the Standing Orders and 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).
- 2.1.2 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.
- 2.1.3 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.
- 2.1.4 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.

### 2.2 Authority

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

### 2.3 Interpretation

- 2.3.1 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.

### 2.4 Statutory Framework

- 2.4.1 The National Health Service Commissioning Board (operating as NHS England) is a statutory body established under section 1H of the National Health Service Act 2006 (as amended). 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



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the Secretary of State's Mandate to NHS England, in accordance with section 13A of the National Health Service Act 2006 (as amended).

- 2.4.2 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.

### **2.5 NHS Framework**

- 2.5.1 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.
- 2.5.2 Other documents of particular significance are:
- 2.5.3 The Code of Accountability for NHS Boards;
- 2.5.4 The Code of Conduct for NHS Boards;
- 2.5.5 The Code of Conduct for NHS Managers; and,
- 2.5.6 The Code of Practice on Openness in the NHS

### **2.6 Delegation of Function, Duties and Powers**

- 2.6.1 SO7: Arrangements for the Exercise of Board Functions by Delegation deals with the delegation of functions, duties and powers. In particular:
- 2.6.1.1 SO7.4: Delegation to Employees;
- 2.6.1.2 SO7.4.1: 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.
- 2.6.1.3 SO7.4.2: The Chief Executive will prepare a scheme of delegation identifying his proposals, which will be considered and approved by the Board (Scheme of Delegation).

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- 2.6.1.4 SO7.4.4: The Chief Executive may periodically propose amendment to the scheme of delegation, which will be considered and approved by the Board.
- 2.6.1.5 SO7.4.7: 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.
- 2.6.1.6 SO7.4.8: 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.
- 2.6.1.7 SO7.4.7: Where the scheme of delegation refers to 'nominated Employee(s)' or uses other non-post specific terminology the delegation will rest with National Director, Regional Director, Devolution Chief Officer, Managing Director of a CSU, Managing Director of Sustainable Development Unit or Managing Partner of NHS IMAS, as appropriate, (unless otherwise stated in a schedule appended to the Scheme of Delegation), nominated to carry out a specific task/function within the Standing Orders, and/or Standing Financial Instructions and/or Scheme of Delegation.
- 2.6.1.8 SO7.4.8: 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.
- 2.6.1.9 SO7.4.9: 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.
- 2.6.1.10 SO7.5: Ability to Delegate Delegated Functions, Duties and Powers.

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- 2.6.1.11 SO7.1: 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.
- 2.6.1.12 SO7.5.3: Managing Directors of Commissioning Support Units, Devolution Chief Officer, NHS IMAS 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.
- 2.6.1.13 SO7.5.4: 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.
- 2.6.1.14 SO7.5.4: All operating frameworks will be approved by the National Director who is NHS England's Senior Responsible Officer for the relevant hosted organisation, at which point they become effective as though an integral part of the scheme of delegation
- 2.6.2 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 SO7.4.7, except in respect of SF19: Banking Arrangements.

## 2.7 Failure to comply

- 2.7.1 Failure to comply with the Standing Orders, the Standing Financial Instructions and the Scheme of Delegation may result in disciplinary action in accordance with the NHS England disciplinary procedure. Such disciplinary action may include termination of employment. Any financial or other irregularities or impropriety in relation to these instructions, which involve evidence or suspicion of fraud, bribery or corruption will be reported to NHS Protect in accordance with SFI 5, with a view to a criminal investigation being conducted and potential prosecution being sought.
- 2.7.2 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.

- 2.7.3 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 or Secretary immediately they become aware of it.

### 3 SFI3 Scope

#### 3.1 Officers within the scope

- 3.1.1 All officers of NHS England and officers of Hosted organisations, without exception, are within the scope of these Standing Financial Instructions, including and without limitation:
- 3.1.1.1 NHS England;
  - 3.1.1.2 National teams;
  - 3.1.1.3 Regional teams;
  - 3.1.1.4 All Commissioning Support Units;
  - 3.1.1.5 NHS Interim and Management Support;
  - 3.1.1.6 NHS Sustainable Development Unit;
  - 3.1.1.7 Strategic Clinical Networks, and
  - 3.1.1.8 Clinical Senates

#### 3.2 Definitions

- 3.2.1 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

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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.
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.
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.
Devolution Chief Officer	means the senior officer of a Devolved authority.
Clinical Commissioning Group	means a body established in accordance with section 1 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 secondeed out of NHS England but excluding Non-executive Members.

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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.
Executive Member	means a Member of the Board who is appointed under paragraph 3 of Schedule A1 of the NHS Act, currently; <ul style="list-style-type: none"><li>• Chief Executive</li><li>• Chief Financial Officer</li><li>• Chief Nursing Officer; and</li><li>• National Medical Director</li></ul>
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 Care and Social Act 2012.
NHS Act 2006	means National Health Service Act 2006 (as amended).
NHS England	means National Health Service Commissioning Board.
National Director	means an Executive Member or other Officers of NHS England designated as National Directors: <ul style="list-style-type: none"><li>• National Director: Transformation &amp; Corporate Operations</li><li>• National Director: Commissioning Strategy</li><li>• National Director: Operations and Information</li></ul>
Nominated Employee	means National Director, Regional Director, Devolution Chief Officer, Managing Director of CSU, Managing Director, Sustainable Development Unit, and/or Managing Partner NHS IMAS, as appropriate (unless otherwise stated in a schedule appended to the Scheme of Delegation nominated to carry out a specific task/function within Standing Orders and/or Standing Financial Instructions and/or the Scheme of Delegation

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Non-Executive Member	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 or any other person holding a paid appointment or office with NHS England and its hosted bodies.
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 document setting out the Reservation of Powers to the Board and Delegation of Powers.
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, Scheme of Delegation 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.

3.2.2 Within this document, words imparting any gender include any other gender. Words in the singular include the plural and words in the plural include the singular.

## 4 SFI4 Audit, Roles and Responsibilities

### 4.1 Audit and 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:
- 4.1.2 The strategic processes for risk, control and governance and the Governance Statement;
- 4.1.3 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;
- 4.1.4 The planned activity and results of both internal and external audit;
- 4.1.5 Adequacy of management response to issues identified by audit activity, including external audit's management letter;
- 4.1.6 Assurances relating to the management of risk and corporate governance requirements for NHS England;
- 4.1.7 Proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services; and
- 4.1.8 Anti-fraud policies, whistle-blowing processes and arrangements for special investigations.
- 4.1.9 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;



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- 4.2.2 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;
- 4.2.3 Ensuring that internal audit is adequate and meets the government mandatory audit standards;
- 4.2.4 Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption; and,
- 4.2.5 Ensuring that an annual internal audit report is prepared for the consideration of the Audit & Risk Assurance Committee. The report must cover:
  - 4.2.5.1 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;
  - 4.2.5.2 Major internal financial control weaknesses discovered;
  - 4.2.5.3 Progress on the implementation of internal audit recommendations;
  - 4.2.5.4 Progress against plan over the previous year;
  - 4.2.5.5 Strategic audit plan covering the coming three years; and,
  - 4.2.5.6 A detailed plan for the coming year.
- 4.2.6 The Chief Financial Officer, internal auditors and external auditors are entitled without necessarily giving prior notice to require and receive:
  - 4.2.7 Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
  - 4.2.8 Access at all reasonable times to any land, premises, Member of the Board or Officer of NHS England;
  - 4.2.9 The production of any cash, stores or other property of NHS England under the control of a Member of the Board or Officer; and,
  - 4.2.10 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:
- 4.3.6 Establish and monitor the achievement of NHS England's strategic and operational objectives, including its oversight of the wider commissioning system;
- 4.3.7 Identify, assess and manage strategic and operational risks to achieving the organisation's objectives;
- 4.3.8 Identify, the extent of compliance with, and the financial effect of, the relevant established policies, plans and procedures;
- 4.3.9 Identify the adequacy and application of financial and other related management controls;
- 4.3.10 Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes; and,
- 4.3.11 Identify the extent to which NHS England's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
- 4.3.12 Fraud and Offences;
- 4.3.13 Waste, extravagance, inefficient administration;

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- 4.3.14 Poor value for money; or,
- 4.3.15 Other causes.
- 4.3.16 Internal audit will review the board assurance framework.
- 4.3.17 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.
- 4.3.18 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.
- 4.3.19 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.
- 4.3.20 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.
- 4.3.21 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.

## 5 SFI5 Fraud, Bribery and 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. 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.
- 5.2 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.
- 5.3 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.
- 5.4 The Director identified in accordance with SO7.4.7 for each Region, National Directorate, Commissioning Support Unit, Devolved Authority, NHS IMAS 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').
- 5.5 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).
- 5.6 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.

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- 5.7 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.
- 5.8 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.
- 5.9 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.
- 5.10 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, 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:
- 5.11 The NHS Fraud and Corruption Reporting line 0800 028 40 60
- 5.12 Completing an online form at [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk)
- 5.13 Sending an email to: [nhsfraud@nhsprotect.gsi.gov.uk](mailto:nhsfraud@nhsprotect.gsi.gov.uk)
- 5.14 or by posting a letter to the Central Intelligence Unit, NHS Protect, Skipton House, 80 London Road, London, SE1 6LH
- 5.15 Under no circumstances should any Officer commence an investigation into suspected or alleged crime, as this may compromise any further investigation.

## 6 SFI6 Security Management

- 6.1 National Director, Transformation and Corporate Operations, is responsible for overseeing and providing strategic management and support for all security management work within NHS England, including within all its hosted bodies.
- 6.2 The National Director, Transformation and Corporate Operations, will designate the responsibilities to a Security Management Director (SMD). The SMD will appoint a National Security Management Co-ordinator accountable for the operational security management.
- 6.3 The Regional Directors, Director of Commissioning Operations and Accountable Officer in each Commissioning Support Unit will appoint a designated point of contact to support the National Security Management Co-ordinator undertake the operational security management locally.
- 6.4 National Security Management Co-ordinator will produce an annual assessment on behalf of the Security Management Director to outline the effectiveness of security management arrangements. 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 noncompliance.
- 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 All Members of the Board and Officers, severally and collectively, are responsible for the security of the property of NHS England.

## **7 SFI7 Resource Limits, Allocations, Planning, Budgets, Budgetary Control and 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;

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

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

7.2.5 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,

7.2.6 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:

7.3.2 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;

7.3.3 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;

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

### **7.4 Preparation and Approval of Plans & 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:
  - 7.4.2 A statement of the significant assumptions on which the plan is based; and,
  - 7.4.3 Details of major changes in workload, delivery of service or resources required to achieve the plan.
  - 7.4.4 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:
    - 7.4.5 Be in accordance with the aims and objectives set put in the business plan;
    - 7.4.6 Accord with workload and workforce plans;
    - 7.4.7 Be produced following discussion with appropriate Budget Holders;
    - 7.4.8 Be prepared within the limits of available funds; and,
    - 7.4.9 Identify potential risks.
  - 7.4.10 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.
  - 7.4.11 All Budget Holders must provide information as required by the Chief Financial Officer to enable Budgets to be compiled.
  - 7.4.12 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 Commitments against Planned CSU Surpluses**



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

### **7.6 Budgetary Delegation**

- 7.6.1 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:
- 7.6.2 The amount of the Budget;
- 7.6.3 The purpose(s) of each Budget heading;
- 7.6.4 Individual and group responsibilities;
- 7.6.5 Limits on exercising virements;
- 7.6.6 Achievement of planned levels of service; and,
- 7.6.7 The provision of regular reports.
- 7.6.8 The delegated Budget Holders must not exceed the budgetary total or virement limits set in the local operating framework.
- 7.6.9 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.
- 7.6.10 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.

### **7.7 Budgetary Control and Reporting**

- 7.7.1 The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:
- 7.7.2 Regular financial reports to the Board in a form approved by the Board containing:
- 7.7.3 Surplus reporting;
- 7.7.4 Movements in working capital;
- 7.7.5 Movements in cash and capital;
- 7.7.6 Capital project spend and projected outturn against plan;

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- 7.7.7 Explanations of any material variances from plan; and,
- 7.7.8 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;
- 7.7.9 The issue of timely, accurate and comprehensible advice and financial reports to each Budget Holder, covering the areas for which they are responsible;
- 7.7.10 Investigation and reporting of v variances from financial and workforce Budgets;
- 7.7.11 Monitoring of management action to correct variances; and,
- 7.7.12 Arrangements for the processing of Budget virements.
- 7.7.13 Each Budget Holder is responsible for ensuring that:
- 7.7.14 Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Investment Committee;
- 7.7.15 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,
- 7.7.16 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 workforce establishment as approved by the Board.
- 7.7.17 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.

### **7.8 Capital Expenditure**

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

### **7.9 Monitoring Returns**

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

## 8 SFI8 Annual Report and Accounts

- 8.1 The Chief Financial Officer, on behalf of the Board, will:
- 8.2 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;
- 8.3 Ensure the preparation and submission of annual financial reports to the Department of Health certified in accordance with current guidelines; and,
- 8.4 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.
- 8.5 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.
- 8.6 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.

## 9 SFI9 Banking Arrangement

### 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:
- 9.2.2 Commercial bank accounts and accounts operated through the Government Banking Service;
- 9.2.3 Establishing separate bank accounts for NHS England's Funds Held on Trust, including charitable funds;
- 9.2.4 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;
- 9.2.5 Reporting to the Board all arrangements made with NHS England's bankers for accounts to be overdrawn; and,
- 9.2.6 Ensuring there are arrangements in place for the monitoring of compliance with Department of Health guidance on the level of cleared funds; and
- 9.2.7 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 Card but excluding cards associated with Personal Health Budgets)**

- 9.3.1 The Chief Financial Officer is responsible for:
- 9.3.2 Recommending to the Board, for approval:
- 9.3.3 Whether procurement or other card services should be allowed;
- 9.3.4 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,
- 9.3.5 The types of transactions that should be permitted on each card
- 9.3.6 Where the Board has approved the use of card services, recommending to the Board for approval:
- 9.3.7 The posts who should be issued with a card, and the type of card;
- 9.3.8 The credit limit to be associated with each card; and,
- 9.3.9 The uses to which the card can be put.
- 9.3.10 Ensuring the card providers systems are accurately updated with card transaction details by card holders to monitor actual use against authorised use 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:
- 9.5.2 The conditions under which each commercial bank and Government Banking Service account is to be operated; and,
- 9.5.3 Those authorised to sign payable orders or other orders drawn on NHS England's accounts.
- 9.5.4 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.

## **10 SFI10 Fees and Charges, 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 payable orders and negotiable instruments 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 Contracts**

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

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- 10.3.5 Without financial limit, subject to the value being in line with the approved CSU business plan.
- 10.3.6 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 Contract and Contract Variation Approval and Signing

- 10.4.1 The following approval limits apply to the signing of income (sales) contracts and contract variations, excluding service level agreements, memorandum of understanding (MOU) and contracts for services provided to Clinical Commissioning Groups, NHS England for direct commissioning support and other commissioners provided by CSU's (see SF10.3).
- 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.

	Level	Level	Level	Level	Level	Level	
Contract Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k	
Approvers and /Or Restrictions	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 Or Devolution Chief Officer	CSU Cost Centres - As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer			
							Other Directors (VSM) – (Applicable to All other cost centre)
Approvers and /Or Restrictions	All Cost Centres			Other Directors (VSM) – (Applicable to All other cost centre)	Band 9 & 8d Budget Holders - (Applicable to All other cost centre)	Other Band 8 & 7 Budget Holders - (Applicable to All other cost centre)	

**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	Level	Level	Level	Level	Level	
Contract Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k	
Approvers and /Or Restrictions	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  Or  Devolution Chief Officer	<b>CSU Cost Centres - As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer</b>			
Approvers and /Or Restrictions	All Cost centres			Other Directors (VSM) – (Applicable to All other cost centre)	Band 9 & 8d Budget Holders - (Applicable to All other cost centre)	Other Band 8 & 7 Budget Holders - (Applicable to All other cost centre)	

## **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 Payable Orders, Petty Cash and Other Negotiable Instruments**

- 10.7.1 NHS England does not encourage the use of Petty Cash floats or the storage of Payable Orders or any other negotiable instruments on NHS England premises.

## **11 SFI11 Terms of Service, Allowances & Payment of Members, Employees, Volunteers, Off Payroll Workers, 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 or in the case of those aspects of EHRSC's responsibilities which are further delegated to Establishment Assurance Panels, the relevant Establishment Assurance Panel.

### **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.

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- 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 NHS 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.

### **11.4 Contracts of Employment**

- 11.4.1 The National Director: Transformation & Corporate Operations is responsible for ensuring systems are in place for:
- 11.4.2 Ensuring that all Employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation;
- 11.4.3 Dealing with variations to, or termination of, contracts of employment; and,
- 11.4.4 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. Managers are accountable for approving appropriate expenses incurred in line with the Business Travel and Expenses policy and based on their financial delegations set out in these SFIs.
- 11.5.2 E-Expenses reimbursements to Employees are processed 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

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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 and accommodation for Off-payroll workers should be booked via the approved travel booking provider.

### **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.

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- 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:
- 11.7.3 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,
- 11.7.4 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.
- 11.7.5 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. As an exception to this patient volunteers working with NHS England, should submit expense claims based on the PPV policy.
- 11.7.6 All reimbursement or expenses to volunteers and lay members should be made following the submission of a Patient and Public Voice expense claim form.
- 11.7.7 This should be submitted within 3 months of the event and must include return journey postcodes, where mileage is being claimed, and should include receipts for any expenses claimed. Expenses claimed should be in line with the Patient and Public Voice expenses policy.
- 11.7.8 Where it is proposed to pay a volunteer or lay member an involvement payment, this will be classed as income by HMRC.
- 11.7.9 Many of our patient volunteers will be in receipt of state benefits or insurance payments. Job Centre Plus and insurance companies may also consider any payments made as income.

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- 11.7.10 Any recipients of this income must be informed of their duty to declare the income in writing to the relevant authorities. Individuals failing to declare this income can put themselves at financial risk, their benefits or insurance payments could be suspended or stopped.
- 11.7.11 Policy teams who offer involvement payments should detail the payment offer and the requirement to declare this offer in writing. Involvement payments are further detailed in the Patient and Public Voice expenses and involvement payments policy.

### **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:
- 11.10.2 Redundancies (subject to a capitalised cost de-minimus);
- 11.10.3 Ten or more redundancies, irrespective of capitalised cost;
- 11.10.4 Payments in lieu of notice (subject to a de-minimus);
- 11.10.5 All special severance payments;
- 11.10.6 Financial incentive/retention payments;
- 11.10.7 All novel, contentious or repercussive cases;
- 11.10.8 Change programmes/major restructuring;



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- 11.10.9 Voluntary redundancy schemes;
- 11.10.10 Where a decision to terminate employment has been overturned;
- 11.10.11 Has a proposed settlement payment of £100,000 (at any grade); and,
- 11.10.12 Confidentiality clauses.
- 11.10.13 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.

## 12 SFI12 Processing Payroll

All Employees will be paid by bank credit transfer, unless otherwise agreed by the Chief Financial Officer. The National Director: Transformation & Corporate Operations will ensure arrangements are in place to issue instructions regarding:

- Verification and documentation of data;
- The timetable for receipt and preparation of payroll data and the payment of Employees;
- Pay advances and their recovery from subsequent pay; and,
- Recovery from leavers' pay of sums of money, including overpayments, due by them to NHS England.

### **12.1 The Chief Financial Officer will ensure arrangements are in place to issue instructions regarding:**

- 12.1.1 Procedures for payment by bank credit, or other method when agreed
- 12.1.2 Procedures for the recall of bank credits and other methods of payment;
- 12.1.3 Maintenance of regular and independent reconciliation of pay control accounts; and,
- 12.1.4 Recovery from leavers, any sums of money, including overpayments, due by them to NHS England, which have not been recovered from pay prior to leaving.

### **12.2 Payroll Payment**

- 12.2.1 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.

### **12.3 The Chief Financial Officer and National Director: Transformation & Corporate Operations have joint responsibility for ensuring the contract with the relevant outsource provider covers:**

- 12.3.1 Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;

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- 12.3.2 Security and confidentiality of payroll information;
- 12.3.3 Separation of duties of preparing records and inputs and verifying outputs and payments;
- 12.3.4 The final determination of pay and allowances;
- 12.3.5 Checks to be applied to completed payroll before and after payment;
- 12.3.6 Ensuring payment occurs on agreed dates; and,
- 12.3.7 Arrangements for ensuring compliance with the provisions of the Data Protection Act.

### **12.4 Appropriately nominated Officers have delegated responsibility for;**

- 12.4.1 Submitting time records, and other notifications in accordance with agreed timetables;
- 12.4.2 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;
- 12.4.3 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,
- 12.4.4 The recovery of property from leavers due by them to NHS England.

## 13 SFI13 Commercial and Procurement

### 13.1 The Head of Commercial and Procurement is responsible for providing management, governance and assurance of the Commercial and Procurement function to ensure:

- 13.1.1 The buying and contract management of goods, services and works is undertaken in accordance with the Procurement Rules, the clinical and non-clinical procurement policy and procedures;
- 13.1.2 Compliance with HM Treasury Managing Public Money (2015) which requires that all public sector organisations be able to demonstrate value for money for their expenditure;
- 13.1.3 Where relevant compliance with; Department of Health (DH), Ministerial, HM Treasury or Cabinet Office controls as per SFI13.6.11
- 13.1.4 This document should be read in conjunction with Clinical and Non-Clinical Procurement policy and Procurement Procedures.

### 13.2 The Head of Commercial and Procurement is also required to provide robust management, governance and assurance on Commercial Models (SFI13.17), In-house Services (SFI13.18), Grant funding (SFI13.19) and other novel or contentious commercial decisions.

### 13.3 Commercial Governance and Assurance

- 13.3.1 All expenditure is subject to the NHS England Commercial approval process, which is in addition to the annual budget allocation agreed by Finance and the delegated budget holder. The approval process is based on:
  - 13.3.1.1 Commercial Lifecycle 5 stage process as defined in Section 13 of the Non-Clinical Procurement Policy and Procurement Procedures; or
  - 13.3.1.2 For Commissioning Support Units (CSU) the relevant strategic sourcing process managed within each CSU.
- 13.3.2 The Commercial Executive Group and Panel meetings are core components within the commercial operations of NHS England ensuring control and decision making across key phases of the Commercial Lifecycle and is supported by robust business cases and procurement strategy.

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- 13.3.3 Approval from the Commercial Executive Group or the Commercial Panel, is required at least two points through the Commercial Lifecycle i.e. Procurement Strategy (includes Business Case); and Contract Award (prior to commitment/contracts being signed).
- 13.3.4 Any Procurement activity over £100,000 (estimated contract value) must be undertaken by Commercial Centre of Excellence (COE) for non-clinical spend.
- 13.3.5 Any Procurement activity under £100,000 (contract value) must be undertaken by NHS SBS for NHS England spend only.
- 13.3.6 CSUs procurement activity under £200,000 must be undertaken by individual CSUs' procurement service.
- 13.3.7 Contract length duration should be linked to the contract subject matter taking into account market conditions, value for money and commissioning intentions. Any proposal to let a contract for over 5 years, including option to extend clauses, must be approved by the NHS England Commercial Executive Group before advertisement.

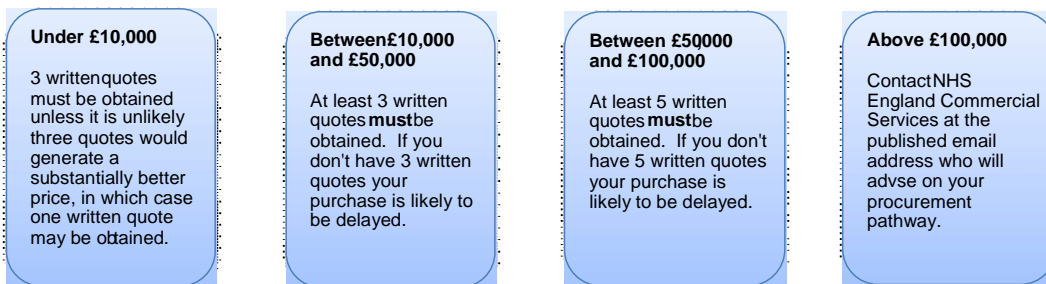
### **13.4 Aggregation (Contract Value Calculation)**

- 13.4.1 The Procurement Rules (regulation 6 Public Contracts Regulations 2015) explicitly prohibit deliberately sub-dividing contracts to stay below the thresholds.
- 13.4.2 Aggregation rules apply in the case of supply of goods and services when the contracting authority has a requirement over a period of time for specific goods or services, and enters into a number of contracts for those goods or services. In these cases the values of the separate contracts are added together and, if the total value of all contracts exceeds the threshold, the procurement rules apply to all the contracts, even if individually the amount of each contract is below the thresholds.
- 13.4.3 For contracts of an ongoing nature, the contract value of goods and services is calculated by multiplying the monthly remuneration by 48. For works contracts, the contracting authority must aggregate the value of separate contracts awarded at the same time in different lots for the purpose of carrying out one single work. In this regard, the contract value must include both the cost of the works and the cost of the materials used.
- 13.4.4 VAT should be excluded when determining the contract value for the purpose of procurement activity.
- 13.4.5 When submitting a business case, 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. Budget holders should liaise with their nominated Finance lead to determine the VAT treatment process. Further advice should be sought from the NHS Shared Business Services VAT team if deemed necessary.

### 13.5 Planning a Procurement Project

- 13.5.1 All budget holders are required to maintain a Commercial Pipeline of future procurement activity and update this on a quarterly basis. The Head of Commercial and Procurement and CSU Procurement leads are responsible for ensuring the commercial pipeline is collated and published on Contracts Finder.
- 13.5.2 The commercial pipelines will be linked to NHS England Corporate business planning process for non-clinical spend.
- 13.5.3 Any expenditure that is not included or is omitted from the pipeline will be deemed as unplanned (except any new or additional business won by CSU after initial planning process) and be subject to additional approval via the Commercial Executive Group or Panel.
- 13.5.4 This unallocated expenditure (budget) could be subject to reallocation by Finance during any financial year. (CSUs are excluded from reallocation of budgets).
- 13.5.5 The procurement requirements in the figure below apply according to the estimated value of the contract. The thresholds that are applicable for the non-clinical spend:



- 13.5.6 Budget holders are required to ensure competition is undertaken on all spend in line with the relevant Non- Clinical or Clinical Procurement Policy and Procedures. It is important to understand, note and comply with the procurement thresholds and the procurement procedures detailed in the relevant procurement policy.
- 13.5.7 All business cases and procurement strategies are reviewed in accordance with SFI13.7. The procurement strategy must seek to:

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- 13.5.7.1 Maximise competition by engaging supply markets early to design services that are accessible to as many suppliers as possible (including small and medium-sized business).
- 13.5.7.2 Developed in lines with the Non-Clinical and Clinical Procurement Policies and Procedures taking into account all relevant legislative arrangement.
- 13.5.7.3 Undertake any community consultations; seek feedback from the service users, stakeholder on the proposed service provision.
- 13.5.7.4 Work with other government departments to ensure value for money and make use of shared capability, existing commercial contracts, framework agreements or sourcing arrangements wherever possible.
- 13.5.7.5 Ensure early consideration to all relevant commercial options, testing “make or buy” and using relevant criteria to fully consider a range of options before agreeing (commercial) strategies.
- 13.5.7.6 Demonstrate robust evaluation method, transparency and openness of process, and deliver value for money outcomes.

### **13.6 Cabinet Office Controls and Centralised Procurement Processes**

- 13.6.1 NHS England is subject to Cabinet Office efficiency controls and centralised category procurement.
- 13.6.2 Centralised category procurement requires that NHS England use contracts and/or frameworks let centrally for certain categories of spend.
- 13.6.3 Efficiency controls are mandated by the Cabinet Office and require that certain categories of expenditure (13.6.9, 13.6.10) need approval by the Department of Health (DH) and/or Ministerial and/or HM Treasury and/or Cabinet Office.
- 13.6.4 CSUs are exempt from these controls but are subject to Cabinet Office centralised procurement processes.
- 13.6.5 The approval process requires a business case to be submitted via CoreStream for approval by Commercial Panel or Commercial Executive Group, prior to being submitted to DH and Ministers where applicable.
- 13.6.6 Centralised procurement processes may also be subject to efficiency controls.

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13.6.7 NHS England Commercial team is responsible for ensuring that all procurements comply with the regulatory framework.

13.6.8 The categories covered by centralised category procurement are as below:

<ul style="list-style-type: none"><li>• Advertising, Marketing &amp; Communications</li></ul>	<ul style="list-style-type: none"><li>• Energy</li></ul>
<ul style="list-style-type: none"><li>• Lease Vehicles and Hire Cars</li></ul>	<ul style="list-style-type: none"><li>• Information and Communication Technology</li></ul>
<ul style="list-style-type: none"><li>• Learning and Development (including Training)</li></ul>	<ul style="list-style-type: none"><li>• Office Solutions</li></ul>
<ul style="list-style-type: none"><li>• Professional Services; Internal Audit, External Audit, Anti-Fraud, Bribery and Corruption, Legal Services, Consultancy, Interim Managers and Specialist Contractors, Interim Administrative and Clerical Staff and Others</li></ul>	
<ul style="list-style-type: none"><li>• Property Solutions, Print and;</li></ul>	<ul style="list-style-type: none"><li>• Travel</li></ul>

13.6.9 Under no circumstances should the Cabinet Office efficiency controls and centralised procurement processes be circumvented by using a CSU for NHS England spend.

13.6.10 The Cabinet Office has also applied efficiency controls on Strategic Supplier Management, Redundancy and Compensation, Property, Facilities Management, and Commercial Models. Contact the Commercial team for detailed guidance.



Controls:	Department of Health (DH)	Cabinet Office	Ministers	HM Treasury
<b>Consultancy:</b> The provision of management, objective advice and assistance relating to the strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives.				
<b>Total Spend:</b>	>£20K spend; where <ul style="list-style-type: none"> <li>• New contracts likely to continue for longer than 9 months; or</li> <li>• Existing Contracts are to be extended beyond 9 months; or</li> <li>• the expenditure is on Procurement related consultancy irrespective of spend</li> </ul>		>100K	None
<b>Professional Services:</b> Temporary Staff (Admin and clerical, Specialist Contractors and Interim Managers or any other professional services).				
<b>Total Spend:</b>	All Spend	None	>£200K; and / or Day rate > £900	>500K and funded from a programme budget
<b>Advertising, Marketing and Communications:</b> Advertising and Marketing, Consultation, Associated Publicity, Events, Conferences, Exhibitions, Resources and Materials, Analysis, Evaluations, Communication strategy, Market Research, Printing and Publications, Public Relations Activity.				
<b>Total Spend:</b>	>£20K >£40K for Recruitment Marketing	>£100K		None
<b>ICT:</b> Any ICT related spend such as request for a website and service supported by a series of contrasts such as hosting, data centers, voice and video, security, securing third party support. Includes expenditure related to PSN. This also includes systems that support administration i.e. finance, HR, Procurement and any upgrades.				
<b>Total Spend:</b>	>£100K and up to Cabinet office controls	>£5m any spend >£1m systems that support administration		None
<b>Digital:</b> All new and existing expenditure				
<b>Total Spend:</b>	DPAG approval required for all projects.	No lower limit for external facing projects >£100K for digital expenditure		None

## 13.7 Approval of Business Case and Procurement Strategy (Non- Clinical spend)

- 13.7.1 All non-clinical spend where covered by Cabinet Office controls or over £100k (over £200k for CSU's) requires a robust and fully comprehensive business case and procurement strategy and must be approved:

Under £1m	Equal to or over £1m or novel/contentious projects
Commercial Panel	Commercial Executive Group

- 13.7.2 All business cases and accompanying procurement strategies must be submitted via CoreStream (electronic workflow system), for submission to either Commercial Panel or Executive Group.
- 13.7.3 The CSU Transition team will be responsible for submitting all relevant CSU's business cases and procurement strategies until CoreStream is rolled out.
- 13.7.4 Budget holders are required to prepare all business cases early enough in the process to allow assurance and procurement activity (suggested 6 months prior to any contract commencement date or longer for complex procurements).
- 13.7.5 Budget holders must plan well in advance of a contract ending and ensure the next procurement process is completed in sufficient time to avoid the use of extension options. Under no circumstances should a business case be prepared retrospectively to pay for goods or services already received by NHS England.
- 13.7.6 No commitment to expenditure, either verbal or written, should be made without appropriate approvals including variation/extensions to contract which must consider the whole life value of a contract including the extension.

## 13.8 Clinical Services (Direct Commissioning)

- 13.8.1 Directly commissioned clinical services are not subject to either efficiency controls or centralised category procurement.
- 13.8.2 Procurement of healthcare services for the NHS (which includes directly commissioned clinical services) is subject to the Procurement Rules.
- 13.8.3 The Procurement rules mean that NHS England must act with a view to:

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- 13.8.3.1 Securing the needs of the people who use the service(s);
- 13.8.3.2 Improving the quality of the service(s); and,
- 13.8.3.3 Improving efficiency in the provision of the service(s).
- 13.8.4 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).
- 13.8.5 Procurement support for tendering directly commissioned clinical services should be sourced from the CSUs who are approved to provide clinical procurement support.

### **13.9 Single Tender Actions (STAs) and Retrospective Purchase and Actions**

- 13.9.1 Single Tender Actions must be avoided and only approved in line with the exemptions provided for in the procurement rules.
- 13.9.2 Should there be a need for approval for a STA, retrospective purchase and actions, a business case with supporting justification must be recorded in CoreStream and reviewed and noted by the Commercial Executive Group.
- 13.9.3 All STAs with an aggregated spend under £50k must be approved by the Commercial Panel and aggregated spend over £50k spend requires approval from the Commercial Executive Group.
- 13.9.4 All Retrospective Purchases and Actions with an aggregated spend under £50k must be approved by the Commercial Panel and over £50k spend requires approval from the Commercial Executive Group.
- 13.9.5 Any retrospective purchases must be recorded on the quarterly assurance statement of non-compliance to the SFI's and will be scrutinised by the Commercial Executive Group.

### **13.10 No Contract, No Purchase Order, No Payment Protocol**

- 13.10.1 NHS England has implemented a No Contract, No Purchase Order, No Payment protocol that allows close monitoring and control of spend before it is committed.
- 13.10.2 NHS England uses an electronic Purchase to Pay process (P2P) to create purchase requisition and purchase orders (PO).
- 13.10.3 Matching invoices to POs and confirming the receipt of goods and services provides a more robust audit trail and also helps in mitigating the potential risks from fraud.

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- 13.10.4 All purchase orders must be raised in advance of a commitment being entered into, not on receipt of an invoice. An order raised after an invoice is received is classed as a retrospective order and is a breach of SFIs.

### 13.11 Contract Approval and Signing

- 13.11.1 NHS England may only enter into contracts within the statutory powers delegated to it by the Secretary of State for Health and must comply with:

13.11.1.1 Standing Orders and Standing Financial Instructions; and

13.11.1.2 EU Directives and other statutory provisions;

13.11.2 All commitments (with exception of framework agreements) must be on NHS standard terms and conditions of contract, any deviation must be pre-approved by Head of Commercial and Procurement and Head of Legal Services.

13.11.3 No commitment to expenditure, either verbal or written, should be made without appropriate approvals including variation/extensions to contract.

13.11.4 All expenditure contract commitments over £25k (including any contract variation whether having a financial implication or not), including but not limited to: Service Level Agreements, Memorandum of Understandings (MOUs), Framework Agreements (incl. Call-Off Agreements), Lease Agreements, Licence Agreements must be recorded and a soft copy saved on the Commercial Central Contracts Register (held individually by each CSU and NHS England) before publishing to the central government Contract Finder web portal.

13.11.5 The Contract number generated by this system must be used to map to the corresponding Purchase Order in adherence to No Contract, No Purchase Order, No Payment protocol.

13.11.6 The approving body to award a contract (including contracts awarded by CSUs on behalf of NHS England) is dependent upon whole life value excluding recoverable VAT as follows:

Under £1m	Equal to or over £1m or novel/contentious projects
Commercial Panel	Commercial Executive Group
CSU Managing Director for Contracts up to £200K; and as delegated by the CSU MD in the approved CSU Operating Framework	

13.11.7 This includes call-off contracts from framework agreements where individual contracts are still required.

**13.12 The following approval limits apply to all signing of non-clinical and Clinical contracts (including service level agreements, memorandums of understanding, and other equivalent documents):**

Contracts	Non - Clinical Contracts			Clinical Contracts	
	Above £1m	Up to £1m	Up to £200k	Above £500m	Up to £500m
Approvers and/or Restrictions	All Cost Centres		CSU Cost Centres	All Cost Centres	
	Chief Executive or Chief Financial Officer	Director of Financial Control	National Director or Regional Director or Devolution Chief Officer	Chief Executive and Chief Financial Officer on the recommendation of the relevant Devolution Chief Officer or Regional or National Director	Director of Commissioning Operations and Local Regional Office Director of Finance, Devolution Chief Officer or Regional Director and Regional Director of Finance, or National Director and Other Director (VSM)
	(subject to prior recommendation by the Commercial Executive Group)	(subject to prior recommendation by the commercial panel)	As set by CSU Managing Director, recorded in the CSU operating framework		

### **13.13 Purchase Orders**

- 13.13.1 Budget holders are required to ensure that the No Contract, No Purchase Order, No Payment Protocol is adhered.
- 13.13.2 All commitments must be raised via a Purchase Order requisition using the NHS England Integrated Single Financial Environment (ISFE) unless exceptions stated in section 12.12.10 Non-clinical Procurement policy and the Clinical Procurement Policy and Procedures.
- 13.13.3 The rule of aggregation as per SF113.4 must be adhered when identifying the total value of the contracts. The Budget holders must not split PO's and Contracts as this will be deemed as disaggregation and is a breach of the Procurement Rules.
- 13.13.4 No invoice will be paid without a compliant contract and purchase order unless allowed under the exemptions listed in the Procurement Policy and prior approval from the Head of Commercial and Procurement or CSU's Procurement Lead.
- 13.13.5 The Purchase Order must be in accordance with agreed contract value and length. Ideally one contract and one purchase order with a scheduled payment profile.

### 13.14 Approval of Purchase Requisitions, Purchase Credit Notes, Invoices and Non PO Invoices

13.14.1 The following approval limits apply to all non-clinical purchase requisitions. The use of Non PO approvals should be limited to the exceptions stated in Section 12.12.10 Non-Clinical Procurement Policy and Procedures and the Clinical Procurement Policy and Procedures. Budget holders are required to ensure that the No Contract, No Purchase Order, No Payment protocol is adhered to.

Requisition/ Invoice Value	Over £1m	500k to £1m	200K to £500k	100k to £200k	50k to £100k	Up to £50k
Pre-requisite	Signed contract must be in place before requisition approval					
Approvers and/or Restrictions	All Cost Centres			CSU Cost Centres		
	Chief Executive <b>OR</b> Chief Financial Officer	Director of Financial Control <b>OR</b> Director of Strategic Finance <b>OR</b> Director of Financial Performance	National Director <b>OR</b> Regional Director <b>OR</b> Director of Commissioning Operations <b>OR</b> CSU Managing Director Or Devolution Chief Officer	As set by CSU Managing Director, recorded in the CSU operating framework  All Other Cost Centres Other Directors (VSM)	<i>CSU Cost Centres</i> As set by CSU Managing Director, recorded in the CSU operating framework  All Other Cost Centres Band 9 & 8d Budget Holders	<i>CSU Cost Centres</i> As set by CSU Managing Director, recorded in the CSU operating framework  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

### **13.15 Contract Management**

- 13.15.1 The use of the non-purchase order route must be agreed by the Head of Commercial and Procurement or CSU Procurement Lead prior to any commitment/order to a supplier and should be limited to the exceptions stated in Section 12.12.10 Non-Clinical Procurement Policy and Procedures and/or the Clinical Procurement Policy and Procedures.
- 13.15.2 A contract management plan must be developed for all high risk/strategic contracts or framework agreements (set during pre-procurement) and will continuously review throughout the lifecycle of the contract adhere to the contract management standards.

### **13.16 Contract Variations and Extensions**

- 13.16.1 No extension or variation may be granted to any contract not awarded under the EU procurement procedures where the value of the extension or variation results in the contract value exceeding the EU procurement procedures thresholds.
- 13.16.2 All contract variations must comply with Regulation 72 of Public Contracts Regulations 2015.
- 13.16.3 The extension to existing contracts could only be authorised where an extension for the particular period is provided for within the terms and conditions of the contract (and provided that there has been satisfactory performance).
- 13.16.4 Subject to any statutory restrictions and compliance with these SFI's, the Director of Financial Control (or CSU Procurement Lead where within CSU delegated limits) with recommendation from the Head of Commercial and Procurement (or CSU Procurement lead) may authorise any other variation to an existing contract, and if relevant a consequent change in price, determined in accordance with the contract terms where the annual value of the variation is less than £100,000 or 10% of the original annual contract value (whichever is the lesser).
- 13.16.5 Any variations to an existing contract, and if relevant a consequent change in price, determined in accordance with the contract terms where the annual value of the variation is greater than £100,000 but less than £1m or between 10% - 30% of the original annual contract value (whichever is the lesser) must be authorised by the Commercial Panel.
- 13.16.6 All extensions and variations to an existing contract must be checked to confirm that they represent best value for money and they are not being instigated solely to avoid or delay the requirement to conduct procurement.



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- 13.16.7 All extensions and variations must be agreed, documented, signed and countersigned by all parties or executed as a deed where necessary.

### **13.17 Commercial Models (Outsourcing of Service)**

- 13.17.1 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.
- 13.17.2 This Includes:
- 13.17.2.1 All disposals of a business, the assets involved in delivering a service, or both;
- 13.17.2.2 All outsourcing contracts, or significant extensions of existing contracts (But not CSU sub-contracting of services as part of a flexible service delivery model); or
- 13.17.2.3 The creation of any new organisation, including a spin-off from central government, (mutual) joint venture, GovCo, charity, social enterprise or other mutual organisation.
- 13.17.3 Advice should be sought from the Chief Financial Officer, or the nominated Officer, 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.

### **13.18 In-House Services**

- 13.18.1 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 rules.
- 13.18.2 CSUs are legally and organisationally, an essential and integral part of NHS England's organisational architecture. As such, NHS England can as a matter of law meet all of its delivery requirements in-house without competition, for example by obtaining services from CSUs. Where teams in NHS England want to secure services from a CSU, there is a clearly defined process (CSU New Business Opportunities Approach) managed by the CSU Transition Team which involves developing a specification of requirement and obtaining proposals from the CSUs from which the originating team can select the proposal that best meets their needs.

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- 13.18.3 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups will be set up:
- 13.18.3.1 Specification group, comprising the Chief Executive or nominated Officer(s) and specialist;
  - 13.18.3.2 In-House tender group, comprising a nominee of the Chief Executive and technical support; and
  - 13.18.3.3 Evaluation team, comprising normally a specialist Officer, a supplies Officer and a delegated Chief Financial Officer. 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 bid group may participate in the evaluation of tenders.

### 13.19 Grants

- 13.19.1 The Head of Commercial and Procurement is responsible for providing robust governance and assurance to NHS England with regards to the use of specific powers under which it can make a grant payment to specific bodies. The relevant powers of NHS England are:
- 13.19.1.1 Section 13X of the NHS Act 2006 (as amended)
  - 13.19.1.2 Section 256 and 257 of the NHS Act 2006 (as amended)
  - 13.19.1.3 Paragraph 13, Schedule 1, of the NHS Act 2006 (as amended)
- 13.19.2 Grants should be awarded and governed in accordance with NHS England's powers under the NHS Act 2006 (amended), and the NHS England Grants Policy and Guidance.
- 13.19.3 Labelling a payment as a grant payment should not be seen as a way of avoiding the procurement processes laid out in SF113. State aid rules apply to the awarding of grants therefore the process to award a grant must be treated the same as any other procurement exercise, and should comply with all appropriate requirements of SF113.
- 13.19.4 The approval body for all grant applications, dependent upon whole life value (including any VAT) as follows:

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Below £1m	Above £1m (and all Non-competed Grants)
Commercial Panel	Commercial Executive Group

- 13.19.5 All grant awards must have a grant funding agreement.
- 13.19.5.1 Commitments over £1,000,000 must be signed by the NHS England Chief Financial Officer or Chief Executive Officer.
- 13.19.5.2 Commitments up to £1,000,000: Signed by a National Director, Regional Director, Devolution Chief Officer, Director of Commissioning Operations.

### 13.20 Document Retention and Reporting

- 13.20.1 The Head of Commercial and Procurement or the CSU Procurement Leads are responsible for ensuring that the systems are in place to maintain archives that are required to be retained in accordance with Procurement Regulation 2015, Department of Health guidelines and NHS England policy.
- 13.20.2 NHS England Commercial Team is responsible for producing a comprehensive organisation wide spend analysis report for NHS England spend only, at least annually. This helps achieve Value for Money by delivering effective and efficient future category/procurement strategies.

## 14 SFI14 Capital Investment, Asset Register & Security of Assets

### 14.1 Introduction

- 14.1.1 Capital commitments typically cover land, buildings, equipment and IT, including:
- 14.1.2 Authority to spend capital;
- 14.1.3 Authority to enter into a leasing arrangement;
- 14.1.4 Authority to enter into a legally enforceable commissioning commitment to provide any transition or transaction support from centrally controlled NHS England funds; and/or
- 14.1.5 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
- 14.1.6 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.
- 14.1.7 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.
- 14.1.8 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;
- 14.2.2 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;
- 14.2.3 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
- 14.2.4 Will ensure that capital investment is not undertaken without securing the availability of resources to finance all revenue consequences.

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- 14.2.5 For every capital expenditure proposal the Chief Financial Officer is responsible for ensuring there are processes in place to ensure
- 14.2.6 That a business case is produced setting out:
- 14.2.7 An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
- 14.2.8 The involvement of appropriate NHS England personnel and external agencies; and,
- 14.2.9 Appropriate project management and control arrangements.
- 14.2.10 That a designated Officer has examined and confirmed the appropriateness of the costs and revenue consequences detailed in the business case.
- 14.2.11 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.
- 14.2.12 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.
- 14.2.13 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.
- 14.2.14 The approval of a capital programme does not constitute approval for expenditure on any scheme.
- 14.2.15 The Chief Financial Officer is responsible for ensuring there are processes in place to issue to the Officer responsible for any scheme:
- 14.2.16 Specific authority to commit expenditure;
- 14.2.17 Authority to proceed to tender; and,
- 14.2.18 Approval to accept a successful tender.
- 14.2.19 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.

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- 14.2.20 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". 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;
- 14.3.2 Commitments from £35m and above: should be approved by the Board.
- 14.3.3 Commitments from £15m-£35m: should be approved by the Investment Committee.
- 14.3.4 Commitments up to £15m: can be approved by the NHS England Chief Executive or Chief Financial Officer.
- 14.3.5 For CSU programmes within approved budget, commitments up to £1m: CSU Managing Director and CSU Director of Finance.
- 14.3.6 In addition, commitments to capital expenditure on items covered by Cabinet Office Controls are subject to the efficiency controls and centralised category procurement requirements detailed in SF113.

### 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:
- 14.4.2 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;
- 14.4.3 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,
- 14.4.4 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,

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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:
- 14.5.4 Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- 14.5.5 Stores, requisitions and wages records for own materials and labour including appropriate overheads; or,
- 14.5.6 Lease agreements in respect of assets held under a finance lease and capitalised.
- 14.5.7 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).
- 14.5.8 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.
- 14.5.9 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.
- 14.5.10 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.
- 14.5.11 Budget Holders will ensure that the respective assets and inventories for their areas are physically checked annually.
- 14.5.12 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.
- 14.5.13 The Chief Financial Officer is responsible for ensuring there are processes in place to maintain an up to date register of properties owned

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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, and donated assets) must be approved by the Chief Financial Officer. These procedures should make provision for:
  - 14.6.3 Recording managerial responsibility for each asset;
  - 14.6.4 Identification of additions and disposals;
  - 14.6.5 Identification of all repairs and maintenance expenses;
  - 14.6.6 Physical security of assets;
  - 14.6.7 Periodic verification of the existence of, condition of, and title to, assets recorded;
  - 14.6.8 Identification and reporting of all costs associated with the retention of an asset; and,
  - 14.6.9 Reporting, recording and safekeeping of cash, payable orders, and negotiable instruments.
- 14.6.10 All discrepancies revealed by verification of physical assets to fixed asset or inventory registers should be notified to the Chief Financial Officer.
- 14.6.11 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.
- 14.6.12 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.
- 14.6.13 Where practical, assets should be marked as NHS England property.



## 15 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:
  - 15.1.6 A list of Officers authorised to certify requisitions and invoices;
  - 15.1.7 Certification that:
    - 15.1.8 Goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct;
    - 15.1.9 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;
    - 15.1.10 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;
    - 15.1.11 Where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained;
    - 15.1.12 The account is arithmetically correct; and,

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- 15.1.13 The account is in order for payment.
- 15.1.14 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,
- 15.1.15 Instructions to Officers regarding the handling and payment of accounts within the Finance Directorate.
- 15.1.16 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.
- 15.1.17 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.
- 15.1.18 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;
- 15.2.3 The financial advantages must outweigh the disadvantages; and,
- 15.2.4 The appropriate Director, or CSU Managing Director in the case of a CSU, must provide the Commercial Executive Group or Commercial Panel (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.

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- 15.2.5 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.
- 15.2.6 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.

## 16 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;
- 16.1.2 Kept to a minimum
- 16.1.3 Subjected to annual stock take; and
- 16.1.4 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.

## 17 SFI17 External Borrowing & Investment

### 17.1 External Borrowing

- 17.1.1 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.
- 17.1.2 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.
- 17.1.3 The Chief Financial Officer is responsible for ensuring systems are in place to prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 17.1.4 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.
- 17.1.5 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.
- 17.1.6 All long-term borrowing must be consistent with the plans outlined in the current business plan and be approved by the Board.

### 17.2 Investments

- 17.2.1 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.
- 17.2.2 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.
- 17.2.3 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.

## 18 SFI18 Disposals & Condemnations

### 18.1 Disposals

- 18.1.1 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.
- 18.1.2 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.

### 18.2 Condemnations

- 18.2.1 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.
- 18.2.2 All unserviceable articles should be;
- 18.2.3 Condemned or otherwise disposed of by an Officer authorised for that purpose by the Chief Financial Officer; and
- 18.2.4 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.
- 18.2.5 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.

## 19 SFI19 Losses & Special Payments

### 19.1 General

- 19.1.1 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.
- 19.1.2 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.
- 19.1.3 A loss, write off or special payment will always require HM Treasury approval, irrespective of value, if it;
- 19.1.4 Involves important questions of principle;
- 19.1.5 Raises doubts about the effectiveness of existing systems;
- 19.1.6 Contains lessons which might be of wider interest;
- 19.1.7 Is novel or contentious;
- 19.1.8 Might create a precedent for other departments in similar circumstances; or,
- 19.1.9 Arose because of obscure or ambiguous instructions issued centrally.
- 19.1.10 All losses and Special Payments should be reported and submitted to the Head of assurance ([england.assurance@nhs.net](mailto:england.assurance@nhs.net)) by using the standard template as provided on SharePoint.

### 19.2 Losses and Write-Offs

- 19.2.1 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;
- 19.2.2 All losses up to and including £75,000, can be approved by the Director of Financial Control; losses above the delegated amount must be approved by the Department of Health.
- 19.2.3 Managing Public Money defines losses as including, but not limited to;

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- 19.2.4 Cash losses (physical loss of cash and its equivalents, e.g. credit cards, electronic transfers);
- 19.2.5 Bookkeeping losses (un-vouched or incompletely vouched payments, including missing items or inexplicable or erroneous debit balances);
- 19.2.6 Exchange rate fluctuations;
- 19.2.7 Losses of pay, allowances and superannuation benefits paid to Employees (including; overpayments due to miscalculation, misinterpretation or missing information; unauthorised issue; and, other causes);
- 19.2.8 Losses arising from overpayments;
- 19.2.9 Losses from failure to make adequate charges;
- 19.2.10 Losses of accountable stores (through fraud, theft, arson, other deliberate act or other cause);
- 19.2.11 Fruitless payments and constructive losses; and,
- 19.2.12 Claims waived or abandoned (including bad debts).
- 19.2.13 Losses that are subject to insurance cover should be accounted for on a net basis (i.e. after any insurance pay-out).
- 19.2.14 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.
- 19.2.15 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.
- 19.2.16 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify;
- 19.2.17 The Board; and,



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- 19.2.18 The External Auditor.
- 19.2.19 The Chief Financial Officer is authorised to take any necessary steps to safeguard NHS England's interests in bankruptcies and company liquidations.
- 19.2.20 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made.
- 19.2.21 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.
- 19.2.22 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.

### 19.3 Special Payments

- 19.3.1 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.
- 19.3.2 All special payments up to and including £20,000, can be approved by officer(s) nominated by the Chief Financial Officer.
- 19.3.3 Special payments over £20,000 will require approval by the Chief Financial Officer. Such payments will also need to be submitted to DH for approval by HM Treasury.
- 19.3.4 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.
- 19.3.5 Managing Public Money defines special payments as;
- 19.3.6 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;
- 19.3.7 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;

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- 19.3.8 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;
- 19.3.9 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;
- 19.3.10 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.

### **19.4 Losses and Special Payments Register**

- 19.4.1 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.
- 19.4.2 The losses and special payments register will take account of the Parliamentary disclosure requirement to report on losses and special payments over £300,000 in total
- 19.4.3 All losses and special payments above £10,000 will be reported to the Audit & Risk Assurance Committee.

## 20 SFI20 Information & Communications Technology (ICT)

### 20.1 General

- 20.1.1 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.
- 20.1.2 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.
- 20.1.3 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.
- 20.1.4 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.
- 20.1.5 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.
- 20.1.6 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.

### 20.2 Finance Systems

- 20.2.1 The Chief Financial Officer will ensure that adequate controls exist such that all finance computer operations are separated from development, maintenance and amendment.
- 20.2.2 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.
- 20.2.3 The Chief Financial Officer will satisfy themselves that access to finance systems is strictly controlled and delegated authorities within system approved limits are appropriately assigned.
- 20.2.4 The Chief Financial Officer will ensure that appropriate financial limits are allocated to users for journal postings to finance systems.

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- 20.2.5 The Chief Financial Officer will satisfy them self those new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

### **20.3 Applicability to Contractors**

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

## 21 SFI21 Information Governance

### 21.1 General

- 21.1.1 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.
- 21.1.2 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.
- 21.1.3 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.
- 21.1.4 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.
- 21.1.5 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.
- 21.1.6 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.
- 21.1.7 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.
- 21.1.8 The Chief Financial Officer and an Officer specifically appointed by the Chief Executive will ensure that adequate controls exist to maintain the

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security, privacy, accuracy and completeness of financial data sent over transmission networks.

### **21.2 Senior Information Risk Owner**

- 21.2.1 The Board will nominate a National Director to be responsible to the Board for information risk management (the Senior Information Risk Owner).
- 21.2.2 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.
- 21.2.3 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.

### **21.3 Applicability to Contractors**

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

## **22 SFI22 Funds Held on Trust, Including Charitable Funds**

### **22.1 Corporate Trustee**

- 22.1.1 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.
- 22.1.2 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.

### **22.2 Accountability to Charity Commission and Secretary of State for Health**

- 22.2.1 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.
- 22.2.2 The Scheme of Delegation 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.

### **22.3 Applicability of Standing Financial Instructions to Funds Held on Trust**

- 22.3.1 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.
- 22.3.2 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.

## **23 SFI23 Acceptance of Gifts by Officers and Members & Link to Standards of Business Conduct**

- 23.1 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.
- 23.2 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.
- 23.3 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.
- 23.4 All hospitality and gifts accepted by Board Members will be published on a quarterly basis.



## 24 SFI24 Retention of Documents

- 24.1 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.
- 24.2 The documents held in archive should be capable of retrieval by persons authorised by the Chief Information Officer.
- 24.3 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.

## 25 SFI25 Risk Management & Insurance

### 25.1 Programme of Risk Management

- 25.1.1 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.
- 25.1.2 The programme of risk management should include;
- 25.1.3 A process for identifying and quantifying risks and potential liabilities;
- 25.1.4 Engendering among all levels of staff a positive attitude towards the control of risk;
- 25.1.5 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;
- 25.1.6 Contingency plans to offset the impact of adverse events;
- 25.1.7 Audit arrangements including; internal audit, clinical audit, health and safety review;
- 25.1.8 A clear indication of which risks shall be insured; and,
- 25.1.9 Arrangements to review the risk management programme.
- 25.1.10 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.

### 25.2 Insurance: General

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

### 25.3 Insurance: Risk Pooling Schemes Administered by the NHS Litigation Authority

- 25.3.1 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

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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.

- 25.3.2 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.

### **25.4 Insurance: Arrangements with Commercial Insurers**

- 25.4.1 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:
- 25.4.2 Commercial arrangements for insuring motor vehicles owned or leased by NHS England including insuring third party liability arising from their use;
- 25.4.3 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
- 25.4.4 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.

### **25.5 Arrangements to be followed by the Board in Agreeing Insurance Cover**

- 25.5.1 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.
- 25.5.2 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

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third parties and payments in respect of losses which will not be reimbursed.

- 25.5.3 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.

### **25.6 Payments of Recover in Legal actions**

- 25.6.1 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)
- 25.6.2 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
- 25.6.3 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 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 individuals' a Statement of Truth, settlement agreement or Court Order).
- 25.6.4 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 SFI19 should be followed.

### **25.7 In House legal costs**

- 25.7.1 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.

## **25.8 Professional Services: Legal**

- 25.8.1 Legal services are subject to both centralised category procurement and efficiency controls.
- 25.8.2 All spend for external legal advice must be approved by the Head of Legal or an Officer appointed by them.
- 25.8.3 Advice should be sought from the legal team at: [england.legal@nhs.net](mailto:england.legal@nhs.net) in relation to any: proceedings, claims correspondence, legal support requirements, and available framework arrangements and related spend controls or when planning any programmes of work.
- 25.8.4 CSUs and other hosted bodies can requisition and pay for their own legal spend (as part of their local accounting practice and these SFIs) but are required to call off from the notified framework arrangements.
- 25.8.5 Details of the framework arrangements and spend controls are as set out in the Legal Services – Future Controls communication as updated and available on SharePoint.