

Standing Financial Instructions



Document Title: Standing Financial Instructions

Version number: 10.00

First published: April 2013

Approved date: 10th April 2019

ARAC/Board: Approval by correspondence

Prepared by: David Procter, Head of Assurance – Financial Control

Contents

1	Introduction	5
2	Scope	10
3	Audit, Roles and Responsibilities	14
4	Fraud, Bribery and Corruption (Economic Crime)	18
5	Security Management	20
6	Resource Limits, Allocations, Planning, Budgets, Budgetary Control	21
7	Annual Report and Accounts	26
8	Banking Arrangements	27
9	Fees and Charges, Payable orders and other Negotiable Instruments	30
10	Terms of Service, Allowances & Payment of Members, Employees, Volunteers, Off Payroll Workers, Lay Members and Non-Employed Officers.....	35
11	Processing Payroll.....	41
12	Revenue Expenditure, Commercial, Procurement and Payments	43
13	Capital Investment, Asset Register & Security of Assets.....	64
14	Payment of Accounts	70
15	Stores & Receipt of Goods	73
16	External Borrowing & Investment	74
17	Disposals & Condemnations.....	75
18	Losses & Special Payments	76
19	Information & Communications Technology (ICT)	80
20	Information Governance	82
21	Funds Held on Trust, Including Charitable Funds	84
22	Acceptance of Gifts by Officers and Members & Link to Standards of Business Conduct	85
23	Retention of Documents	86
24	Risk Management & Insurance	87

This page has been left blank intentionally.

1 Introduction

1.1 Purpose

- 1.1.1 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).
- 1.1.2 All Executive and Non-Executive Members and all Officers should be aware of the existence of these documents, and, where necessary, be familiar with their detailed provisions.
- 1.1.3 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by NHS England. They are designed to ensure that NHS England's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency, and effectiveness.
- 1.1.4 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for NHS England. The user of these Standing Financial Instructions must also consider relevant prevailing Department of Health and Social Care & Social Care and/or HM Treasury instructions.

1.2 Authority

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

1.3 Interpretation

- 1.3.1 Should any difficulties arise regarding the interpretation or application of any of these Standing Financial Instructions, the advice of the Chief Financial Officer or the Director of Financial Control must be sought before acting. The Director of Financial Control can be contacted by sending an email to: England.assurance@nhs.net.
- 1.3.2 For clarity, the standing Financial Instructions distinctive headings are referred to as "sections".

1.4 Statutory Framework

- 1.4.1 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.

- 1.4.2 In addition, as a non-departmental public body, NHS England is party to a Framework Agreement with the Department of Health and Social Care & Social Care and the objectives and requirements of NHS England for each financial year are set out in the Secretary of State for Health and Social Care's Mandate to NHS England, in accordance with section 13A (1) of the National Health Service Act 2006.
- 1.4.3 The functions of NHS England are conferred by the National Health Service Act 2006 (as amended), the Health & Social Care Act 2012 and by secondary legislation made under these Acts and are primarily set out in section 1H, Chapter 1A and Schedule A1 of the National Health Service Act 2006 (as amended). When exercising its functions, NHS England shall act in accordance with the duties imposed on it under the National Health Service Act 2006 (as amended), the Health & Social Care Act 2012 and other relevant legislation.

1.5 **NHS Framework**

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

1.6 **Delegation of Function, Duties and Powers**

- 1.6.1 The following list of Standing Orders provide further guidance of delegated functions, duties and powers as derived from the Standing Orders. If you require guidance on the application of Standing Orders, please contact the Governance team.
- 1.6.2 SO7: Arrangements for the Exercise of Board Functions by Delegation deals with the delegation of functions, duties and powers. In particular:
- 1.6.3 SO7.4: Delegation to Employees;

- 1.6.4 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.
- 1.6.5 SO7.4.2: 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.
- 1.6.6 SO7.4.3: The Chief Executive will prepare a scheme of delegation identifying his proposals, which will be considered and approved by the Board (Scheme of Delegation).
- 1.6.7 SO7.4.4: The Chief Executive may periodically propose amendment to the scheme of delegation, which will be considered and approved by the Board.
- 1.6.8 SO7.4.5: In nominating Employees, reference will be made to job titles rather than named individuals. The nomination will cover the substantive post holder plus an Employee formally deputising into the post during a period of absence of the substantive post holder (e.g. holiday or long-term sickness) or to cover a vacant post, subject to such deputising arrangements being formally documented and signed off by the Director who prepared the local operating framework. Records should be retained locally for audit. If for any reason, the named post holder cannot take a decision allocated to them, then that decision may be taken by the person to whom they report within NHS England.
- 1.6.9 SO7.4.6: NHS England does not have the statutory authority to delegate powers to Officers who are not Employees, other than Non-Executive Members. Therefore, Officers who are not Employees or Non-Executive Members may not exercise any power on behalf of NHS England, including in a deputising capacity.
- 1.6.10 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, 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.
- 1.6.11 SO7.4.8 Where a function is delegated to Regional Directors, each Regional Director shall be accountable for the discharge of that function within the region for which they are Regional Director.

OFFICIAL

- 1.6.12 SO7.4.9 Where multiple National Directors are named, each Director shall be accountable for the discharge of the relevant element of the function relating to the directorate they lead.
- 1.6.13 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.
- 1.6.14 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.
- 1.6.15 SO7.5: Ability to further Delegate Functions, Duties and Powers.
- 1.6.16 SO7.5.1: The Board, Committees, Sub-committees, Non-Executive Members, Executive Members and designated Employees may not delegate functions, duties or powers that have been delegated to them, unless specifically authorised to do so as part of the delegation of that function, duty or power.
- 1.6.17 SO7.5.2: Where the scheme of delegation refers to 'nominated Employee(s)' or uses other non-post specific terminology the Director(s) identified in accordance with SO7.4.5 may prepare an operating framework that will identify their proposed downward delegation to specific post(s) within their area of responsibility.
- 1.6.18 SO7.5.3: Managing Directors of Commissioning Support Units, Devolution Chief Officers, 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.
- 1.6.19 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.
- 1.6.20 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 SFI8: Banking Arrangements.
- 1.6.21 The NHS Commissioning Board may also act in joint committee with a CCG or a Special Health Authority under Section 13Z of the NHS Act 2006 (as amended).

1.7 **Failure to comply**

- 1.7.1 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 policy and procedure in operation at that time.
- 1.7.2 Disciplinary sanctions may include dismissal. 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 Counter Fraud Authority (previously “NHS Protect”) in accordance with Section 4, with a view to a criminal investigation being conducted and potential prosecution being sought.
- 1.7.3 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 and Risk Assurance Committee for action or ratification.
- 1.7.4 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 Director of Governance and Legal immediately they become aware of it.

2 Scope

2.1 Officers within the scope

Accounting Officer	means the person responsible and accountable for resources within the control of NHS England, in accordance with the requirements of the HM Treasury guidance, Managing Public Money. Under paragraph 15 of Schedule A1 of the NHS Act 2006 the Accounting Officer for NHS England is the Chief Executive.
Board	means the Chair, Executive Members and Non-Executive Members of NHS England collectively as a body.
Budget	means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of NHS England.
Budget Holder	means an Officer with delegated authority to manage finance (income and/or expenditure) for a specific area of NHS England.
Chair	means the person appointed by the Secretary of State for Health and Social Care 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.
Committee Member	means a person appointed by the Board to sit on or to chair a specific Committee
Committee	means a committee appointed by the Board, which reports to the Board.
Committee in Common	means where two or more organisations establish their own committees, which meet at the same time and place with a shared remit and agenda. with the aim of promoting alignment between the organisations yet reserving to themselves their own decisions.
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 and NHS Improvement
Chief Commercial Officer	means the Chief Commercial Officer of NHS England and NHS Improvement

OFFICIAL

Deputy Chief Executive	Means the Deputy Chief Executive 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.
Employee	means a person holding a contract of employment with NHS England and excludes Non-Executive Members.
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 voting Executive Member of the Board who is appointed under paragraph 3 of Schedule A1 of the NHS Act, currently; <ul style="list-style-type: none">• Chief Executive• Deputy Chief Executive• Chief Financial Officer• Chief Nursing Officer; and• National Medical Director.
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 and Social Care Act 2012.
NHS Act 2006	means National Health Service Act 2006 (as amended).
NHS England	means the National Health Service Commissioning Board.
National Director	means an Executive Member any of the following and or any other Officer of NHS England designated as a National Director: <ul style="list-style-type: none">• National Director: for Transformation and Corporate Development; and Transformation and Corporate Development• National Director: Strategy and Innovation
Nominated Employee	means National Director, Regional Director, Devolution Chief Officer, Managing Director of CSU, Director of 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.

OFFICIAL

Non-Executive Member	means a member of the Board who is appointed under paragraph 2(1) (a) and 2(1) (b) of Schedule A1 of the NHS Act 2006.
Officer	means an Employee 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 2015 (PCR2015), Concessions Contracts Regulations 2016, the Public Services (Social Value) Act 2012, the Equality Act 2010 and other relevant legislations.
Regional Director	Means the person appointed to provide strategic leadership for NHS England across the designated regions, including co-ordination and oversight of local teams
Scheme of Delegation	means the 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, Standing Financial Instructions and guidance issued by the Secretary of State for Health and Social Care
Secretary of State for Health and Social Care	means the UK Cabinet Minister responsible for the Department of Health and Social Care.
SFI	means Standing Financial Instruction.
SO	means Standing Order.
Sub-committee	means a committee appointed by the Board, which reports to a Committee of the Board

2.1.1 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:

2.1.2 NHS England;

- National teams;
- Regional teams;
- All Commissioning Support Units (CSU);
- NHS Interim and Management Support;
- NHS Sustainable Development Unit;
- Strategic Clinical Networks;

- Clinical Senates; and
- Employees of NHS England working within recognised devolution areas

2.2 **Definitions**

- 2.2.1 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
- 2.2.2 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.

3 Audit, Roles and Responsibilities

3.1 Audit and Risk Assurance Committee

- 3.1.1 In accordance with Standing Orders, NHS England will establish an Audit and 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:
- 3.1.2 The strategic processes for risk, control and governance and the Governance Statement;
- 3.1.3 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;
- 3.1.4 The planned activity and results of both internal and external audit;
- 3.1.5 Adequacy of management response to issues identified by audit activity, including external audit's management letter;
- 3.1.6 Assurances relating to the management of risk and corporate governance requirements for NHS England;
- 3.1.7 Proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services; and
- 3.1.8 Counter-fraud policies, whistle-blowing processes and arrangements for special investigations.
- 3.1.9 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.

3.2 Chief Financial Officer

- 3.2.1 The Chief Financial Officer is responsible for:
- 3.2.2 Ensuring that an annual internal audit report is prepared for the consideration of the Audit and Risk Assurance Committee.
- 3.2.3 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;

- 3.2.4 Ensuring that internal audit is adequate and meets the government mandatory audit standards;
- 3.2.5 Recommending to the Board the delegation of Authority to Regional Directors of Finance regarding capital investment decisions for General Practice Information Technology (GPIT) and/or Estates & Technology Transformation Programme Digital Technology;
- 3.2.6 Ensuring that the delegated authority as noted in section 3.2.5 is reviewed periodically;
- 3.2.7 Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption; and,
- 3.2.8 A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health and Social Care & Social Care including, for example, compliance with control criteria and standards.
- 3.2.9 The Chief Financial Officer, internal auditors and external auditors are entitled without necessarily giving prior notice to require and receive:
- Access at all reasonable times to any land, premises, Members of the Board or Officer of NHS England;
 - Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - The production of any stores or other property of NHS England under the control of a Member of the Board or Officer; and,
 - Explanations concerning any matter under consideration.

3.3 **Internal Audit**

- 3.3.1 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 and Risk Assurance Committee, on behalf of the Board.
- 3.3.2 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 and Risk Assurance Committee.
- 3.3.3 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.

- 3.3.4 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.
- 3.3.5 The opinion will be based on a systematic review and evaluation of risk management, control and governance that comprises the policies, procedures and operations in place to:
- Establish and monitor the achievement of NHS England's strategic and operational objectives, including its oversight of the wider commissioning system;
 - Identify, assess and manage strategic and operational risks to achieving the organisation's objectives; Identify, the extent of compliance with, and the financial effect of, the relevant established policies, plans and procedures;
 - Identify the adequacy and application of financial and other related management controls;
 - Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes; and
 - Identify the extent to which NHS England's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - Fraud and Offences;
 - Waste, extravagance, inefficient administration;
 - Poor value for money; or,
 - Other causes.
 - Internal audit will review the board assurance framework.
- 3.3.6 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 and Risk Assurance Committee.
- 3.3.7 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.

- 3.3.8 Whenever a matter arises which involves, or is thought to involve, irregularities concerning stores, or other property or any suspected irregularity of a pecuniary nature, the Chief Financial Officer must be notified immediately.
- 3.3.9 The Head of Internal Audit will normally attend Audit and Risk Assurance Committee meetings and has a right of access to all Audit and Risk Assurance Committee members, the Chair and Chief Executive of NHS England.
- 3.3.10 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 and 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.
- 3.4 **External Audit**
- 3.4.1 In accordance with the NHS Act 2006, external audit services are provided by the National Audit Office.
- 3.4.2 The Audit and 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 to the Audit and Risk Assurance Committee if they cannot be resolved.

4 Fraud, Bribery and Corruption (Economic Crime)

- 4.1.1 The Chief Financial Officer is responsible for overseeing and providing strategic management and support for all counter fraud, bribery and corruption work within NHS England, including within all its hosted bodies. All counter fraud, bribery and corruption services (including for hosted bodies) are provided under arrangements proposed by the Chief Financial Officer and approved by the Audit and Risk Assurance Committee, on behalf of the Board.
- 4.1.2 Only the Chief Financial Officer may commission the procurement of counter fraud, bribery and corruption services (including services akin to counter fraud, bribery and corruption services, e.g. post payment verification), having sought the approval of the Audit and Risk Assurance Committee.
- 4.1.3 The Chief Financial Officer will delegate the day-to-day oversight of the counter fraud function to the Director of Financial Control. The Counter Fraud Lead will manage the counter fraud, bribery and corruption services for NHS England, including working with staff from the outsourced service provider, NHS Counter Fraud Authority to ensure the standards for counter fraud, bribery and corruption work in commissioners are fully implemented and complied with.
- 4.1.4 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 counter fraud, bribery and corruption arrangements are implemented and complied with within their area of responsibility ('the responsible Director').
- 4.1.5 The responsible Director will nominate a Director to be responsible for local day-to-day arrangements and a Local Counter Fraud Co-ordinator to work with the Counter Fraud Lead and NHS Counter Fraud Authority to ensure the delivery of local counter fraud, bribery and corruption arrangements on a day-to-day basis (such nominations to be recorded in their operating framework).
- 4.1.6 The Counter Fraud Lead will produce an annual assessment of the effectiveness of counter fraud, bribery and corruption arrangements for NHS England, in accordance with arrangements specified by NHS Counter Fraud Authority. The outcome of these assessments will be reported to the Audit and Risk Assurance Committee, including details of action plans to address areas of weakness or non-compliance.
- 4.1.7 The Counter Fraud Lead will ensure a written report is provided to each meeting of the Audit and Risk Assurance Committee on counter fraud, bribery and corruption work within NHS England.

OFFICIAL

- 4.1.8 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.
- 4.1.9 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.
- 4.1.10 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 by using one of the following options:
- The NHS Counter Fraud Authority confidential fraud reporting hotline powered by Crimestoppers on 0800 028 4060
 - Completing an online form at <https://cfa.nhs.uk/reportfraud>
 - Contacting an NHS England Local Counter Fraud Specialist. Up-to-date contact details are available on the SharePoint counter fraud page.
 - Sending an email to: NHSFraud@nhscfa.gsi.gov.uk
 - or by posting a letter to the Central Intelligence Unit, NHS Counter Fraud Activity, Skipton House, 80 London Road, London.SE1 6LH.
- 4.1.11 Under no circumstances should any Officer commence an investigation into suspected or alleged crime, as this may compromise any further investigation.

5 Security Management

- 5.1.1 The National Director: Transformation and Corporate Development, is responsible for overseeing and providing strategic management and support for all security management work within NHS England, including within all its hosted bodies.
- 5.1.2 The National Director: Transformation and Corporate Development will designate the responsibilities to the Director of Information Services. The Director of Information Services will appoint a National Security Management Co-ordinator accountable for the operational security management.
- 5.1.3 The Regional Directors and Managing Director in each Commissioning Support Unit will appoint a designated point of contact to support the National Security Management Co-ordinator to undertake the operational security management locally.
- 5.1.4 The National Security Management Co-ordinator will produce an annual assessment on behalf of the Director of Information Services to outline the effectiveness of security management arrangements to the Audit and Risk Assurance Committee.
- 5.1.5 All Members of the Board and Officers, severally and collectively, are responsible for the security of the property of NHS England.

6 Resource Limits, Allocations, Planning, Budgets, Budgetary Control

6.1 Financial Strategy

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

6.2 Resource Limits

6.2.1 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.

6.2.2 The Chief Financial Officer will;

- Provide reports in the form required by the Secretary of State for Health and Social Care for Health;
- Provide regular financial reports in the form agreed by the Board;
- Ensure money drawn from the Department of Health and Social Care & Social Care 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 HMT Managing Public Money; and
- 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.

6.3 Allocations

6.3.1 The Chief Financial Officer will:

6.3.2 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;

6.3.3 When setting allocations, 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;

6.3.4 Regularly update the Board on significant changes to the initial allocation and the uses of such funds; and

6.3.5 Establish a system for management of the Capital Resource Limit and the approval of investment proposals.

6.4 **Preparation and Approval of Plans and Budgets**

6.4.1 The Chief Executive will commission and submit to the Board a business plan that takes into account financial targets and forecast limits of available resource. The business plan will consist of;

6.4.2 A statement of the significant assumptions on which the plan is based; and

6.4.3 Details of major changes in workload, delivery of service or resources required to achieve the plan.

6.4.4 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;

6.4.5 Be in accordance with the aims and objectives set out in the business plan;

6.4.6 Accord with workload and workforce plans;

6.4.7 Be produced following discussion with appropriate Budget Holders;

6.4.8 Be prepared within the limits of available funds; and

6.5 **Identify potential risks.**

6.5.1 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.

6.5.2 All Budget Holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled.

6.5.3 All Budget Holders will sign up to their allocated Budgets at the commencement of each financial year.

6.5.4 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.

6.6 **Commitments against Planned CSU Surpluses**

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

6.7 **Budgetary Delegation**

6.7.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be documented in the annual delegated budget holder letter and contain a clear definition of:

6.7.2 The amount of the budget;

6.7.3 The purpose(s) of each budget heading;

6.7.4 Individual and group responsibilities;

6.7.5 Achievement of planned levels of service; and

6.7.6 The provision of regular reports.

6.7.7 The delegated budget holders must not exceed the budgetary total or virement limits set in the local operating framework.

6.7.8 All Budget Holders will sign up to their allocated Budgets at the commencement of each financial year.

6.7.9 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.

6.7.10 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.

6.8 **Budgetary Control and Reporting**

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

- regular financial reports to the Board in a form approved by the Board containing:
- explanations of any material variances from plan; and,

OFFICIAL

- 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;
- the issue of timely, accurate and comprehensible advice and financial reports to each Budget Holder, covering the areas for which they are responsible;
- investigation and reporting of variances from budgets;
- monitoring of management action to correct variances; and,
- arrangements for the processing of budget virements.

6.8.2 Each Budget Holder is responsible for ensuring that:

- any likely overspend or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chief Financial Officer;
- they review the Redfern management information pack on a monthly basis and report any anomalies;
- 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,
- no Employees, on an open-ended contract of employment, are appointed without adherence to the NHS England Establishment Control Guidance and decisions made by the Executive Human Resources Sub-Committee and Strategic Human Resources and Remuneration Committee of the Board.

6.8.3 Additionally, approvals from the Department of Health and Social Care (DHSC) ALB Remuneration Committee are required for:

- All Executive and Senior Managers (ESM); and
- Virement of appropriate budget, other than those provided for within the available resources and workforce establishment as approved by the Board.

6.8.4 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.

6.9 **Capital Expenditure**

6.9.1 The general rules applying to delegation and reporting apply to capital expenditure.

6.10 **Monitoring Returns**

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

7 Annual Report and Accounts

- 7.1.1 The Chief Financial Officer, on behalf of the Board, will:
- 7.1.2 Ensure the preparation of financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and HM Treasury, NHS England's accounting policies and generally accepted accounting practice;
- 7.1.3 Ensure the preparation and submission of annual financial reports to the Department of Health and Social Care certified in accordance with current guidelines; and,
- 7.1.4 Ensure the submission of financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed by the Department of Health and Social Care.
- 7.1.5 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.
- 7.1.6 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.

8 Banking Arrangements

8.1 General

- 8.1.1 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 Social Care and HM Treasury.
- 8.1.2 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.
- 8.1.3 The Board will approve the banking arrangements.

8.2 Commercial Bank and Government Banking Service Accounts

- 8.2.1 The Chief Financial Officer is responsible for:
- 8.2.2 Commercial bank accounts and accounts operated through the Government Banking Service;
- 8.2.3 Establishing separate bank accounts for NHS England's Funds Held on Trust, including charitable funds;
- 8.2.4 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;
- 8.2.5 Reporting to the Board all arrangements made with NHS England's bankers for accounts to be overdrawn;
- 8.2.6 Ensuring there are arrangements in place for the monitoring of compliance with Department of Health and Social Care guidance on the level of cleared funds; and
- 8.2.7 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.

8.3 **Procurement and Other Card Services**

8.3.1 The Chief Financial Officer is responsible for recommending to the Board, for approval:

8.3.1.1 whether procurement or other card services should be allowed;

8.3.1.2 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

8.3.1.3 the types of transactions that should be permitted on each card.

8.3.2 Where the Board has approved the use of card services, the Chief Financial Officer is responsible for recommending to the Board for approval:

8.3.2.1 the posts who should be issued with a card, and the type of card;

8.3.2.2 the credit limit to be associated with each card; and

8.3.2.3 the uses to which the card can be put.

8.3.3 The Chief Financial Officer will ensure that systems are accurately updated with card transaction details by cardholders to monitor actual use against authorised use in accordance with the approval given by the Board.

8.4 **Cards Associated with Personal Health Budgets**

8.4.1 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.

8.5 **Banking Procedures**

8.5.1 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:

8.5.2 The conditions under which each commercial bank and Government Banking Service account is to be operated; and,

8.5.3 Those authorised to sign payable orders or other orders drawn on NHS England's accounts.

8.5.4 The Chief Financial Officer will advise NHS England's bankers in writing of the conditions under which each account will be operated.

8.6 **Tendering and Review**

8.6.1 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.

8.6.2 The results of the tendering exercise should be reported to the Board.

8.6.3 This review is not necessary for Government Banking Service accounts.

9 Fees and Charges, Payable orders and other Negotiable Instruments

9.1 Income Systems

- 9.1.1 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.
- 9.1.2 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.
- 9.1.3 The Chief Financial Officer will arrange to register with HM Revenue and Customs if required under money laundering legislation.

9.2 Fees and Charges

- 9.2.1 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 and Social Care or by Statute. Independent professional advice on matters of valuation should be taken as necessary.
- 9.2.2 Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered, the guidance in the Department of Health and Social Care's Commercial Sponsorship – Ethical Standards in the NHS should be followed.
- 9.2.3 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.

9.3 CSU Service Level Agreements and Contracts with Clinical Commissioning Groups and Other Contracts

- 9.3.1 CSU Managing Directors have authority to sign service level agreements and contracts (without financial limit, subject to the value being in line with the approved CSU business plan) for services provided to
- 9.3.2 Clinical Commissioning Groups;
- 9.3.3 NHS England for direct commissioning support other commissioners
- 9.3.4 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.

9.4 **Income Contract and Contract Variation Approval and Signing**

- 9.4.1 The following approval limits apply to the signing of income (sales) contracts and contract variations, excluding service level agreements, memoranda of understanding (MOU) and contracts for services provided to Clinical Commissioning Groups, NHS England for Direct Commissioning Support and other commissioners provided by CSUs.
- 9.4.2 The appropriate signing level for contract variations will be determined by considering the revised whole life value of the contract, including the variation. Please note the contract signing limits below:

Table 1: Contract approval and signing limits

	Level	Level	Level	Level	Level	Level	
Contract Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k	
Approvers and /Or Restrictions	All cost centres	<p>Chief Executive</p> <p>Or</p> <p>Chief Financial Officer</p>	<p>Director of Financial Control,</p> <p>Director of Strategic Finance,</p> <p>Director of Financial Planning and Delivery,</p> <p>Director of NHS Planning and Performance,</p> <p>Director of Efficiency, Resilience and Capital, Director of Specialised Commissioning</p> <p>Director of Strategic Financial Planning,</p> <p>Director of Operational Finance ,</p> <p>Director of Planning and Performance, Director of Assessment and Regulation or Director of Performance Information</p>	<p>National Director Or Regional Director Or</p> <p>CSU Managing Directors Or</p> <p>Dev olution Chief Officer</p>	Other Directors	Band 9 and 8d Budget Holders	Other Band 8 and Band 7 Budget Holders
	CSU cost centres	As above			As set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer.		

9.5 Sales Invoice/Credit Note Request Approval

9.5.1 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.

9.5.2 The following approval limits apply to all other sales invoice and credit note requests;

Table 2: Sales Order and Credit note delegated limits

	Level		Level	Level	Level	Level	Level
	Contract Value	Over £10m	To £10m	To £5m	To £1m	To £500k	To £100k
Approvers and /Or Restrictions	All cost centres	Chief Executive Or Chief Financial Officer	Director of Financial Control Or Director of Strategic Finance Or Director of Financial Planning and Delivery	National Director or Regional Director Or CSU Managing Directors Or Dev olution Chief Officer	Other Directors (ESM)	Band 9 & 8d Budget Holders	Other Band 8 & 7 Budget Holders
	CSU cost centres		As above	Set by CSU Managing Director, recorded in the CSU operating framework and approved by the Chief Financial Officer.			

9.6 **Debt Recovery**

- 9.6.1 The Chief Financial Officer is responsible for ensuring systems are in place for the timely recovery of all outstanding debts.
- 9.6.2 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.
- 9.6.3 The Chief Financial Officer will confirm in section 18 and 24 of the SFIs any Employee(s) that are authorised to sign court documentation in relation to the recovery of outstanding debts, on behalf of NHS England.
- 9.6.4 Income not received should be dealt with in accordance with losses procedures.
- 9.6.5 Overpayments should be detected (or preferably prevented) and recovery initiated.

9.7 **Security of Payable Orders, Petty Cash and Other Negotiable Instruments**

- 9.7.1 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.

10 Terms of Service, Allowances & Payment of Members, Employees, Volunteers, Off Payroll Workers, Lay Members and Non-Employed Officers

10.1 Remuneration and Terms of Service

- 10.1.1 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.
- 10.1.2 The Committee will report in writing to the Board the basis for its decisions. Minutes of the Committee's meetings should record such decisions.
- 10.1.3 The Committee will consider 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, as appropriate, or will delegate these functions to the Executive Human Resources Sub-Committee (EHRSC).
- 10.1.4 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 and Social Care.

10.2 Funded Establishment

- 10.2.1 The workforce plan incorporated within the annual Budget will form the funded establishment.
- 10.2.2 The funded establishment of any Directorate may not be varied without the approval of the EHRSC or in the case of those aspects of EHRSC's responsibilities that are further delegated to Establishment Assurance Panels, the relevant Establishment Assurance Panel, in accordance with published Establishment Control guidance.

10.3 Employee Appointments

- 10.3.1 Members of the Board and other Employees may only engage, re-engage or re-grade Employees, either on a permanent or temporary nature, or agree to changes in any aspect of remuneration in accordance with the approved scheme of delegation and NHS England's People and Organisation Development policies, procedures and guidance and within the limits of their approved budget and funded establishment. The Chief Executive or the EHRSC on his behalf must approve any exceptions in advance and in writing.

- 10.3.2 The Director of People and Organisational Development is responsible for ensuring procedures are in place to be followed for the appointment of staff on secondment, including staff sourced via NHS IMAS.
- 10.3.3 The Strategic Human Resources and Remuneration Committee and Executive Human Resources Sub-Committee will approve policies, procedures and guidance presented by the Director of People and Organisational Development for the determination of pay rates, conditions of service, etc. for employees.
- 10.3.4 For the appointment of Executive and Senior Managers (ESM) or senior medical and dental employees with a remuneration package of £100,000 or more gross per annum (pro-rata), specific approval must have been sought, in advance, via the NHS England EHRSC and the Department of Health and Social Care ALB Remuneration Committee and/or HM Treasury. Advice should be sought from the Director of People and Organisational Development well in advance of the need to undertake any of the above.
- 10.3.5 Recruitment advertising activity is subject to the financial controls set out in Section 12.

10.4 **Contracts of Employment**

- 10.4.1 The Director of People and Organisational Development is responsible for ensuring systems are in place for:
- 10.4.2 Ensuring that all Employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation;
- 10.4.3 Dealing with variations to, or termination of, contracts of employment; and,
- 10.4.4 Ensuring all volunteers and lay members receive a contract for service that appropriately reflects their status and entitlements, or not, to pay and/or expenses.

10.5 **Expenses**

- 10.5.1 The NHS England E-Expenses system should only be used for expenses associated with employees, i.e. those paid via payroll. Budget holders are accountable for checking and authorising only appropriate expenses incurred in line with the NHS England Business Travel and Expenses policy and based upon their financial delegations set out in these SFIs.
- 10.5.2 E-Expenses reimbursements to employees are processed via payroll, and should never occur via accounts payable.
- 10.5.3 The E-Expenses system is only for the reimbursement of expenses associated with travel and subsistence, relocation and removal allowances,

and should never be used to reimburse items that should have been and could have been purchased via NHS England's purchasing systems.

10.5.4 Bookings for hotels, and all forms of travel fees should only be made via the approved travel booking provider, and should never be claimed via the E-Expenses system. This expenditure should be approved by a budget holder in accordance with the NHS England Business Travel and Expenses Policy.

10.5.5 The approved travel-booking provider should be used for bookings associated with employees, and for Off-payroll workers, including secondees, where the secondment agreement states that NHS England will make such bookings.

10.5.6 Travel and accommodation for Off-payroll workers should be booked via the approved travel-booking provider, in accordance with the NHS England Off-Payroll Worker Policy and associated guidance.

10.6 **Salary Sacrifice Schemes**

10.6.1 All salary sacrifice schemes have a policy that is applicable and provide detailed guidance. Please refer to the NHS England intranet for the various scheme policies.

10.7 **NHS England and working with Volunteers and Patient and Public Voice Partners (PPV)**

10.7.1 In line with discharging NHS Act 2006, section 13Q of our legal duty to involve patients and the public in our commissioning arrangements, NHS England describes engaging the public through different Patient and Public Voice roles. Each of these roles is described in detail in the Patient and Public Voice Partners policy.

10.8 **Terms of service of Patient and Public Voice partners**

10.8.1 Roles 3, 4 and 5 will be subject to clear terms of service that will be set out in writing to the Patient and Public Voice partner at the commencement of their engagement with NHS England.

10.8.2 It is the responsibility of the NHS England team engaging the Patient and Public Voice partner to ensure that the partner receives the terms of service that appropriately reflects their role, their status as a Patient and Public Voice partner and their volunteer or paid status.

10.8.3 The terms of service include an appointment letter, a declaration of interest form and confidentiality agreement and a Welcome Pack and induction information.

10.9 **Patient and Public Voice partners – reimbursement of expenses**

- 10.9.1 In accordance with tax law, Patient and Public Voice partners can only be reimbursed for actual expenses incurred, without the deduction of income tax and national insurance.
- 10.9.2 Specifically, tax law allows this reimbursement to either be:
- On the basis of actual costs incurred, which require supporting receipts and should be in line with NHS England's Patient and Public Voice expenses and involvement payments policy;
 - A round sum allowance that reasonably reflects the costs that are likely to have been incurred and is not time related; or
 - A round sum allowance for online meetings costs is outlined in the Patient and Public Voice expenses and involvement payments policy.
 - No other round sum allowances will be made unless specific approval is sought in accordance with the process laid down by the Chief Financial Officer,
- 10.9.3 All reimbursement or expenses to Patient and Public Voice partners should be made following the submission of a Patient and Public Voice expense claim form. This should be submitted within 3 months of the meeting/event and must include return journey postcodes, where mileage is being claimed, and must include receipts for any expenses claimed. Expenses claimed must be in line with the Patient and Public Voice expenses and involvement payments policy.
- 10.10 **Payment of an allowance**
- 10.10.1 Payment of an allowance on a time related basis is deemed to be payment for time and subject to income tax and national insurance.
- 10.10.2 Where it is proposed to offer an involvement payment to a Patient and Public Voice partner this will be classed as income by HMRC and government agencies issuing state benefits. Only PPV partners in roles described as roles 4 and 5 in the Patient and Public Voice partners policy are able to claim an involvement payment.
- 10.10.3 Many of our Patient and Public Voice partners will be in receipt of state benefits or insurance payments. Job Centre Plus and insurance companies may also consider any payments made as income.
- 10.10.4 Any recipients of involvement payments from NHS England must be informed in writing of their duty to declare the income 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.

10.10.5 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 partners' policy and the Patient and Public Voice expenses and involvement payments policy.

10.10.6 Involvement payments are paid following the submission of a Patient and Public Voice expenses form and are processed via the Integrated Single Finance Environment. Patient and Public Voice expenses are paid via payable orders.

10.11 **Payments to other Non-Employed Officers**

10.11.1 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.

10.11.2 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).

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

10.12 **Staff Loans and Advances**

10.12.1 Loans and advances to individual members of staff over £20,000 in aggregate require Department of Health and Social Care approval, via the Director of People and Organisational Development.

10.13 **Staff Redundancy, Severance, Incentive and Retention Payments**

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

- Redundancies (subject to a capitalised cost de-minimus);
- Ten or more redundancies, irrespective of capitalised cost;
- Payments in lieu of notice in excess of £50,000 gross (subject to a de-minimus);
- All special severance payments, i.e. non-contractual, novel or contentious payments;
- Financial incentive/retention payments;
- All novel, contentious or repercussive cases;

OFFICIAL

- Change programmes/major restructuring;
- Voluntary redundancy schemes;
- Where a decision to terminate employment has been overturned;
- Has a proposed individual severance payment of £100,000 or more; and,
- Confidentiality clauses.

10.13.2 Any of the above, incentive or settlement payments requires the approval of the EHRSC and/or the Department of Health and Social Care and/or HM Treasury in advance. Advice should be sought from the Director of People and Organisational Development, well in advance of the need to undertake any of the above.

11 Processing Payroll

11.1 Responsibilities of the Director of People and Organisational Development

- 11.1.1 The Director of People and Organisational Development will ensure arrangements are in place to issue instructions regarding:
- 11.1.2 Procedures for payment by bank credit, or other method when agreed
- 11.1.3 Procedures for the recall of bank credits and other methods of payment;
- 11.1.4 Maintenance of regular and independent reconciliation of pay control accounts; and,
- 11.1.5 Recovery from leavers of any sums of money, including overpayments, due by them to NHS England, which have not been recovered from pay prior to leaving.

11.2 Payroll Payment

- 11.2.1 Regardless of the arrangements for providing the payroll service, the Director of People and Organisational Development will 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.
- 11.2.2 The Director of People and Organisational Development is responsible for ensuring the contract with the relevant outsourced service provider covers:
 - Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
 - Security and confidentiality of payroll information;
 - Separation of duties of preparing records and inputs and verifying outputs and payments;
 - The final determination of pay and allowances;
 - Checks to be applied to completed payroll before and after payment;
 - Ensuring payment occurs on agreed dates; and,
 - Arrangements for ensuring compliance with the provisions of the Data Protection Act.

11.2.3 Appropriately nominated Officers have delegated responsibility for;

- Submitting associated records, and other notifications in accordance with agreed timetables;
- Completing time records and other notifications in accordance with the instructions and in the form prescribed by the Director of People and Organisational Development;
- Submitting leaver/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/Budget holder must be informed immediately; and,
- The recovery of property from leavers due by them to NHS England.

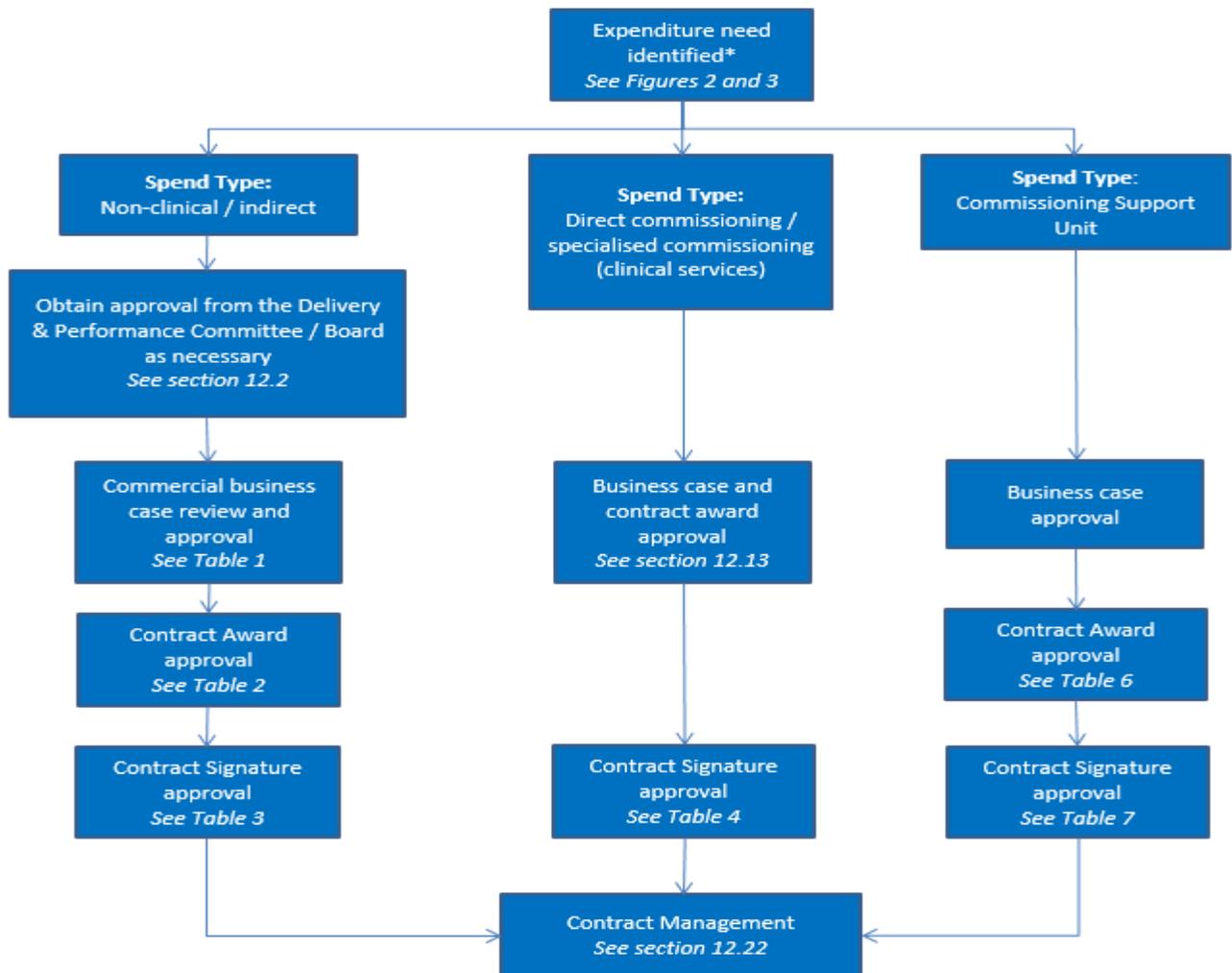
12 Revenue Expenditure, Commercial, Procurement and Payments

12.1 Undertaking revenue expenditure

12.1.1 All expenditure must be approved prior to the commitment being entered into. The approval routes differ according to the value and type of expenditure with the revenue approval limits set out in the tables below and the rest of this section.

12.1.2 Capital expenditure proposals must be submitted as per the guidance provided in SFI13. Where a proposal covers both capital and revenue expenditure or where the nature of the transaction requires its character for approval purposes to be treated as a capital expenditure (for example, real estate leases, equipment leases, IT/IM&T managed service contracts), the Project Appraisal Unit will co-ordinate with the Commercial team to ensure that any required business cases and/or approvals are obtained.

Figure 1: Processes for different types of revenue Expenditure



*Separate arrangements apply to Single Tender Actions (section 12.23) and Retrospective Actions (section 12.24)

12.1.3 The requirements in section 12 should be read in conjunction with the NHS England Procurement Policy and the Terms of Reference of the relevant approval Committees or groups such as the Executive Resource and Investment Group, Commercial Executive Group or the Commercial Panel.

12.1.4 All officers must procure, commission and contract manage goods, services and works in accordance with the NHS England Procurement Policy and ensure that expenditure complies with the principles and guidance stated in HM Treasury Managing Public Money (2015). This requires all public-sector organisations to demonstrate Value for Money, which includes both financial and non-financial aspects, for their expenditure.

12.1.5 For all revenue expenditure budget holders must ensure that they:

- have approval to commit NHS England's resources before undertaking procurement. Approval is either provided by an individual with the appropriate authority approving the expenditure (for lower value expenditure which is not subject to efficiency controls) or a business case which has been reviewed and approved by the appropriate individuals or groups;
- seek quotes / tenders for the procurement of your goods, services or works in a legally compliant manner as set out in the Procurement Policy that ensures the best value for NHS England;
- utilise the mandated suppliers and contracts, defined by the Commercial team, to ensure best value;
- ensure that a signed contract, which has been approved in accordance with either table three, four or seven depending on the type of expenditure, is in place prior to the expenditure being incurred;
- adhere to the rule of aggregation, as detailed in the NHS England Procurement Policy, when identifying the total value of the contracts. Budget holders must not split purchase orders and contracts to avoid procurement thresholds. Suspected disaggregation will be investigated and may lead to disciplinary action, as detailed in SFI 1.7; and
- set the length of the proposed contract following a rigorous assessment of service need and value for money. Arbitrarily setting the length of a contract to avoid control processes will be subject to disciplinary action as set out in SFI1.7.

12.1.6 The approval limits for revenue business case approval, contract award approval and contract signature are stated in sections:

- 12.10 - 12.12 (non-clinical / indirect expenditure);
- 12.13 - 12.14 (directly commissioned / specialised commissioned expenditure); and

- 12.15 - 12.17 (Commissioning Support Unit expenditure).
- 12.1.7 All business cases and contract awards should be based on the whole life of the contract. This should include the cost of any extension periods and irrecoverable VAT. They should exclude recoverable VAT.
- 12.1.8 No commitment to expenditure, either verbal or written, should be made without appropriate approvals. This includes variations and/or extensions to contracts which must consider the whole life value of a contract.
- 12.2 **Assurance on the commitment of revenue expenditure**
- 12.2.1 Assurance is provided by the NHS England Board, the Executive Resource and Investment Group, the Chief Financial Officer and the Commercial function.
- 12.2.2 Revenue expenditure for all organisations within the scope of the SFIs is subject to the NHS England commercial approval processes. This is in addition to the annual budget allocation agreed by Finance and the delegated budget holder responsibilities as detailed in SFI6. Arrangements for transfers of funding between NHS organisations and between NHS England and the CSUs are not within the scope of this SFI.
- 12.2.3 Mandatory efficiency controls stipulate that certain categories of expenditure need approval by external bodies prior to making any commitment. Expenditure falling into these categories, which are detailed in the NHS England Procurement Policy, must adhere to the expenditure controls that are in operation.
- 12.2.4 NHS England's schedule of delegation with the Department of Health and Social Care requires that where the whole life cost of a non-clinical revenue contract, or a contract that is required to be treated for approval purposes as a capital transaction, is higher than £35m, the Department of Health and Social Care must be consulted prior to the contract being awarded. Where the whole life cost of such a contract is greater than £50m, the Department of Health and Social Care must approve the expenditure prior to the contract being awarded. The Commercial team, in conjunction with the Project Appraisal Unit where relevant, will support engagement with the Department of Health and Social Care which will occur after the NHS England commercial review processes have taken place.
- 12.2.5 Clinical procurements which are subject to the Integrated Support and Assurance Process (ISAP) arrangements do not require review or sign off by the Commercial team, Commercial Panel or Commercial Executive Group. Where procurement is subject to ISAP arrangements and covers both clinical and non-clinical activity funded by NHS England, advice should be sought from the ISAP and Commercial teams to confirm the extent to which Commercial team review is required.

12.2.6 Business cases for service change and reconfiguration proposals are reviewed and assessed by the Regional Director, the Chief Financial Officer or the Executive Resource and Investment Group in accordance with published guidance for service change and reconfiguration.

12.2.7 Approval by the Chief Financial Officer, the Executive Resource and Investment Group or Board does not replace the required procurement process defined in this SFI.

12.3 **Non-clinical and non-pay revenue expenditure**

12.3.1 The assurances required differ depending on the value and nature of the business case with high value expenditure or cases covered by section 12.2.6 requiring explicit initial approval from either the Executive Resource and Investment Group or NHS England's Board before these can be submitted for Commercial review.

12.3.2 Different approval levels are in place for non-clinical and non-pay expenditure with NHS and non-NHS bodies. A NHS body is defined as any organisation created by either one of the National Health Service Acts or the Health and Social Care Act 2012.

12.4 **Planned non-clinical and non-pay revenue expenditure with non-NHS bodies**

12.4.1 **up to £3m** – the business case or proposed expenditure is submitted directly to the Commercial team for review and approval;

12.4.2 **between £3m and £10m** - the initial business case is first submitted to the Executive Resource and Investment Group for approval. Following approval, the detailed business case is then submitted to the Commercial team for review and approval; and

12.4.3 **over £10m** - following Executive Resource and Investment Group approval, the business case will require full Board approval. Following approval, the detailed business case and procurement strategy is then submitted to the Commercial team for review and approval.

12.5 **Planned non-clinical and non-pay revenue expenditure with NHS bodies**

12.5.1 **up to £5m** - the business case or proposed expenditure is submitted directly to the Commercial team for review and approval;

12.5.2 **between £5m and £15m** – the initial business case is first submitted to the Executive Resource and Investment Group for approval. Following approval, the detailed business case is then submitted to the Commercial team for review and approval; and

12.5.3 **over £15m** – following Executive Resource and Investment Group approval, the business case will require full Board approval. Following approval, the detailed business case is then submitted to the Commercial team for review and approval.

12.6 **Clinical Procurements**

12.6.1 Directly commissioned or specialised commissioned expenditure is assured by national Directors or Regional Directors, through nominated Regional Panels that may be appointed to support them in this role. Directly commissioned or specialised commissioned expenditure is not, unless section 12.23.2 applies or it is a revenue grant, approved by the Commercial team.

12.6.2 Procurements which are subject to the Integrated Support and Assurance Process (ISAP) arrangements do not require review or sign off by the Commercial team, Commercial Panel or Commercial Executive Group. Where procurement is subject to ISAP arrangements and covers both clinical and non-clinical activity funded by NHS England, advice should be sought from the ISAP and Commercial teams to confirm the extent to which Commercial team review is required.

12.7 **Contracts of five years or over in length**

12.7.1 All proposed procurements for any type of revenue expenditure (including directly commissioned / specialised commissioned and delegated commissioned health care services) which last for five years or more, including options to extend clauses, must be submitted to and approved by the NHS England Commercial Executive Group before OJEU and/or Contracts Finder advertisement.

12.8 **The Role of the Commercial Team**

12.8.1 Commercial Team is responsible for providing assurance on the NHS England commercial decision making for revenue expenditure and the procurement process.

12.8.2 This is delivered through the Commercial Executive Group supported by the Commercial Panel and the Regional Panels. These ensure control and decision making by working to pre-defined processes that ensure compliance with statute and regulatory requirements and demonstrate value for money. This includes key phases of the Commercial Lifecycle i.e. business case, procurement strategy, contract award and, as required, contract variations or extensions. Further information on Commercial Lifecycle is detailed in the NHS England Procurement Policy.

12.8.3 The Commercial Executive Group and Commercial Panel provide assurance on non-clinical / indirect expenditure. National Directors or

Regional Directors provide assurance on the procurement of NHS England directly / specialised commissioned healthcare services.

12.9 **Planning a Procurement Project**

12.9.1 All budget holders are required to:

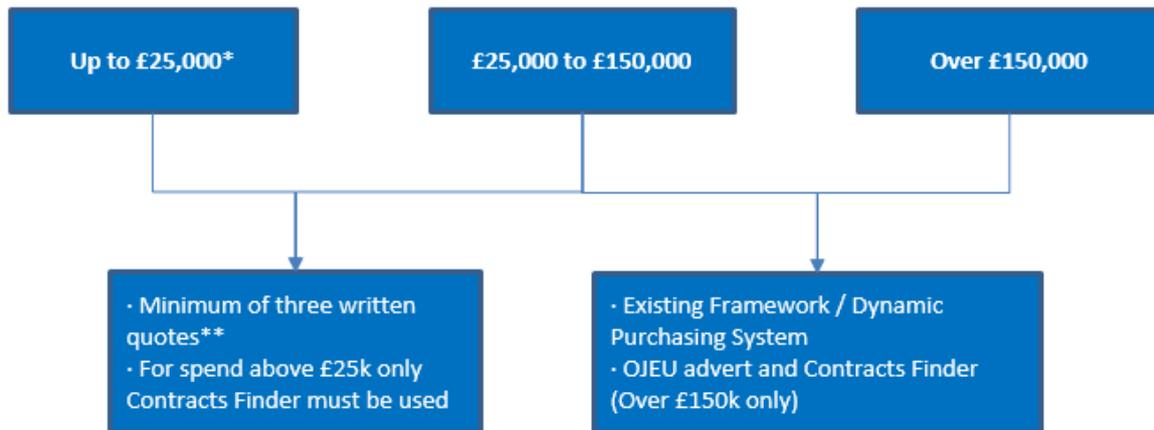
- maintain a commercial pipeline of future procurement activity and update this on a quarterly basis;
- to prepare all business cases in sufficient time to allow timely approvals and procurement activity;
- to plan well in advance of a contract ending;
- to ensure the replacement procurement process is completed in sufficient time; and
- ensure competition is undertaken on all expenditure in line with the Procurement policy.

12.9.2 Budget holders are accountable for any procurement activity in their area. The Commercial team will support budget holders and provide assurance to the budget holders over compliance of procurement activity.

12.9.3 Any expenditure that is not included or is omitted from the pipeline will be deemed unplanned and may be subject to additional scrutiny by the Commercial Executive Group.

12.9.4 The procurement routes in Figures two and three apply according to the estimated whole life cost over the life of the contract (including any extension options).

Figure 2: Procurement routes for non-clinical and non-pay revenue expenditure



* For spend of £10,000 or under one quote can be obtained if it is unlikely three quotes would generate a substantially better price.

** For spend in excess of £10,000 three written quotes should be requested from suppliers. As long as a minimum of one written response is received after the deadline for responses, the procurement can be awarded. Such an award does not constitute a single tender action.

Figure 3: Procurement routes for directly / specialised commissioned healthcare services¹



¹ Contracts Finder is a centralised website for the Public Sector that enables suppliers to search for contracts that exceed £25,000.

Directly Commissioned and Specialised Commissioned Healthcare Services fall under Schedule 3 of PCR 2015 and should be procured using the Light Touch Regime (LTR) if their value is above the threshold. The value of the threshold is stated in the Procurement Policy. If the value of the contracts is below the LTR threshold, there is no legal requirement to advertise such contracts or framework agreements.

However, NHS England commissioners may still choose to advertise such contracts or framework agreements in order to ensure that value for money is obtained. In these instances, the National or Regional Directors are required to put appropriate procurement processes in place.

Furthermore, in order to comply with the National Health Service (Procurement, Patient Choice and Competition) (No.2) Regulations 2013 as a general rule, if a contract for healthcare services is being advertised anywhere (i.e. OJEU, your website, trade websites) it should also be advertised in Contracts Finder. Guidance is provided in the NHS England Procurement Policy.

12.10 Non-clinical and non-pay revenue expenditure: Business Case Approval

12.10.1 The approval route cases for non-clinical and non-pay expenditure excluding direct commissioning and specialised commissioning clinical expenditure once the business case is submitted to the Commercial team is as follows;

Table1: Business Case Approval non-clinical and non-pay expenditure contracts

Up to £2.5m	Over £2.5m
Commercial Panel	Commercial Executive Group

12.10.2 All expenditure above £25k requires an approved business case. With the following exceptions:

- Consultancy / professional services where the contract is likely to last, or is being extended beyond, nine months;
- Consultancy / professional services with a day rate of £900 or greater;
- Digital expenditure on external facing projects;
- Retrospective actions²; or
- Single Tender Actions³.

Additional exceptions, relate to ICT expenditure under £100k per Procurement policy.

² These circumstances require a specific type of business case. Advice should be sought from the Commercial team

³ These circumstances require a specific type of business case. Advice should be sought from the Commercial team to ensure compliance with regulation 32 of the Public Contracts Regulations 2015.

12.10.3 The Procurement Policy sets out the efficiency controls and other control applicable to different expenditure types. CSUs are exempt from these controls but are subject to Cabinet Office centralised procurement processes.

12.11 **Non-clinical and non-pay revenue expenditure: Contract Award Approval**

12.11.1 The approval route to award a contract or framework agreements for non-clinical and non-pay revenue expenditure excluding direct commissioning and specialised commissioning clinical expenditure is as follows:

Table 2: Contract Award: non-clinical and non-pay expenditure contracts

Up to £2.5m	Over £2.5m
Commercial Panel	Commercial Executive Group

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

12.12 **Non-clinical and non-pay revenue expenditure: Contract Signing Approval Limits**

12.12.1 All contracts, irrespective of value, must be included on the contracts register to ensure effective contract performance monitoring.

12.12.2 The approval limits for the signing of non-pay expenditure contracts (including service level agreements, memoranda of understanding, and other equivalent documents) but excluding direct commissioning and specialised commissioning clinical expenditure) is as follows:

Table 3: Contract Signing: clinical / and non-pay expenditure contracts

Whole life contract value (including extension periods but excluding VAT)	Non-clinical / non-pay expenditure	
	Up to £2.5m	Over £2.5m
Approvers and / or Restrictions	Director of Financial Control	Chief Executive or Chief Financial Officer
	(subject to prior recommendation by the Commercial Panel)	(subject to prior recommendation by the Commercial Executive Group and the Executive Resource and Investment Group or Board as appropriate)

12.13 **Directly Commissioned/Specialised commissioned Revenue Expenditure approval process**

- 12.13.1 All directly/ specialised commissioned (clinical services) healthcare Expenditure over the Light Touch Regime (LTR) threshold requires a supporting business case with a procurement strategy.
- 12.13.2 National or Regional directors are accountable for assuring directly / specialised commissioned (clinical services) and delegated commissioned expenditure is compliant with the procurement regulations and NHS England policy through using support from the Commercial team as the directors consider necessary.
- 12.13.3 Unless the exception in section 12.20.3 applies, any proposal to appoint a contractor using a single tender action must be submitted to and reviewed by the Commercial team in advance of the expenditure in accordance with section 12.20.
- 12.13.4 The LTR threshold and detail of the directly / Specialised commissioned healthcare expenditure category is detailed in the NHS England Procurement Policy.

12.14 **Directly Commissioned / Specialised Commissioned revenue expenditure: Contract Signing Approval Limits**

- 12.14.1 The following approval limits apply to signing of Directly and specialised commissioning healthcare services. This includes service level agreements, memoranda of understanding, and other equivalent documents:

Table 4: Contract Signing-Directly Commissioned Healthcare Services

Whole life contract value (including extension periods but excluding VAT)	Directly / Specialised commissioned Healthcare Services	
	Up to £500m	Over £500m
Approvers and/or Restrictions	Director of Commissioning Operations; <i>or</i> Devolution Chief Officer; <i>or</i> Regional Director; <i>or</i> Regional Director of Finance; <i>or</i> National Director or Other Directors (ESM)	Chief Executive <i>or</i> Chief Financial Officer

12.15 Commissioning Support Units (CSU) revenue expenditure: Approval of Business Case and associated Procurement Strategy

- 12.15.1 CSUs are legally and organisationally an essential and integral part of NHS England.
- 12.15.2 Any revenue expenditure by CSUs on their own activities up to £400k should be approved by the CSU MD or in accordance with the CSU Assurance Framework.
- 12.15.3 Where NHS England seeks to secure services from a CSU it should follow the CSU specific new business opportunities approach defined in the procurement policy.
- 12.15.4 Approval for all revenue business cases is detailed in the table below. This includes where there is a need for Service Level Agreements, Memoranda of Understanding, and other equivalent documents.

Table 5: CSU Business Case Approval Routes

Up to £400k	Over £400k - £1m	Over £1m - £2.5m	Over £2.5m
CSU Managing Director	Joint approval by the Director CSU Transition Programme and the Director of Finance and Assurance CSU Transition Programme.	Commercial Panel	Commercial Executive Group

- 12.15.5 The CSU Transition team are responsible for submitting all relevant CSU business cases with associated procurement strategies for revenue expenditure over £1m for review by Commercial Panel or Commercial Executive Group.
- 12.15.6 The CSU Transition team and CSU MD (within their delegated limits) provide assurance on CSU procurement expenditure for its own activities via reports to the Commercial Executive Group. The limits for CSU capital expenditure are defined in section 13.

12.16 CSU revenue expenditure: Contract Award Approval

12.16.1 Table six details the approving route to enable CSUs to award a contract or framework agreement for CSU revenue expenditure:

Table 6: CSU contract or framework agreements⁴

Up to £400k	Over £400k - £2.5m	Over £2.5m
CSU Managing Director	Commercial Panel	Commercial Executive Group

12.17 CSU Contract Signing Approval Limits

12.17.1 The following approval limits apply to signing of contracts between CSUs and third parties (including service level agreements, memoranda of understanding, and other equivalent documents):

Table 7: Contract Signing-CSU Contracts

Whole life contract value (including extension periods) but excluding VAT	Commissioning Support Unit (CSU) expenditure on their own activities		
	Up to £400k	Up to £2.5m	Over £2.5m
Approvers and/or Restrictions	CSU Managing Director	NHS England Director of Financial Control	Chief Executive <i>or</i> Chief Financial Officer
		(subject to prior recommendation by the Commercial Panel)	(subject to prior recommendation by the Commercial Executive Group)

12.18 Contract Variations and Extensions

12.18.1 All extensions and variations to an existing contract must be reviewed to confirm that they are legally possible they represent best value for money, including financial and non-financial aspects, and they are not being instigated solely to avoid or delay the requirement to conduct procurement.

⁴ See section 12.2.4 if the value of the contract (excluding recoverable VAT) exceeds £35m.

12.18.2 Extensions to existing contracts can only be approved where:

- the terms and conditions of the contract make provision for an extension;
- contract performance is satisfactory;
- the original business case included approval for the cost of the extension period. Contracts under £25k which do not have a business case cannot be extended; and
- the variation is in line with or complies with section 72 of the Public Contracts Regulations 2015. Regulation 72 covers the extent to which contracts can be amended without the need for a new advertised tender process. Guidance should be sought from the Commercial team in all cases.

12.18.3 No variation can be granted to a contract awarded under the Public Contracts Regulations (PCR) 2015 threshold where the value of the variation results in the contract value exceeding the PCR 2015 threshold.

12.18.4 Contract variations must comply with PCR 2015 requirements. These requirements are detailed in the NHS England Procurement policy.

12.19 **Contract Variations for Non-clinical / Indirect Revenue Expenditure contracts**

Table 8: Contract Variations for Non-clinical / Indirect Expenditure

Value of variation	Authorisation authority
Up to 10% of the original contract value subject to a maximum value variation of £150k	Director of Financial Control with the recommendation from the Head of Commercial
between 10 - 30% of the original contract value subject to a maximum value variation of £750k	Commercial Panel
Between 30 - 50% of the original contract value	Commercial Executive Group

12.19.1 Variations above 50% of initial total contract value may also be granted in limited circumstances. Any requests must be agreed with the Commercial and Legal teams and then authorised by the Commercial Executive Group.

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

12.20 Contract Variations for CSU Revenue expenditure on own activities

Table 9: Contract Variations for CSU expenditure on own activities

Value of variation	Authorisation authority
Up to 10% of the original contract value subject to a maximum value variation of £400k	CSU Managing Director with recommendation from the CSU Procurement Lead. This limit applies to the variation not the original contract value.
Between 10 - 30% of the original contract value subject to a maximum value variation of £750k	Commercial Panel
Between 30 - 50% of the original contract value	Commercial Executive Group

12.20.1 Contract variations above 50% of initial total contract value may also be granted in limited circumstances. Any requests must be agreed with the Commercial team and authorised by the Commercial Executive Group.

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

12.21 Contract Variations for contracts lasting more than five years

12.21.1 All extensions to contracts which will increase the contract length (including extension options) to greater than five years must be submitted and approved by the Commercial Executive Group.

12.22 Contract Management

12.22.1 NHS England Contract Management Toolkit should be used to manage and administer contracts in line with the requirement of the Third-Party Assurance Framework.

12.22.2 All NHS England contracts / agreements (including Memoranda of Understanding, Framework Agreements, Lease Agreements and Licence Agreements) must be maintained on the Commercial Contracts Register.

12.22.3 CSUs must hold contracts/agreements in their individual contract registers.

12.23 **Single Tender Actions (STAs)⁵**

12.23.1 Single Tender Actions should be avoided and only utilised in line with the exemptions provided for in the NHS England Procurement Policy.

12.23.2 All STAs with expenditure below or equal to £150k require approval from the Commercial Panel. STAs with expenditure over £150k require approval from the Commercial Executive Group.

12.23.3 National or Regional directors can approve the appointment of a provider of Directly Commissioned Healthcare Service as a matter of extreme urgency in order to protect the patients and to ensure continuity of care. Such instances must be reported via Panel to the Commercial Executive Group by the National or Regional Directors concerned.

12.24 **Retrospective Actions**

12.24.1 Retrospective actions including business cases, purchase orders and supplier set ups are not permitted under any circumstance.

12.24.2 All retrospective purchases and actions will be treated as a breach of the Procurement Policy and SFIs. Failure to comply with the aforementioned policies, may lead to disciplinary action, as detailed in SFI 1.7.

12.24.3 All retrospective purchases and actions with an aggregated expenditure below or equal to £150k must be reported to the Commercial Panel. All expenditure over £150k must be reported to the Commercial Executive Group.

12.24.4 Commercial Panel and the Commercial Executive Group have the right to terminate any contracts, in accordance with the contractual terms and conditions, which have been entered into retrospectively and require an approved business case to be submitted before transacting again with the supplier.

12.24.5 All retrospective actions will be reported to the Audit and Risk Assurance Committee.

12.24.6 Any retrospective action must be recorded by the budget holder as a non-compliance in their assurance certificate.

12.25 **Segregation of Duties**

⁵ A single tender action is defined as a negotiated procedure without prior publication and must be awarded in accordance with regulation 32 of the Public Contracts Regulations 2015

- 12.25.1 Officers must ensure that effective segregation of duties are maintained at all times throughout the procurement process. This means that the same officer cannot both requisition and approve the procurement of any goods, services or works. This applies to transactions undertaken via purchase orders or on a non-purchase order basis.
- 12.25.2 Any officer who requisitions and approves the same transaction will face disciplinary action in accordance with SFI 1.7.

12.26 **Purchase Orders**

- 12.26.1 NHS England has adopted a No Contract, No Purchase Order, No Payment approach. All officers are required to follow this approach.
- 12.26.2 All commitments must be raised via a Purchase Order requisition using the Integrated Single Financial Environment (ISFE). Prepayments should not be made unless these have been explicitly pre-approved by the Financial Accounting and Services or Commercial team.
- 12.26.3 The use of non-PO approvals should be limited to the following exceptions: rent and rates payments; utilities suppliers; and exemptions highlighted in the Commercial guidance available. Further advice should be sought from the Financial Accounting and Services team.
- 12.26.4 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 will be classed as retrospective and is a breach of SFIs.
- 12.26.5 The purchase order must be in accordance with agreed contract value and length. This should consist of one contract and one purchase order with a scheduled payment profile.
- 12.26.6 Purchase orders must only be receipted following the delivery of satisfactory goods or services.

12.27 **Approval of NHS England Purchase Requisitions, Purchase Credit Notes, Invoices and Non-PO Invoices**

12.27.1 The following approval limits apply, subject to the restrictions set out at 12.17, to all NHS England purchase requisitions, credit notes, invoices and non - PO invoices. A signed contract must always be in place for any expenditure.

Table 10: Approval Limits for all purchase requisitions, credit notes, invoices, non - PO invoices and payments

Requisition/ Invoice Value	Up to £50k	Up to £100k	Up to £200k	Up to £5m (all expenditure except Directly Commissioned Healthcare Services) Up to £500m (Directly Commissioned Healthcare Services)	Above £5m (all expenditure except Directly Commissioned Healthcare Services) Above £500m (Directly Commissioned Healthcare Services)
Approvers and/or Restrictions	ABC Band 8A-C, CS Grade 6 and 7 up to £50k AFC Band 7, CS SEO: up to £30k AFC Band 6, CS HEO: up to £10k up to AFC Band 5, CS/EO and below up to £5k	AfC Band 9 & 8D Budget Holders CS – Senior Civil Service Grade 1	Other Directors (VSM/ESM) CS – Senior Civil Service Grade 2	Director of Financial Control <i>or</i> Director of Strategic Finance <i>or</i> Director of Financial Planning and Delivery <i>or</i> Director of Financial Resilience <i>or</i> National Director <i>or</i> Regional Director <i>or</i> Devolution Chief Officer or Chief Provider Strategy Officer <i>or</i> Chief Nursing Officer <i>or</i> Chief Commercial Officer <i>or</i> Director of Public Health Engagement <i>or</i> Deputy Chief Executive Officer	Chief Executive <i>or</i> Chief Financial Officer

12.28 Approval of CSU Purchase Requisitions, Purchase Credit Notes, Invoices and Non-PO Invoices

12.28.1 The following approval limits apply to all purchase requisitions, credit notes, invoices and non- PO invoices for CSU expenditure. A signed contract must always be in place for any expenditure.

Table 11: Approval Limits - All purchase requisitions, credit notes, invoices and non- PO invoices for CSU expenditure

Requisition/ Invoice Value	Up to 50k*	Up to £100k*	Up to £200k*	Up to £1m	Up to £5m	Above £5m
Approvers and/or Restrictions	AFC Band 8A-C, Civil Service (CS) Grades 6 and 7: Up to £50k AFC Band 7, CS SEO: up to £30k AFC Band 6, CS HEO: up to £10k up to AFC Band 5, CS/EO and below: up to £5k	AFC Band 9 and 8D Budget Holders CS – Senior Civil Service Grade 1	Other directors and ESMs CS – Senior Civil Service Grade 2	CSU Managing Director	Director of Financial Control	Chief Executive <i>or</i> Chief Financial Officer

*CSUs have the discretion to agree in their operating framework a more precise definition of the roles and bandings (subject to the maximum levels in table 10) that can approve at these different limits.

12.29 **Commercial Models (Outsourcing of Service)**

- 12.29.1 The Commercial Executive Group are required to provide robust management, governance and assurance on Commercial Models.
- 12.29.2 All forms of outsourcing are subject to Cabinet Office Commercial models controls and therefore require approval by the Department of Health and Social Care and/or Ministerial and/or HM Treasury and/or Cabinet Office, depending on the circumstances.
- 12.29.3 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.

12.30 **Revenue Grants**

- 12.30.1 The Commercial Executive Group and the Commercial Panel are required to provide management, governance and assurance on revenue grant funding.
- 12.30.2 The Chief Financial Officer delegates to the Head of Commercial the responsibility to provide governance and assurance to NHS England with regards to the use of specific powers under which it can make a revenue grant payment to specific bodies. The relevant powers of NHS England are:
- Section 13X of the NHS Act 2006 (as amended);
 - Section 256 and 257 of the NHS Act 2006 (as amended); and
 - Paragraph 13, Schedule 1, of the NHS Act 2006 (as amended).
- 12.30.3 Revenue 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. Capital grants should be awarded following guidance in SF12.
- 12.30.4 Labelling a payment as a grant payment should not be a way of avoiding the procurement processes laid out in SF12. State aid rules apply to the awarding of grants; therefore, the process to award a revenue grant must be treated the same as any other procurement exercise and should comply with all appropriate requirements of SF12.
- 12.30.5 The approval route for all revenue grant applications, dependent upon whole life value (including any potential extensions but excluding recoverable VAT) is as follows:

Table 12: Approval Routes – Revenue Grants

Up to £2.5m (Non-Competed grants up to £150k)	Over £2.5m (Non-competed grants over £150k)
Commercial Panel	Commercial Executive Group

12.30.6 All grant awards must have a signed grant funding agreement. The signing limits in section 12.12 (table three) apply to grant funding agreements.

13 Capital Investment, Asset Register & Security of Assets

13.1 Introduction

- 13.1.1 Capital commitments typically cover land, buildings, equipment and IT, including:
- authority to expenditure capital or make a capital grant;
 - authority to enter into a leasing arrangement;
 - authority to enter into a legally enforceable commissioning commitment to:
 - provide any transition or transaction support from centrally controlled NHS England funds;
 - support for the revenue implications of a third party (e.g. NHS Property Services Limited, Community Health Partnerships Limited a Public/Private Partnership (PPP) vehicle or a provider trust) investing capital, or entering into a lease commitment; and/or
 - 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.
- 13.1.2 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 13.
- 13.1.3 No procurement should be undertaken or commitment given to purchase from a supplier prior to approval being received.

13.2 Capital Investment

- 13.2.1 The Chief Financial Officer is responsible for:
- Ensuring 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;
 - Ensuring that 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

OFFICIAL

- Ensuring that capital investment is not authorised without evidence of availability of resources to finance all revenue consequences.
- 13.2.2 For every capital expenditure proposal the Chief Financial Officer is responsible for ensuring there are processes in place to ensure that a business case is produced setting out:
- An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - Confirmation that a designated Officer has examined and confirmed the appropriateness of the costs and revenue consequences detailed in the business case.
 - The involvement of appropriate NHS England personnel and external agencies;
 - Appropriate project management and control arrangements.
- 13.2.3 For a capital investment 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.
- 13.2.4 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.
- 13.2.5 The approval of a capital programme does not constitute approval for expenditure on any scheme included within that programme.
- 13.2.6 The Chief Financial Officer is responsible for ensuring there are processes in place to issue to the Officer responsible for any scheme:
- Specific authority to commit expenditure;
 - Authority to proceed to tender; and,
 - Approval to accept a successful tender.
- 13.2.7 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 and Social Care.
- 13.2.8 The Chief Financial Officer is responsible for ensuring there are processes in place to ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within “Concode” and

the prevailing Procurement regulations and routes relating to EU procurement regulations, Private Finance Initiative (PFI), Private Finance 2 (PF2), Procure 22 (P22), Public Private Partnerships (PPP), Local Improvement Finance Trust (LIFT).

13.3 **Capital Approval Limits**

- 13.3.1 The following approval limits apply:
- 13.3.2 Commitments from £35m and above should be approved by the Board.
- 13.3.3 Any investment between £35m and £50m currently requires discussion/consultation with the Department of Health and Social Care;
- 13.3.4 Any investment over £50m currently requires further approval by the Department of Health and Social Care.
- 13.3.5 Commitments from £20m-£35m: should be approved by the Executive Resource and Investment Group.
- 13.3.6 Commitments up to £20m should be approved by the NHS England Chief Executive or Chief Financial Officer.
- 13.3.7 For CSU programmes within approved budget, commitments up to £1m should be approved by the CSU Managing Director and CSU Director of Finance.
- 13.3.8 For Devolution Programmes authorised by the Statutory Committee, commitments up to £5m, or such other sum (not in any event exceeding £5m) as the NHS England Chief Financial Officer may, in his discretion, from time to time determine: Devolution Programme Chief Officer and Finance & Investment Lead (acting jointly), or such equivalent titles as may be agreed for these positions.
- 13.3.9 For capital investment commitments in an NHS England Region in respect of General Practice Information Technology (GPIT) and/or Estates & Technology Transformation Programme Digital Technology, up to £1m, or such other sum (not in any event exceeding £1m) as the NHS England Chief Financial Officer may, in his discretion, from time to time determine: the NHS England Director of Finance for that Region.
- 13.3.10 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 SFI12.

13.4 **Private Finance**

- 13.4.1 NHS England should have due regard to current HM Treasury and Department of Health and Social Care guidance in relation to the requirement to test for Private Finance Initiative/PPP 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:
- The Chief Financial Officer should demonstrate that the use of private finance represents value for money and transfers significant risk to the private sector;
 - Where the sum involved exceeds NHS England's delegated whole life costs limit of £50m or whole life costs disclosure/consultation limit £35m, the business case must be submitted to the HMT for approval/consultation via the Department of Health and Social Care.
- 13.4.2 Any PFI (as distinct from PPP) proposal must be specifically agreed by the Board.

13.5 **Asset Registers**

- 13.5.1 The Chief Executive is responsible for ensuring there are processes in place for the maintenance of both the register of assets and the register of inventory items, taking account of the advice of the Chief Financial Officer concerning the form and the method of updating the registers, and arranging for a physical check of assets and inventories against the registers to be conducted over a cycle agreed by the Audit & Risk Assurance Committee.
- 13.5.2 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.
- 13.5.3 Additions to the fixed asset register must be clearly identified to an appropriate Budget Holder and be validated by reference to:
- Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - Stores, requisitions and wages records for own materials and labour including appropriate overheads; or,
 - Lease agreements in respect of assets held under a finance lease and capitalised.
- 13.5.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each

disposal must be validated by reference to authorisation documents and invoices (where appropriate).

- 13.5.5 The Chief Financial Officer is responsible for ensuring there are processes in place to approve procedures for reconciling balances on fixed asset and inventory accounts in ledgers against balances on fixed asset and inventory registers.
- 13.5.6 Land and buildings will be held at values in accordance with NHS England's accounting policies which comply with the HM Treasury Financial Reporting Manual.
- 13.5.7 The value of each asset will be depreciated using methods and rates as specified in NHS England's accounting policies which comply with the HM Treasury Financial Reporting Manual. Estimated useful lives and depreciation rates of assets will be reviewed on an annual basis.
- 13.5.8 Budget Holders will ensure that the respective assets and inventories for their areas are physically checked annually.
- 13.5.9 The asset register and the inventory register may record items which are transferred from one part of NHS England to another. It is the responsibility of the Budget Holders concerned to inform the Chief Financial Officer of these changes.
- 13.5.10 The Chief Financial Officer is responsible for ensuring there are processes in place to maintain an up to date register of properties owned or leased by NHS England. This should include details of location, tenancy (where appropriate), and custody of the deeds and lease documents.
- 13.5.11 The CSU Managing Director is responsible for ensuring that the CSU maintains an up to date asset register.

13.6 **Security of Assets**

- 13.6.1 The overall control of assets is the responsibility of the Chief Executive.
- 13.6.2 Asset control procedures (including fixed assets, inventories, and donated assets) must be approved by the Chief Financial Officer. These procedures should make provision for:
- Recording managerial responsibility for each asset;
 - Identification of additions and disposals;
 - Identification of all repairs and maintenance expenses;
 - Physical security of assets;

OFFICIAL

- Periodic verification of the existence of, condition of, and title to, assets recorded;
 - Identification and reporting of all costs associated with the retention of an asset; and,
 - Reporting, recording and safekeeping of cash, payable orders, and negotiable instruments.
- 13.6.3 All discrepancies revealed by verification of physical assets to fixed asset or inventory registers should be notified to the Chief Financial Officer.
- 13.6.4 Every Officer has a responsibility to exercise a duty of care over the assets of NHS England and it is the responsibility of senior Officers in all disciplines to apply appropriate routine security practices in relation to NHS England assets. A substantial or persistent breach of agreed security practices should be reported to the Secretary, who will then refer the matter to the Chief Financial Officer, who will determine the necessary action, including reference to the Security Management Co-ordinator for investigation.
- 13.6.5 Any damage to NHS England's premises, vehicles and equipment or any loss of equipment or supplies should be reported by Officers in accordance with the agreed procedure for reporting losses.
- 13.6.6 Where practical, assets should be marked as NHS England property.
- 13.7 **Property Solutions**
- 13.7.1 Unless the Chief Financial Officer very exceptionally agrees otherwise, all NHS England property requirements should be provided by/through NHS Property Services Limited or Community Health Partnerships Limited or relevant successor body.
- 13.7.2 Any perceived requirement for a new property contract should be discussed with the Chief Financial Officer or an Officer nominated by him in the first instance.

14 Payment of Accounts

14.1 System of Payment and Payment Verification

- 14.1.1 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.
- 14.1.2 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.
- 14.1.3 Payment of contract invoices should be in accordance with contract terms. All payments should comply with the Government's policy on prompt payment.
- 14.1.4 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.
- 14.1.5 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:
- A list of Officers authorised to certify requisitions and invoices;
 - Certification that goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct;
 - 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;
 - 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;
 - Where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained;
 - The account is arithmetically correct; and,

OFFICIAL

- The account is in order for payment.
 - 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,
 - Instructions to Officers regarding the handling and payment of accounts within the Finance Directorate.
- 14.1.6 Where an Officer certifying accounts relies upon other Officers to do preliminary checking, the Officer certifying accounts will ensure that those who check delivery or execution of work, act independently of those who have placed orders and negotiated prices and terms.
- 14.1.7 In the case of contracts which require payment to be made on account, during progress of the works, the Chief Financial Officer is responsible for ensuring systems are in place to make payment on receipt of a certificate from the appropriate qualified Officer or outside consultant. Without prejudice to the responsibility of any consultant, a contractor's account shall be subjected to such financial examination by Officers nominated by the Chief Financial Officer and such general examination by appropriately qualified Officers as may be considered necessary, before the person responsible to NHS England for the contract issues the final certificate.
- 14.1.8 The Chief Financial Officer is responsible for ensuring systems are in place to ensure that payment for goods and services is made only when the goods and services have been properly received.
- 14.2 **Prepayments**
- 14.2.1 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).
- 14.2.2 Prepayments which fall outside of normal business practice (advance payments) are only permitted in exceptional circumstances, and require HM Treasury approval. In such instances;
- The financial advantages must outweigh the disadvantages; and,
 - 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 Chief Financial Officer (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.

OFFICIAL

- 14.2.3 The relevant Committee will need to be satisfied with the proposed arrangements and the Chief Financial Officer should have received HM Treasury approval, before contractual arrangements proceed.
- 14.2.4 The Budget Holder is responsible for ensuring that all items due under an advance payment contract are received and must immediately inform the Chief Financial Officer if problems are encountered.

15 Stores & Receipt of Goods

15.1 General Position

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

15.2 Control of Stores, Stocktaking, Condemnations and Disposal

- 15.2.1 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.
- 15.2.2 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.
- 15.2.3 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.
- 15.2.4 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.
- 15.2.5 Where a complete system of stores control is not justified, alternative arrangements will require the approval of the Chief Financial Officer.
- 15.2.6 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.

16 External Borrowing & Investment

16.1 External Borrowing

- 16.1.1 The Chief Financial Officer will advise the Board concerning any proposed new borrowing, within the limits set by the Department of Health and Social Care 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.
- 16.1.2 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.
- 16.1.3 The Chief Financial Officer is responsible for ensuring systems are in place to prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 16.1.4 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 Social Care and HM Treasury and NHS England's statutory powers.
- 16.1.5 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.
- 16.1.6 All long-term borrowing must be consistent with the plans outlined in the current business plan and be approved by the Board.

16.2 Investments

- 16.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State for Health and Social Care and authorised by the Board.
- 16.2.2 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.
- 16.2.3 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.

17 Disposals & Condemnations

17.1 Disposals

- 17.1.1 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.
- 17.1.2 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.

17.2 Condemnations

- 17.2.1 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.
- 17.2.2 All unserviceable articles should be,
- 17.2.3 Condemned or otherwise disposed of by an Officer authorised for that purpose by the Chief Financial Officer; and
- 17.2.4 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.
- 17.2.5 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.

18 Losses & Special Payments

18.1 General

- 18.1.1 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.
- 18.1.2 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.
- 18.1.3 A loss, write off or special payment will always require HM Treasury approval, irrespective of value, if it,
- Involves important questions of principle;
 - Raises doubts about the effectiveness of existing systems;
 - Contains lessons which might be of wider interest;
 - Is novel or contentious;
 - Might create a precedent for other departments in similar circumstances; or,
 - Arose because of obscure or ambiguous instructions issued centrally.
- 18.1.4 All losses and Special Payments should be reported and submitted to the Head of assurance (england.assurance@nhs.net) by using the standard template as provided on SharePoint.

18.2 Losses and Write-Offs

- 18.2.1 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;
- 18.2.2 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 and Social Care.

18.2.3 The Head of Assurance has delegated authority to approve losses up to and including £20,000.

18.2.4 Managing Public Money defines losses as including, but not limited to:

- Cash losses (physical loss of cash and its equivalents, e.g. credit cards, electronic transfers);
- Bookkeeping losses (un-vouched or incompletely vouched payments, including missing items or inexplicable or erroneous debit balances);
- Exchange rate fluctuations;
- Losses of pay, allowances and superannuation benefits paid to Employees (including Overpayments due to miscalculation, misinterpretation or missing information; unauthorised issue; and, other causes);
- Losses arising from overpayments;
- Losses from failure to make adequate charges;
- Losses of accountable stores (through fraud, theft, arson, other deliberate act or other cause);
- Fruitless payments and constructive losses; and,
- Claims waived or abandoned (including bad debts).
- Losses that are subject to insurance cover should be accounted for on a net basis (i.e. after any insurance payout).
- 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.

18.2.5 Any Officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Chief Financial Officer, or inform an Officer charged with responsibility for responding to concerns involving loss.

18.2.6 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 that may indicate fraud, bribery or corruption, the Chief Financial Officer must ensure the External Auditor and NHS Counter Fraud Authority have been informed.

- 18.2.7 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify the Board, and;
- 18.2.8 The External auditor.
- 18.2.9 The Chief Financial Officer is authorised to take any necessary steps to safeguard NHS England's interests in bankruptcies and company liquidations.
- 18.2.10 For any loss, the Chief Financial Officer should consider whether any insurance claim could be made.
- 18.2.11 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.
- 18.2.12 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 SF126 apply.

18.3 **Special Payments**

- 18.3.1 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.
- 18.3.2 All special payments up to and including £20,000, can be approved by officer(s) nominated by the Chief Financial Officer.
- 18.3.3 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.
- 18.3.4 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.
- 18.3.5 Managing Public Money defines special payments as;
- 18.3.6 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;

- 18.3.7 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;
- 18.3.8 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.. They include other payments to those in the public service outside statutory schemes or outside contracts;
- 18.3.9 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;
- 18.3.10 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.

18.4 **Losses and Special Payments Register**

- 18.4.1 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.
- 18.4.2 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
- 18.4.3 All losses and special payments above £10,000 will be reported to the Audit & Risk Assurance Committee.

19 Information & Communications Technology (ICT)

19.1 General

- 19.1.1 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.
- 19.1.2 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.
- 19.1.3 The Officer specifically appointed by the Chief Executive will satisfy himself that new corporate ICT services, systems, and amendments to current corporate ICT services and systems are developed in a controlled manner and thoroughly tested prior to implementation.
- 19.1.4 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.
- 19.1.5 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.
- 19.1.6 The Officer specifically appointed by the CSU Managing Director will satisfy himself that new CSU ICT services, systems, and amendments to current CSU ICT services and systems are developed in a controlled manner and thoroughly tested prior to implementation.

19.2 Finance Systems

- 19.2.1 The Chief Financial Officer will ensure that adequate controls exist such that all finance computer operations are separated from development, maintenance and amendment.
- 19.2.2 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.
- 19.2.3 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.
- 19.2.4 The Chief Financial Officer will ensure that appropriate financial limits are allocated to users for journal postings to finance systems.

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

19.3 **Applicability to Contractors**

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

19.4 **Applicability to Joint contract employees**

19.4.1 As part of the contractual arrangements for NHS England and NHS Improvement joint role employees, will be granted access to the ISFE system, based on single access log on details to enable them to authorise, approve and code expenditure/income in fulfilment of their roles as Budget Holders.

20 Information Governance

20.1 General

- 20.1.1 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.
- 20.1.2 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.
- 20.1.3 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.
- 20.1.4 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.
- 20.1.5 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.
- 20.1.6 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.
- 20.1.7 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.
- 20.1.8 The Chief Financial Officer and an Officer specifically appointed by the Chief Executive will ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent over transmission networks.

20.2 **Senior Information Risk Owner**

- 20.2.1 The Board will nominate a National Director to be responsible to the Board for information risk management (the Senior Information Risk Owner).
- 20.2.2 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 affect the strategic goals of NHS England.
- 20.2.3 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.

20.3 **Applicability to Contractors**

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

21 Funds Held on Trust, Including Charitable Funds

21.1 **Corporate Trustee**

21.1.1 The discharge of NHS England's corporate trustee responsibilities is 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.

21.1.2 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.

21.2 **Accountability to Charity Commission and Secretary of State for Health and Social Care**

21.2.1 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 and Social Care for all funds held on trust. The overriding 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.

21.2.2 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.

21.3 **Applicability of Standing Financial Instructions to Funds Held on Trust**

21.3.1 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 Acceptance of Gifts by Officers and Members & Link to Standards of Business Conduct

- 22.1.1 The Senior Governance Manager will ensure that all Members and Officers are made aware of NHS England policy on acceptance of gifts and other benefits in kind.
- 22.1.2 This policy is defined in the NHS England, policy document Standards of Business Conduct and is deemed an integral part of Standing Orders and these Standing Financial Instructions.
- 22.1.3 All hospitality and gifts accepted by Board Members will be declared in accordance with the requirements of the Standards of Business Conduct Policy will and be published on the NHS England website on a quarterly basis.

23 Retention of Documents

- 23.1.1 The Chief Executive is accountable for ensuring systems are in place to maintain archives for all documents required to be retained in accordance with Department of Health and Social Care guidelines and NHS England policy.
- 23.1.2 The National Director: Transformation and Corporate Development has the lead responsibility for Records Management.
- 23.1.3 The documents held in archive should be capable of retrieval by persons authorised by the Chief Information Officer.
- 23.1.4 Documents held in accordance with Department of Health and Social Care guidance should only be destroyed in accordance with that guidance and NHS England policy. Records will be maintained of all documents so destroyed.

24 Risk Management & Insurance

24.1 Programme of Risk Management

- 24.1.1 The Chief Executive will ensure that NHS England has a programme of risk management, in accordance with current Department of Health and Social Care assurance framework requirements, which must be approved by the Board and monitored by the Audit and Risk Assurance Committee.
- 24.1.2 The programme of risk management should include;
- A process for identifying and quantifying risks and potential liabilities;
 - Engendering among all levels of staff a positive attitude towards the control of risk;
 - 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;
 - Contingency plans to offset the impact of adverse events;
 - Audit arrangements including; internal audit, clinical audit, health and safety review;
 - A clear indication of which risks shall be insured; and,
 - Arrangements to review the risk management programme.
- 24.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis to complete the governance statement within the annual report and accounts as required by the HM Treasury Financial Reporting Manual.

24.2 Insurance: General

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

24.3 Insurance: Risk Pooling Schemes Administered by NHS Resolution (previously NHS Litigation Authority)

- 24.3.1 The Board will decide if NHS England will insure through the risk pooling schemes administered by NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision should be reviewed annually.
- 24.3.2 Where it is possible to insure a risk via the risk pooling arrangements run by NHS Resolution that will be the only acceptable form of insurance for that risk. These arrangements do not need the approval of HM Treasury.

24.4 Insurance: Arrangements with Commercial Insurers

- 24.4.1 HM Treasury approval is required for any 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:
- 24.4.2 Commercial arrangements for insuring motor vehicles owned or leased by NHS England including insuring third party liability arising from their use;
- 24.4.3 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
- 24.4.4 Where income generation activities take place these 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 NHS purposes the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution.

24.5 Arrangements to be followed by the Board in Agreeing Insurance Cover

- 24.5.1 Where the Board decides to use the risk pooling schemes administered by NHS Resolution, 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.
- 24.5.2 Where the Board decides not to use the risk pooling schemes administered by NHS Resolution 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 because of this decision. The Chief Financial Officer is responsible for ensuring systems are in place to draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

- 24.5.3 All Risk pooling schemes require scheme members to contribute to the settlement of claims (the 'deductible'). The Chief Financial Officer is responsible for ensuring documented systems and procedures 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.

24.6 **Payments of Recover in Legal actions**

- 24.6.1 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. These cases need not to necessarily involve any financial claim. The matter could be a challenge to reverse a decision.
- 24.6.2 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.
- 24.6.3 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, provided the relevant Employee (under the table in SFI 12 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' Statement of Truth, settlement agreement or Court Order).
- 24.6.4 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 SFI18 should be followed.

24.7 **In House legal costs**

- 24.7.1 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.

24.8 Professional Services: Legal

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