

# Annex C: NHS Improvement standing financial instructions

## 1. Introduction

### 1.1 General

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- 1.1.1 These standing financial instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by NHS Improvement. They are designed to ensure that financial transactions are carried out in accordance with the law and government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the scheme of delegation and they provide a framework of procedures and rules for staff to follow.
- 1.1.2 NHS Improvement is comprised of two separate legal bodies, Monitor and NHS Trust Development Authority (NHS TDA). These SFIs apply to staff of both organisations.
- 1.1.3 Where these SFIs refer to NHS Improvement this references a joint function or responsibility. For financial governance purposes, Monitor and NHS TDA will remain as separate legal entities with their own separate accounts and budgets. Where these SFIs refer to Monitor and NHS TDA separately, this reflects a responsibility at the individual organisation level.
- 1.1.4 These SFIs identify financial responsibilities that apply to everyone working for Monitor and NHS TDA including staff on the payroll of either organisation, secondment or temporary contracts. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial procedures, which have been developed by internal finance and approved by the Chief Financial Officer. Related policies of particular relevance are the [Budgetary responsibility policy](#), [Business](#)

[expenses policy](#) and [Procurement policy](#), all of which are available on NHS Improvement's intranet.

- 1.1.5 For any item or circumstance not covered by these SFIs, principles on handling and reporting public expenditure contained in *Managing public money* (the Treasury's guidance and instruction manual), the Treasury's *Financial reporting manual* and the Civil Service management code should be followed.
- 1.1.6 Failure to comply with these SFIs is a disciplinary matter and could result in dismissal.
- 1.1.7 Wherever the title Chief Executive, Chief Financial Officer or other nominated officer is used in these instructions, it shall be deemed to include such other officers who have been duly authorised to represent them, except in respect of banking arrangements (see Section 6).

## 1.2 Terminology

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1.2.1 In these SFIs:

- 'Accounting Officer' means the Chief Executive of NHS Improvement who is the Accounting Officer of both Monitor and NHS TDA (or whoever is so appointed by the Secretary of State for Health and Social Care);
- 'the 2006 Act' means the National Health Service Act 2006;
- 'the 2012 Act' means the Health and Social Care Act 2012;
- 'Board' means the Board of NHS Improvement;
- 'budget' means a resource, expressed in financial terms, allocated by the board for the purpose of carrying out, for a specific period, any or all of NHS Improvement's functions;
- 'budget holder' means the individual with authority to manage finances (income and expenditure) for a specific area of the organisation;
- 'budget manager' means an employee of either Monitor or NHS TDA who has day-to-day responsibilities for managing a budget;
- 'employee' means a permanent member of staff of either Monitor or NHS TDA, a member of staff who is on secondment to Monitor or NHS TDA, or a contracted external consultant or adviser.

## 1.3 Roles, responsibilities and delegation

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### Accounting Officer

- 1.3.1 The Accounting Officer exercises financial supervision and control by:
- i. defining specific responsibilities;
  - ii. delegating specific financial responsibilities;
  - iii. agreeing the financial strategy;
  - iv. requiring the submission and approval of budgets within specified limits; and
  - v. defining and approving essential features in respect of financial control procedures and financial systems.
- 1.3.2 The Accounting Officer is personally accountable to Parliament and to the Department of Health and Social Care's Principal Accounting Officer for the stewardship of NHS Improvement funds, for the good management of the organisation, and for ensuring that NHS Improvement meets its obligation to perform its functions within the financial limits set.
- 1.3.3 The Accounting Officer is responsible for signing the accounts of Monitor and NHS TDA, including an annual governance statement.
- 1.3.4 The Accounting Officer will, as he deems appropriate and in accordance with NHS Improvement's rules of procedure, delegate his detailed responsibilities to named individuals but remains accountable for financial control. Delegations must always be in writing.
- 1.3.5 The Accounting Officer must ensure that corporate and regional directors and other employees (including all new appointees) are notified of and understand their responsibilities within these SFIs.

### Chief Financial Officer

- 1.3.7 The Chief Financial Officer is the board member responsible for finance and is responsible for internal financial controls and policies, in particular:
- i. implementing Monitor and NHS TDA's financial policies and for co-ordinating any corrective action necessary to further these policies;

- ii. maintaining an effective system of internal financial control, including ensuring that detailed financial procedures and systems are prepared, documented and maintained to supplement these instructions;
- iii. ensuring that sufficient records are maintained in order to disclose, with reasonable accuracy, the financial position of NHS Improvement at any time;
- iv. ensuring the provision of financial advice to the Accounting Officer, the board, corporate or regional directors, corporate operations committee and employees, as appropriate;
- v. the design, implementation and supervision of systems of internal financial control;
- vi. ensuring that SFIs are kept up to date; and
- vii. the preparation and maintenance of such accounts, certificates, estimates, records and reports as NHS Improvement may require for the purpose of carrying out its statutory duties.

1.3.8 The Chief Financial Officer is responsible for the procurement of goods and services including:

- i. preparation, implementation and review of a procurement policy;
- ii. ensuring goods and services are procured in accordance with best practice at the lowest cost commensurate with the defined level of quality;
- iii. ensuring goods and services are procured in accordance with the government's good practice guidance; and
- iv. ensuring that employees engaged in procurement are appropriately trained.

### **Other responsibilities**

1.3.9 All board members, corporate or regional directors and employees, severally and collectively, are responsible for:

- i. the security of the property of Monitor and NHS TDA;
- ii. avoiding loss;
- iii. exercising economy and efficiency in the use of resources; and

- iv. conforming with the requirements of NHS Improvement's rules of procedure, these SFIs, any limitations on delegation of authority to them, and financial procedures.
- 1.3.10 All budget holders are responsible for ensuring that budget managers and employees are trained appropriately to manage their financial responsibilities.
- 1.3.11 It shall be the duty of any employee having evidence of, or reason to suspect, financial or other irregularities or impropriety in relation to these regulations to report these suspicions to the Chief Financial Officer. The Chief Financial Officer will consider action in line with the Tackling Fraud, Bribery and Corruption policy.
- 1.3.12 All employees are responsible for the proper stewardship of the resources delegated to them. They must:
- i. abide by all conditions of the delegation;
  - ii. ensure that they and their employees are aware of their responsibilities within these SFIs;
  - iii. ensure that proper financial control arrangements are in place in their teams;
  - iv. ensure that all expenditure is legal and proper and that allotted sums are spent solely for the purpose intended;
  - v. ensure that budget allocations are not overspent, and that planned and actual expenditure takes full account of the need to achieve value for money in terms of efficiency, effectiveness and economy; and
  - vi. maintain financial records and discharge their duties to the satisfaction of the Chief Financial Officer.

### **Expenditure approvals groups**

- 1.3.13 The Chief Executive shall appoint an expenditure approvals group:
- i. for each directorate, led by a corporate or regional director; and
  - ii. for the internal finance team, led by the Chief Financial Officer.
- 1.3.14 Each directorate group shall be responsible for delegated budgets and expenditure within the remit of the directorate's functions. The internal

finance team shall be responsible for delegated budgets and expenditure across all of NHS Improvement's functions, but which fall to be managed or approved by internal finance.

1.3.15 Each group:

- i. is appointed as a committee of both Monitor and TDA;
- ii. has the terms of reference set out in the Appendix to these SFIs;
- iii. has a membership consisting of the NHS Improvement employees in that directorate or that team who are authorised to:
  - a. act as budget holders or budget managers by virtue of delegation under Section 3.2.2 of these SFIs, or
  - b. approve non-pay expenditure by virtue of delegation under section 9.1.1 of these SFIs;
- iv. is responsible for managing delegated budgets in accordance with Section 3.2 of these SFIs and for approving non-pay expenditure in accordance with Section 9.1 of these SFIs, in so far as those budgets or that expenditure falls within the remit of the group.

## 2. Audit

### 2.1 Audit and Risk Assurance Committee

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2.1.1 The board has established an audit and risk assurance committee and its terms of reference are available upon request from [NHSI.BoardSecretariat@nhs.net](mailto:NHSI.BoardSecretariat@nhs.net).

### 2.2 External audit

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2.2.1 The external audit of Monitor and NHS TDA is undertaken by the Comptroller and Auditor General (C&AG) and the National Audit Office (NAO).

2.2.2 The C&AG's powers to obtain documents and information are set out in legislation, which provides that the C&AG shall have a right of access at all reasonable times to all such documents as he may reasonably require for carrying out examination and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.

2.2.3 These rights of access extend to the annual audit of all systems, establishments and processes associated with NHS Improvement's functions.

## 2.3 Internal audit

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2.3.1 The Accounting Officer is responsible for ensuring that there are arrangements to measure, evaluate and report on the adequacy and effectiveness of internal control and efficient use of resources by the establishment of an adequate internal audit service.

2.3.2 NHS Improvement shall appoint a head of internal audit who will have overall responsibility for the internal audit function.

2.3.3 The terms of reference of internal audit are set by the audit and risk assurance committee as set out in its terms of reference.

2.3.4 The head of governance is responsible for:

- i. ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal financial controls and effective use of resources by establishing or contracting for an adequate internal audit function;
- ii. ensuring that an annual internal audit report is prepared for the consideration of the audit and risk assurance committee. The report must cover:
  - a. progress against plan including agreed performance indicators over the previous year;
  - b. major internal financial control weaknesses discovered;
  - c. progress on the implementation of internal audit recommendations;
  - d. strategic audit plan covering the coming three years;
  - e. a detailed plan for the coming year; and
  - f. a clear statement on the effectiveness of internal control.

2.3.5 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Financial Officer must be notified immediately.

- 2.3.6 In accordance with the terms of reference of the audit and risk assurance committee, representatives of internal and external audit will attend audit and risk assurance committee meetings and have right of access to all audit and risk assurance committee members, the chair and any other director.
- 2.3.7 The reporting system for internal audit will be agreed between the Chief Financial Officer, the head of governance, the audit and risk assurance committee and the partner of the internal audit firm from time to time. The agreement will be in writing and will comply with government accounting rules.

## 3. Business planning, budgets, budgetary control and monitoring

### 3.1 Preparation and approval of business plans and budgets

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- 3.1.1 The Chief Financial Officer on behalf of the Accounting Officer will compile and submit to the board an annual plan and budget.
- 3.1.2 The budget should be compiled alongside the business plan which is prepared by the Director of Transformation and Corporate Development.
- 3.1.3 Business plans and budgets should be submitted to the board before the start of the financial year, subject to agreement of NHS Improvement's budget allocation with the Department of Health and Social Care.
- 3.1.4 All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled.
- 3.1.5 The Chief Financial Officer will ensure that money drawn from the Department of Health and Social Care against the relevant resource and cash limits is required for approved expenditure only, and is drawn only at the time of need in line with the Department of Health and Social Care's timetable.
- 3.1.6 Expenditure for which no provision has been made in an approved budget shall be incurred only after authorisation by the Accounting Officer.



## 3.2 Budgetary control and monitoring

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3.2.1 The Chief Financial Officer will:

- monitor financial performance against budget and plan, and report to the executive group, corporate operations committee and the board, as appropriate;
- devise and maintain systems of budgetary control in line with government accounting guidance;
- ensure that all regular monitoring returns required by external parties are appropriately submitted; and
- ensure appropriate review of manual journal entries.

3.2.2 The Accounting Officer (or the Chief Financial Officer acting on their behalf) may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- i. the amount of the budget;
- ii. the purpose(s) of each budget heading;
- iii. individual and group responsibilities; and
- iv. the provision of regular reports.

3.2.3 The management of a budget must be delegated to the expenditure approvals group of the relevant directorate. The responsibility will be exercised on behalf of that group by the budget holder and budget manager specified in the delegation, who shall be members of that group.

3.2.4 Budget holders and managers must not exceed the budgetary total limits set. If budget managers are concerned that budgets might be exceeded, they should report it to the Chief Financial Officer as soon as possible. If budgets are exceeded, both the reasons and proposed remedial actions must be reported to the Chief Financial Officer immediately.

3.2.5 The Chief Financial Officer shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable NHS Improvement to fulfil its responsibility to meet its annual Revenue and Capital Resource Limits.

- 3.2.6 Each budget holder (acting in the exercise of the functions delegated to their expenditure approvals group) is responsible for ensuring that:
- i. expenditure is kept within budget;
  - ii. 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 budget transfer; and
  - iii. proper records are kept of all financial transactions.
- 3.2.7 Budgets will be set at a functional level within NHS Improvement. Accordingly, an individual budget delegation may include authority over elements of both Monitor and NHS TDA budgets. A budget holder's authority and responsibility will derive from their membership of the relevant expenditure approvals group (rather than their status as an employee of either Monitor or NHS TDA).

## 4. Approval of expenditure

### 4.1 Regularity of expenditure

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- 4.1.1 Any expenditure by NHS Improvement which falls outside the coverage of Parliament's approval or Monitor or NHS TDA's delegated authorities is 'irregular' unless specific approval has been given by the Treasury. Irregular expenditure cannot legally be met from funds granted by Parliament.
- 4.1.2 Delegated authorities are governed in many cases by external spending controls imposed by the Cabinet Office, Treasury or the Department of Health and Social Care. Any expenditure which is not appropriately authorised is likely to be considered irregular.

### 4.2 Losses and special payments

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- 4.2.1 Losses (including fraud and theft) or certain types of payment are deemed 'special payments', for example ex gratia, extra-contractual, compensation or severance payments. Such payments should be avoided wherever possible.

- 4.2.2 If any such payments are considered, suspected or discovered, the Chief Financial Officer and the Accounting Officer should be informed immediately and the Tackling Fraud, Bribery and Corruption policy followed.
- 4.2.3 Monitor and NHS TDA have limited delegated authority over losses and special payments. The Chief Financial Officer is responsible for ensuring the appropriate approvals from the Department of Health and Social Care or HM Treasury are obtained and retained for audit purposes.
- 4.2.4 The Chief Financial Officer shall maintain a losses and special payments register in which any write off action is recorded.
- 4.2.5 All reportable losses and special payments must be reported to the audit and risk assurance committee on a regular basis.
- 4.2.6 Further guidance on fraud is contained in Tackling Fraud, Bribery and Corruption Policy.

## 5. Annual accounts and reports

- 5.1.1 The Chief Financial Officer will:
- i. prepare financial returns in accordance with HM Treasury's *Financial reporting manual*;
  - ii. prepare, approve and submit annual financial reports to the board; and
  - iii. submit financial returns and annual accounts to the Secretary of State for Health and Social Care and to the C&AG for each financial year as required by the 2006 and 2012 Acts.
- 5.1.2 Monitor and NHS TDA will publish annual reports as required by the 2012 Act and Secretary of State for Health and Social Care directions, respectively. The reports will include the annual accounts for each organisation prepared in accordance with the appropriate accounts directions. Monitor and NHS TDA will make any appropriate arrangements for laying the reports and accounts before Parliament, in accordance with the relevant legislation.

## 6. Banking arrangements

- 6.1.1 The Chief Financial Officer is responsible for managing Monitor and NHS TDA's banking arrangements, including accounts held with the Government Banking Service, and for advising staff on the provision of banking services and operation of accounts.
- 6.1.2 The Audit and Risk Assurance Committee on behalf of the board will approve the banking arrangements. The latest banking arrangements can be found in the [Finance policies](#) on the intranet.

## 7. Security of cash, cheques and other negotiable instruments

- 7.1.1 All receipt books, tickets, agreement forms or other means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Chief Financial Officer.
- 7.1.2 All cash, cheques, postal orders and other forms of payment received by an officer shall be entered immediately in an approved form of register.
- 7.1.3 Official money shall not under any circumstances be used for encashment of private cheques.

## 8. Payroll

- 8.1.1 The board has established a remuneration committee and its terms of reference are available upon request from [NHSI.BoardSecretariat@nhs.net](mailto:NHSI.BoardSecretariat@nhs.net).
- 8.1.2 The Director of HR is responsible for managing the payroll, including:
- i. specifying timetables for submission of properly authorised time records and other notifications;
  - ii. final determination of pay;
  - iii. making payment on agreed dates; and
  - iv. agreeing method of payment.

- 8.1.2 The Director of HR must be satisfied that the chosen method of payroll service is supported by appropriate (contracted) terms and conditions; adequate internal controls; and audit review procedures; and that suitable arrangements are made for the collection of payroll deductions and payment to appropriate bodies.
- 8.1.3 All employees shall be paid by bank credit transfer, unless otherwise agreed by the Chief Financial Officer.
- 8.1.4 NHS Improvement shall delegate responsibility to the human resources team for ensuring that all employees are issued with a contract of employment in a form approved by NHS Improvement, and which complies with employment legislation and dealing with variations to or termination of contracts of employment.
- 8.1.5 Further information and the latest payroll guidance can be found in the [HR policies](#) on the intranet.

## 9. Non-pay expenditure

### 9.1 Delegation of authority

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- 9.1.1 The Accounting Officer (or the Chief Financial Officer acting on their behalf) will determine the level of financial delegation to budget holders and budget managers.
- 9.1.2 The Chief Financial Officer will establish:
- i. a list of managers (and their signatures) who are authorised to place requisitions and official orders for the supply of goods and services;
  - ii. the maximum level of each requisition or official order and the system for authorisation above that level; and
  - iii. an ongoing review of the authorised signatory listing.
- 9.1.3 Appropriate prepayments will be permitted for instances relating to payments for rent, maintenance contracts and in those instances where, as standard business practice demands, nominal prepayments are required (i.e. training, publications).

9.1.4 Prepayments which fall outside the above categories are only permitted where exceptional circumstances apply. In such instances, the appropriate director must provide, 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 the authority if the supplier is at some time during the course of the prepayment agreement unable to meet its commitments; the Chief Financial Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed; and the budget holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate director or chief executive if problems are encountered.

## 9.2 Tendering and contract procedure

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9.2.1 NHS Improvement's [Procurement policy](#), which is available on the intranet, must be complied with at all times.

9.2.2 Budget holders must set out in writing a list of employees who are authorised to commit non-pay expenditure (for example, by requisition for the supply of goods and services) and the conditions to be followed in requisitioning goods and services, including the maximum level of expenditure to be incurred. Employees authorised to requisition items (eg stationery) should aim for best value for money and follow government guidance on procurement.

## 9.3 Payment and invoices

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9.3.1 The Chief Financial Officer will:

- i. be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for certification that goods or services invoiced were supplied in the time and manner and to the standard ordered before correct payment is made;
- ii. establish a timetable and system for submission of accounts for payment in line with the Public Sector Payment Policy; and
- iii. issue instructions to staff regarding the handling and payment of accounts.

- 9.3.2 Budget holders and managers have a responsibility to ensure that invoices received for validation are returned quickly to the payments team.
- 9.3.3 Budget holders and budget managers are responsible for ensuring that all debts are recorded, that all money due to Monitor or NHS TDA is recorded, that appropriate action is taken to recover these sums promptly, and that they have systems in place to achieve this. Any overpayments should be prevented; if any are made they should be detected and recovery initiated immediately.

## 9.4 Capital expenditure

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- 9.4.1 The Chief Financial Officer will maintain a register of non-current assets, and record the values and depreciation of these assets in accordance with the applicable accounting standards.
- 9.4.2 Forecasts of future capital requirements should be maintained by the Chief Information Officer (or equivalent for ICT assets), and Director for Corporate Operations (for facilities-related assets).

## 9.5 Asset disposals

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- 9.5.1 If any asset requires disposal, the relevant budget holder must formally authorise the disposal, which must be reviewed by the Chief Financial Officer.
- 9.5.2 The [form for authorising a disposal](#) which must be retained by finance is available on the intranet.

## 9.6 Insurance

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- 9.6.1 *Managing public money* discourages public bodies from taking out commercial insurance unless there is a particular risk to be covered.
- 9.6.2 Where purchase of commercial insurance is proposed, this should be approved by the Accounting Officer.

## 10. Information technology

- 10.1.1 In order to ensure compatibility and compliance with NHS Improvement's IT strategy, no hardware, software or other IT developments will be procured without the authorisation of an officer specifically appointed by the Accounting Officer.
- 10.1.2 The Chief Financial Officer shall ensure that adequate controls exist such that adequate controls are in place over the operation of the finance IT systems; for example, appropriate segregation of duties between staff and access restricted to authorised personnel. The Chief Financial Officer shall ensure that an adequate management (audit) trail exists through the computerised finance system. The Chief Financial Officer shall ensure new financial systems or amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

## 11. Information governance

- 11.1.1 Staff must follow the information governance policies in place at all times.

## 12. Gifts and hospitality

- 12.1.1 All employees must comply with NHS Improvement's Standards of Business Conduct policy, which includes gifts and hospitality, which is published on NHS Improvement's intranet.

## 13. Risk management and governance statements

- 13.1.1 The Accounting Officer shall ensure that NHS Improvement has a programme of risk management, in accordance with current assurance framework requirements which shall be approved and monitored by the audit and risk assurance committee. The programme of risk management should include:
- i. a process for identifying and quantifying risks and potential liabilities;
  - ii. engendering among all employees a positive attitude towards the control of risk;



- iii. management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control and decisions on the acceptable level of retained risk;
- iv. contingency plans to offset the impact of adverse events;
- v. audit arrangements; and
- vi. arrangements to review the risk management programme.

13.1.2 These arrangements will provide a basis to make comprehensive governance statements in the annual reports and accounts of Monitor and NHS TDA.

## 14. Retention of documents

14.1.1 The Accounting Officer is responsible for ensuring systems are in place to maintain archives for all documents required to be retained in accordance with the appropriate guidance.

14.1.2 NHS Improvement's latest [records management](#) policy can be found on the intranet.

# Appendix: [*name*] Directorate

## Expenditure approvals group terms of reference

### 1. Purpose

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- 1.1 The purpose of the group<sup>1</sup> is to be responsible for the management of delegated budgets and the authorisation and approval of non-pay expenditure, which fall within the remit of the corporate or regional directorate in relation to which the group is established.

### 2. Membership

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- 2.1 The group shall comprise the relevant director who leads the directorate and the other NHS Improvement employees within the directorate who are authorised to:
- 2.1.1 act as budget holders or budget managers by virtue of delegation under NHS Improvement's standing financial instructions (SFIs); and
  - 2.1.2 approve non-pay expenditure by virtue of delegation under those SFIs.

### 3. Quorum and performance of functions

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- 3.1 Subject to paragraphs 3.3 and 3.4, the functions of the group are to be performed by the individual members of the committee. Each member shall in particular perform those functions in relation to the matters for which they have been named as budget holder or budget manager.
- 3.2 A member shall not authorise non-pay expenditure which exceeds the maximum level specified in relation to that individual in the relevant authorised signatory form and the list held by the Chief Financial Officer under paragraph 9.1.2 of the SFIs.

<sup>1</sup> The group is appointed by the Chief Executive and is a committee of both Monitor and NHS TDA.

- 3.3 An individual member shall not exercise the functions of the group if the matter is novel, contentious or high risk. In such a case, the matter should be referred to a full meeting of the group, to the relevant approving body, to the chief executive or other executive board member, or to the board, as appropriate.
- 3.4 The group may also transact business in a full meeting of the group. The quorum necessary for the transaction of business at such a meeting shall be one half of the total membership of the group. The director who leads the directorate shall chair the meeting. A duly convened meeting of the group at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the committee, except that the group may not authorise expenditure in excess of the highest individual limit of any of the members present.

## 4. Meetings

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- 4.1 The director who leads the directorate, or in the absence a person nominated by the director, shall act as the chair of the group.
- 4.2 Meetings of the full group shall be called by the chair.
- 4.3 The chair shall make arrangements to ensure that the proceedings and decisions of full meetings of the group are properly minuted and recorded.
- 4.4 Except as outlined above, group meetings shall be conducted in accordance with the relevant provisions of NHS Improvement's rules of procedure.

## 5. Duties

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- 5.1 The group should carry out the following duties:
- 5.1.1 Managing delegated budgets falling within the remit of the corporate or regional directorate in relation to which the group is established.
  - 5.1.2 Authorising and approving non-pay expenditure falling within the remit of the corporate or regional directorate, up to the maximum levels specified in relation to the individual members of the group.

The group shall carry out its duties in accordance with NHS Improvement's SFIs and associated policies.

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## Internal finance expenditure approvals group terms of reference

### 1. Purpose

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- 1.1 The purpose of the group<sup>2</sup> is to be responsible for the management of delegated budgets and the authorisation and approval of non-pay expenditure, which relates to any of the functions of NHS Improvement but which fall to be managed or approved by internal finance.

### 2. Membership

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- 2.1 The Group shall comprise the Chief Financial Officer and employees within the Internal Finance team, who are authorised to:
- 2.1.1 act as budget holders or budget managers by virtue of delegation under NHS Improvement's standing financial instructions (SFIs); and
  - 2.1.2 approve non-pay expenditure by virtue of delegation under those SFIs.

### 3. Quorum and performance of functions

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- 3.1 Subject to paragraphs 3.3 and 3.4, the functions of the group are to be performed by the individual members of the committee. Each member shall in particular perform those functions in relation to the matters for which they have been named as budget holder or budget manager.
- 3.2 A member shall not authorise non-pay expenditure which exceeds the maximum level specified in relation to that individual in the relevant authorised signatory form and the list held by the Chief Financial Officer under paragraph 9.1.2 of the SFIs.

<sup>2</sup> The group is appointed by the Chief Executive and is a committee of both Monitor and NHS TDA.

- 3.3 An individual member shall not exercise the functions of the Group if the matter is novel, contentious or high risk. In such a case, the matter should be referred to a full meeting of the Group, to the relevant approving body, to the Chief Executive or other executive board member, or to the Board, as appropriate.
- 3.4 The Group may also transact business in a full meeting of the Group. The quorum necessary for the transaction of business at such a meeting shall be one half of the total membership of the Group. The corporate or regional director shall chair the meeting. A duly convened meeting of the Group at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee, except that the Group may not authorise expenditure in excess of the highest individual limit of any of the members present.

## 4. Meetings

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- 4.1 The Chief Financial Officer, or in the absence a person nominated by them, shall act as the Chair of the Group.
- 4.2 Meetings of the full group shall be called by the Chair.
- 4.3 The Chair shall make arrangements to ensure that the proceedings and decisions of full meetings of the group are properly minuted and recorded.
- 4.4 Except as outlined above, meetings for the group shall be conducted in accordance with the relevant provisions of NHS Improvement's Rules of Procedure.

## 5. Duties

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- 5.1 The group should carry out the following duties:
- 5.1.1 Managing delegated budgets falling within the remit of the internal finance team.
  - 5.1.2 Authorising and approving non-pay expenditure falling to be approved by internal finance, up to the maximum levels specified in relation to the individual members of the group.

5.2 The group shall carry out its duties in accordance with NHS Improvement's SFIs and associated policies.

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