



Department
of Health &
Social Care



Counter Fraud Authority

Framework Agreement between DHSC and NHS Counter Fraud Authority 2026 to 2029

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The purpose of this document is to define the critical elements of the relationship between the Department of Health and Social Care (DHSC) and NHS Counter Fraud Authority (NHSCFA). The document is focused on:

- how DHSC and NHSCFA will work in partnership to serve patients, the public and the taxpayer
- how both NHSCFA and DHSC discharge their accountability

This framework document has been agreed between DHSC and the NHSCFA in accordance with [HM Treasury's Managing public money](#) (MPM) handbook (as updated from time to time) and the [arm's length body sponsorship code of good practice](#) and has been approved by HM Treasury.

This framework agreement was signed on 9 February 2026 by:

- Sean Byrne, Deputy Director, DHSC Anti-Fraud Unit (AFU) (on behalf of the department)



Sean Byrne, 9 February 2026

- Alex Rothwell, Chief Executive, NHSCFA (on behalf of NHSCFA)



Purpose of document

The framework document sets out the broad governance framework within which NHSCFA and the DHSC operate, and it:

- sets out the NHSCFA's core responsibilities
- describes the governance and accountability framework that applies between the roles of the DHSC and NHSCFA
- sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters

The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.

References to NHSCFA include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If NHSCFA establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and NHSCFA agreed with DHSC.

Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the [NHSCFA website](#) and GOV.UK.

This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is 01 February 2030.

NHSCFA objectives

The functions of NHSCFA are set out in [NHSCFA Directions](#), [SI 2017/958](#) and [SI 2020/1071](#). This includes the requirement to submit a broad statement of annual goals set to fulfil functions and key outcome-based performance targets together with the preparation of a Strategic Intelligence Assessment (SIA) ([Direction S6\(1\)](#)).

DHSC provides guidance to support this process, including target budgets covering administration, programme, revenue and capital funding. NHSCFA will reach agreement each year with the department on its business plan. To facilitate comment from DHSC, NHSCFA will:

- detail the aims, objectives, deliverables, key performance indicators and targets in NHSCFA project documents
- share the plan with DHSC and discuss before clearance with NHSCFA's board (NHSCFA will be made aware of any concerns DHSC may have)
- produce and publish the final business plan (to be agreed by the senior department sponsor (SDS)), on behalf of the Secretary of State before the start of each financial year

The DHSC and NHSCFA share the common objective of leading the fight against fraud, bribery and corruption in the NHS, in England. To achieve this the DHSC and the NHSCFA will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the NHSCFA to achieve its annual goals. This will be achieved through the promotion of partnership and trust and ensuring that the NHSCFA supports the strategic aims and objective of DHSC and wider government.

The SIA analyses fraud trends in the health service and includes an estimate of the level of fraud vulnerability, threats and risks. It informs recommendations made by NHSCFA to

the wider healthcare sector on counter fraud priorities and associated stakeholder action plans for vulnerability mitigation.

These priorities should also be informed by and align with the context of the overall health system and the [DHSC Counter Fraud Strategy \(2023 to 2026\)](#).

NHSCFA will share these recommendations and support the following organisations to facilitate the development of annual action plans to ensure a co-ordinated fraud response as part of their business planning processes:

- DHSC
- NHS England and DHSC
- NHS Business Services Authority (NHSBSA)
- NHS Blood and Transplant (NHSBT)
- NHS Resolution
- UK Health Security Agency (UKHSA)

In addition to NHSCFA reporting requirements against fraud and theft set out in section 26.3 of this document, NHSCFA will facilitate the submission of a Consolidated Data Return (CDR) in relation to secondary care counter fraud outcomes. It will also act as a conduit to the CDR submission from NHS arm's length bodies.

NHSCFA is a Special Health Authority. It has been administratively classified by the Cabinet Office as a non-departmental public body (NDPB).

Purposes, aims and duties

NHS Counter Fraud Authority (NHSCFA)

DHSC and NHSCFA have agreed to work to the following set of principles:

- working together in the interests of patients, people who use services and the public to maximise the health and well-being gain for the population, and working to the values set out in the [NHS Constitution](#)

- respect for the importance of autonomy throughout the system - DHSC will respect NHSCFA's independence of judgement and will not interfere in its day-to-day operations or decision-making
- working together openly and positively, which will include working constructively and collaboratively together and with other organisations within and beyond the health and social care system
- sharing information and requesting operational activity in a timely manner
- recognition that the Secretary of State is ultimately accountable to Parliament and the public for the system overall. NHSCFA will support DHSC in the discharge of its accountability duties, and the department will support NHSCFA in the same way

Powers, functions and duties

NHSCFA's powers, functions and duties are set out in the:

- [NHS Act 2006](#)
- NHSCFA order 2017 ([s.195\(2\)](#)), [Establishment Order \(SI 2017/958\)](#)
- [NHSCFA directions](#) issued by the Secretary of State

Its investigatory powers are provided through [Part 10 of the NHS Act 2006](#) and the [Investigations Amendment Order \(2017/960\)](#).

Nothing in this agreement should interfere with the effective discharge of any of its statutory duties and functions.

Discharge of statutory function

NHSCFA's discharge of statutory functions is to ensure that it has:

- appropriate arrangements in place for the discharge of each of the statutory functions
- the necessary capacity and capability to undertake those functions
- the statutory power to take on a statutory function on behalf of another person or body before it does so

It also ensures that it has regular internal audit coverage by Government Internal Audit Agency (GIAA) of the governance, control and risk management regarding discharge of its statutory functions so that the delivery of them remains effective, efficient and legally

compliant. NHSCFA should include relevant reviews of these areas in their 3-year audit cycle, but ensure that they take steps to sufficiently assure themselves on an annual basis and include details of this within their governance statements.

Aims

The [NHSCFA Strategy \(2023 to 2026\)](#) sets out the organisation's strategic aims. To achieve its vision, NHSCFA has identified 4 fraud-focused pillars which will translate into delivery:

1. To understand how fraud, bribery and corruption affect the NHS.
2. To ensure the NHS is equipped to take proactive action to prevent future losses from occurring.
3. To be equipped to respond when we know fraud has occurred.
4. To confidently assure our key partners, stakeholders and the public that the overall response to fraud across the NHS is robust.

The NHSCFA Strategic Pillars are aligned to the 4 objectives set out in the DHSC Counter Fraud Strategy (2023 to 2026), which centres around minimising loss by demonstrating continuous improvement in preventing, detecting and recovery in the following areas:

- proactivity and prevention
- utilising digital and data analytics
- collaboration and coordination
- response and enforcement

Governance and accountability

The constitution and governance arrangements are set out in the NHSCFA (establishment, constitution, and staff and other transfer provisions) order 2017. The authority is to consist of:

- a chairperson
- in addition to the chairperson, not less than 3 members who are not officers of the authority

- at least 2 but not more than 3 members who are officers of the authority, and those officers must include the persons who for the time being hold the office of chief executive and director of finance

The Permanent Secretary has appointed an SDS who acts as NHSCFA's designated consistent point of contact within DHSC. The SDS acts as the link at executive level between NHSCFA and the senior officials of DHSC, and ministers. Whilst the SDS role is facilitative and recognises the need for direct engagement between NHSCFA and other parts of DHSC and ministers, it also supports the Permanent Secretary in holding NHSCFA to account and provides assurance on its performance. The SDS is supported by a departmental sponsor team, which is the principal day-to-day liaison point between DHSC and NHSCFA.

The NHSCFA shall operate corporate governance arrangements that accord with good corporate governance practice and applicable regulatory requirements and expectations (so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed).

In particular (but without limitation), NHSCFA should:

- comply with the principles and provisions of the [Corporate governance in central government departments: code of good practice](#) (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
- comply with the MPM handbook
- in line with the MPM handbook, have regard to the relevant [Functional Standards](#) as appropriate and in particular those concerning finance, commercial and counter fraud
- consider the codes of good practice and guidance set out in Annex A of this framework document, as they apply to ALBs

In line with the MPM handbook (Annex 3.1) NHSCFA shall provide an account of corporate governance in its annual governance statement. This will include the board's assessment of its compliance with the code with explanations of any material departures. To the extent that NHSCFA does intend to materially depart from the code, the sponsor should be notified in advance.

Cross-government clearance

In addition to internal governance, cross-government clearance is required for major new policy decisions of the type set out in Cabinet Office guidance. Although such cases are likely to be small in number, the Secretary of State is responsible for obtaining clearance and NHSCFA will adhere to any conditions applied through the clearance process. There will also be cases where the Secretary of State must consult cabinet colleagues before

giving the government's view, even if collective agreement is not required. In such cases, NHSCFA will supply the Secretary of State with any information they need in a timely fashion.

Role of DHSC

Secretary of State

NHSCFA is accountable to Parliament, the Secretary of State and to DHSC's PAO. The following information focuses on NHSCFA's accountability to the Secretary of State and DHSC.

The Secretary of State is accountable to Parliament for the provision of the health system (known as its 'steward'), including NHSCFA, and must comply with a range of duties, including exercising functions with a view to securing the continuous improvement in the quality of NHS services. DHSC supports the Secretary of State in their role. This involves:

- setting national priorities and monitoring the whole system's performance to ensure it delivers what people who use services and the wider public need and value most
- setting budgets across the health system, including for NHSCFA
- setting objectives for NHSCFA
- supporting the integrity of the system by ensuring that funding, legislation and accountability arrangements protect the best interests of patients, the public and the taxpayer
- accounting to Parliament for the providers' performance and the effectiveness of the health and care system overall

The ministers' statutory powers in respect of NHSCFA are set out in:

- [NHS Act 2006](#)
- [\(s.195\(2\)\), Establishment Order \(SI 2017/958\)](#)
- [directions](#) issued by the Secretary of State

Appointments to the board

The chief executive of NHSCFA is appointed by the responsible minister under Establishment Order (SI 2017/958) (schedule 2, Part 1, paragraph 2) in consultation with the chairperson and with the approval of the Secretary of State for DHSC.

The minister shall have the following appointment and approval rights in relation to the NHSCFA's board:

- the chairperson is appointed by the Secretary of State for DHSC under Establishment Order (SI 2017/958) (schedule 2, Part 1, paragraph 1)
- 5 other non-executive directors are appointed by the Secretary of State of DHSC Establishment Order (SI 2017/958) (schedule 2, Part 1, paragraphs 1 and 2)

Appointments are subject to the PAO Order in Council and as such must comply with the Governance Code on Public Appointments.

All appointments should reflect the diversity of the society in which we live, and should be made taking account of the need to appoint boards which include a balance of skills and backgrounds. This should be done in line with NHS England and DHSC's [fit and proper test framework](#).

Other ministerial powers and responsibilities

The minister is also responsible for:

- the policy framework within which NHSCFA operates
- setting the performance framework within which NHSCFA will operate including approving NHSCFA's strategy
- matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter
- other matters as may be appropriate and proportionate

PAO's specific accountabilities and responsibilities

The PAO is the Permanent Secretary for DHSC.

The PAO is accountable to Parliament for the general performance of the health and care system in England, including NHSCFA. This requires the PAO to gain assurance that NHSCFA is discharging its statutory duties meeting DHSC's objectives. In this way the PAO can report to Parliament on DHSC's stewardship of the public funds it distributes and manages and for which it holds overall accountability.

DHSC's PAO designates NHSCFA's chief executive as its AO and ensures that they are fully aware of their responsibilities. The AO may be called to Parliament to account for the performance of NHSCFA in Parliament. The PAO can also be held to account in Parliament since their oversight should allow them to assess the adequacy of NHSCFA's stewardship of public funds and discharge of its duties. This assessment includes making judgements about whether NHSCFA is operating to adequate standards of regularity, propriety, feasibility and value for money (assessed for the Exchequer as a whole).

The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

The respective responsibilities of the PAO and AOs for ALBs are set out in chapter 3 of the MPM handbook.

The PAO is accountable to Parliament for the issue of any grant-in-aid to NHSCFA.

The PAO is also responsible, usually through the sponsorship team, for advising the responsible minister on:

- an appropriate framework of objectives and targets for NHSCFA in the light of DHSC's wider strategic aims and priorities
- an appropriate budget for NHSCFA in the light of the sponsor department's overall public expenditure priorities
- how well the NHSCFA is achieving its strategic objectives and whether it is delivering value for money
- the exercise of the ministers' statutory responsibilities concerning NHSCFA

The PAO through the sponsorship team is also responsible for ensuring arrangements are in place to:

- monitor the NHSCFA's activities and performance
- address significant problems in the NHSCFA, making such interventions as are judged necessary
- periodically (as often as needed to be proportionate to the level of risk) carry out an assessment of the risks both to DHSC and the NHSCFA's objectives and activities in line with the wider departmental risk assessment process

- inform the NHSCFA of relevant government policy in a timely manner
- bring ministerial or departmental concerns about the activities of the NHSCFA to the full NHSCFA board, and, as appropriate to the departmental board, requiring explanations and assurances that appropriate action has been taken

The PAO's oversight of NHSCFA's performance relies upon the provision of information, and processes to enable both parties to review performance. The information provided to DHSC by NHSCFA includes (not an exhaustive list):

- annual report
- quarterly in-year and year end performance against budgetary controls
- corporate risk register and update on the key risks to NHSCFA's delivery, including new risks
- annual governance statement
- board assurance framework
- full NHSCFA board and ARAC papers detailing review
- information to inform bi-monthly and bi-annual accountability meetings with DHSC

NHSCFA also provides annual, quarterly and monthly returns to DHSC, other government departments and DHSC ALBs in relevant functional areas. For example, finance returns, quarterly progress reports against their counter fraud action plan, fraud and error Consolidated Data Request returns, national standards (including an annual performance report).

The processes in place to enable DHSC to review NHSCFA's performance are:

- an annual accountability meeting chaired by the SDS with the NHSCFA chair
- a mid-year accountability meeting with the SDS with the NHSCFA chair
- quarterly sponsorship accountability meetings between the SDS and the chief executive and chairperson of NHSCFA
- quarterly financial performance reviews between the sponsorship team and accounting officers

The role of the sponsorship team

DHSC's Anti-Fraud Unit (AFU), as departmental sponsors, is the primary contact for NHSCFA. The responsible senior civil servant for this relationship is the Director of Capital and Infrastructure. They are the main source of advice to the responsible minister on the discharge of their responsibilities in respect of NHSCFA. They also support the PAO on their responsibilities toward NHSCFA.

Officials of the DHSC AFU will liaise regularly with NHSCFA officials to review performance against plans, achievement against targets and expenditure against its Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) allocations. The DHSC AFU will also take the opportunity to explain wider policy developments that might have an impact on the NHSCFA. In addition, DHSC AFU will interpret and understand developments which may have an impact of the counter fraud functions discharged across the NHS and wider health group. DHSC AFU, where appropriate, will facilitate a 2-way discussion when developing policies allowing the NHSCFA to influence and shape the direction of these policies and horizon scanning.

To support this accountability, the DHSC AFU chairs the following regular performance and accountability meetings with NHSCFA:

- quarterly performance meetings between the director of performance and improvement, DHSC AFU or other representatives of NHSCFA or the sponsorship team are held to focus and address topical issues and review performance and delivery issues
- quarterly finance meetings between the NHSCFA accountable officer, NHSCFA finance director, representatives of the sponsorship team and DHSC Finance Business Partner are held to review and plan financial performance
- quarterly accountability meetings are attended by the NHSCFA chairperson and chief executive, the SDS, and representatives of the sponsorship team

The focus of the quarterly accountability meeting is on strategic and topical issues and any issues of delivery which the SDS or NHSCFA believes it is appropriate to raise. These meetings are structured to promote openness, constructive challenge and the identification and resolution of strategic issues.

The SDS will be invited to attend each board and audit and risk assurance committee (ARAC) meetings. SDS reviews of financial performance are conducted as part of SDS attendance at NHSCFA board and ARAC meetings.

The format and frequency of meetings can be amended as appropriate by joint agreement between NHSCFA and DHSC.

Resolution of disputes between the NHSCFA and DHSC

Any disputes between DHSC and NHSCFA will be resolved in as timely a manner as possible. DHSC and NHSCFA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the SDS, will be used to resolve the issue. Failing this, the SDS will ask the relevant policy director general to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive director of DHSC's board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

DHSC and NHSCFA work together and with DHSC's other ALBs to maximise the health and wellbeing gain for the population, working to the values set out in the NHS Constitution. This is in the interests of:

- patients
- people who use services
- the public

To support this, NHSCFA and DHSC follow an 'open book' approach. In the case of issues with an impact on the development or implementation of policy, the department can expect to be kept informed by NHSCFA. In the same way, DHSC will keep NHSCFA apprised of relevant developments in policy and government, such as changes to central government fraud requirements and new or amended legislation.

There are likely to be some issues where DHSC or NHSCFA expect to be consulted by the other before making either a decision or a public statement on a matter. DHSC and NHSCFA will make clear which issues fall into this category in good time. The sponsor team is responsible for ensuring that this works effectively.

NHSCFA and the department will work together to regularly develop policies, identify priorities and set joint working principles.

NHSCFA host a bi-monthly tactical tasking and co-ordination group which is attended by:

- operational service leads from NHSCFA
- the investigations lead for DHSC AFU
- leads from other organisations (NHS England and DHSC, NHSBSA, UKHSA)

The group considers referrals which may have a strategic or national significance. It agrees how it should be handled including what body has investigatory responsibility or whether an alternative disposal such as disruption activity would be appropriate. In addition, the group consider dynamic fraud prevention requirements at the outset of an investigation or through the lessons learned during the course of an investigation.

To support the Secretary of State and the PAO in their accountability functions, the Secretary of State has the power to require NHSCFA to disclose to him or her such information as they feel is necessary to fulfil their duties with respect to the health system. It is therefore expected that DHSC will have full access to NHSCFA's files and information. If necessary, the SDS's team is responsible for prioritising these requests for information.

DHSC and NHSCFA work together to ensure that relevant information is shared between the 2 organisations in a timely way.

Sustainability

As a public sector body, NHSCFA has a key role to play in driving forward the government's commitment to sustainability in the economy, society and the environment. NHSCFA complies with the [Greening Government Commitments](#) that apply to all government departments, executive agencies and non-departmental public bodies, set out in the action plan for driving sustainable operations and procurement across government. Reporting will be through DHSC (including the consolidation of relevant information in its annual resource account), and it will ensure that NHSCFA is aware of the process for this.

Public and Parliament accountability and Freedom of Information requests

Where a request for information is received by either party, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities. This applies to requests for information under the:

- Freedom of Information Act 2000
- Data Protection Act 2018 that implements UK GDPR

DHSC and its ALBs share responsibility for accounting to the public and to Parliament for policies, decisions and activities across the health and care sector. Accountability to Parliament is often demonstrated through Parliamentary questions, MPs' letters and appearances before Parliamentary committees. Accountability to the public may be through the publication of information on NHSCFA's website, as well as through responses to letters from the public and responses to requests under the Freedom of Information Act.

DHSC and its ministers remain responsible to Parliament for the system overall, so will often have to take the lead in demonstrating this accountability. Where this is the case, NHSCFA supports DHSC by providing information for ministers to enable them to account to Parliament. In turn, DHSC provides leadership to the system for corporate governance, including setting standards for performance and accountability.

NHSCFA has its own responsibilities in accounting to the public and to Parliament, and its way of handling these responsibilities is agreed with DHSC. In all matters of public and Parliamentary accountability DHSC and its ALBs work together considerately, cooperatively and collaboratively. Any information provided by NHSCFA will be timely, accurate and consistent with information provided by DHSC.

Transparency

NHSCFA is an open organisation that carries out its activities transparently. It demonstrates this by:

- proactively publishing its annual report, accounts and important information on areas including pay, its approach to diversity of the workforce, performance, the way it manages public money and the public benefits achieved through its activities on its website
- supporting those who wish to use the data by publishing the information within transparency [guidelines](#) set by the Cabinet Office

The annual report includes a governance statement, which is reviewed by the SDS. NHSCFA holds an annual public board meeting, as set out in the [Public Bodies \(Admission to Meetings\) Act 1960](#).

To underpin the principles of good communication, 'no surprises' and transparency, NHSCFA and DHSC put in place arrangements for managing communications. Further details are provided in Annex B.

NHSCFA's executive and non-executive board members operate within the general principles of the [corporate governance guidelines](#) set out by HM Treasury. They also comply with the Cabinet Office's [Code of Conduct for Board Members](#) of Public Bodies and with the NHSCFA board's rules on disclosure of interests.

NHSCFA will take all necessary measures to ensure that:

- patient, personal and sensitive information within its care and control is well managed and protected through all stages of its use including through compliance with the Data Protection Act and the common law of confidentiality

- it provides public assurance in respect of its information governance practice by completing and publishing an annual information governance assessment using an agreed assessment mechanism
- it meets its legal obligations for records management, accountability and public information by compliance with relevant standards, including government and NHS codes of practice on confidentiality, security and records management

The NHSCFA's senior information risk owner and Caldicott Guardian will work together to ensure that both patient and other personal information are handled in line with best practice in government and the wider public sector.

The NHSCFA, as with DHSC and all its ALBs, has whistleblowing or equivalent policies and procedures in place that comply with the [Public Interest Disclosure Act 1998](#) and NHS Employers [best practice guidance](#). It should prohibit the use of confidentiality clauses that seek to prevent staff from speaking out on issues of public interest.

Reporting on legal risk and litigation

NHSCFA shall provide a quarterly update to the departmental sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.

In respect of each substantial piece of litigation involving the NHSCFA, the parties will agree a litigation protocol. This will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
- legally privileged documents and information are clearly marked as such
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- circulation of privileged information within government occurs only as necessary

NHSCFA governance structure

The chief executive

Responsibilities of the NHSCFA's chief executive as accounting officer (AO)

The chief executive as AO is personally responsible for safeguarding the public funds for which they have charge, for:

- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds
- the day-to-day operations and management of NHSCFA

NHSCFA must provide a copy of its annual report to the SDS on behalf of the Secretary of State detailing its activities for each financial year no later than 30 June of the financial year following the year to which it relates.

In its third financial year, the report must be sent to the Secretary of State before 31 October if it is not to continue as a special health authority. The report must be published and presented at a public meeting no later than 30 days after it has been laid in Parliament.

NHSCFA is responsible for the delivery of its objectives and DHSC will limit the circumstances in which it will intervene in its activities. The following constraints apply:

- all funds allocated to NHSCFA must be spent on the statutory functions - if any funds are spent outside the statutory functions DHSC could seek adjustments to the grant in aid for running costs (administration) to compensate
- if the Secretary of State considers that NHSCFA is significantly failing in its duties and functions, they may intervene and issue directions, and they could direct NHSCFA how it carries out its functions
- if NHSCFA failed to comply with such directions, the Secretary of State could either discharge the function themselves or make arrangements for another body to do so on their behalf

The Secretary of State will always publish reasons for any intervention.

In addition, they should ensure that NHSCFA is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in box 3.1 (chapter 3) of the MPM handbook. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

Responsibilities for accounting to Parliament and the public

Responsibilities to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
- preparing and signing a governance statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about the NHSCFA in accordance with Parliamentary and Health Service Ombudsman's principles of good complaint handling are established and made widely known within the NHSCFA and published on the [NHSCFA website](#)
- acting in accordance with the terms of the MPM handbook and other instructions and guidance issued from time to time by DHSC, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document
 - any delegation letter issued to the NHSCFA
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of NHSCFA
 - any separate settlement letter that is issued to NHSCFA from the sponsor department
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the Public accounts committee (PAC) on the NHSCFA's stewardship of public funds

Responsibilities to the DHSC

Responsibilities to DHSC include:

- establishing, in agreement with DHSC, the NHSCFA's corporate and business plans in the light of the DHSC's wider strategic aims and agreed priorities
- informing DHSC of progress in helping to achieve its policy objectives and in demonstrating how resources are being used to achieve those objectives

DHSC must also ensure that:

- timely forecasts and monitoring information on performance and finance are provided to DHSC
- it is notified promptly if over or under spends are likely and that corrective action is taken
- any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DHSC in a timely fashion

Responsibilities to the board

The chief executive is responsible for:

- advising the board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the board on NHSCFA's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

Managing conflicts

The chief executive should follow the advice and direction of the board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

If the board or its chairperson, is contemplating a course of action involving a transaction, the chief executive in their role as AO should reject that course of action if they consider it:

- would infringe the requirements of propriety or regularity
- to not represent prudent or economical administration, efficiency or effectiveness
- is of questionable feasibility
- to be unethical

They should ensure that the board have a full opportunity to discuss the rationale for that rejection.

Such conflicts should be brought to the attention of the PAO and the responsible minister as soon as possible.

Furthermore, and if agreed with the responsible minister, the AO must write a letter of justification to the chairperson of the NHSCFA. This must set out the rationale for not following the advice and recommendation of the board. A copy of that letter must be sent to the Treasury Officer of Accounts.

If the responsible minister agrees with the proposed course of action of the board it may be appropriate for the minister to direct the AO as set out in the MPM handbook (paragraph 3.6.6 onwards).

The NHSCFA board

Composition of the board

NHSCFA will have a board in line with good standards of corporate governance and as set out in its establishing statute and in guidance as set out in Annex A. The role of the board shall be to run the NHSCFA and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this framework document. Detailed responsibilities of the board shall be set out in the board terms of reference. Remuneration of the board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM).

The board will consist of:

- a chairperson
- the chief executive
- at least 2 executive directors that have a balance of skills and experience appropriate to directing NHSCFA's business

For NHSCFA there should be members who have experience of:

- counter fraud
- its business
- operational delivery
- corporate services such as human resources (HR), technology, property asset management, estate management, communications and performance management

This will include as an executive and voting board member an appropriately qualified finance director as described in Annex 4.1 of the MPM handbook. The board should include a majority of independent non-executive directors to ensure that executive directors are supported and constructively challenged in their role.

Board committees

The board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive director of the board.

While the board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The chairperson should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.

Where there is disagreement between the relevant committee and the board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, PAO and responsible minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.

The chairperson should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the board. The chairperson should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not overburdened when deciding the chairs and membership of committees.

Duties of the board

The board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of NHSCFA, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- providing effective leadership of NHSCFA within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for the NHSCFA to meet its objectives
- reviewing management performance

- ensuring that the board receives and reviews regular financial and management information concerning the management of NHSCFA
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of NHSCFA board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible minister and PAO via the executive team, sponsorship team or directly
- ensuring that any statutory or administrative requirements for the use of public funds are complied with
- ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds
- ensuring that in reaching decisions, the board takes into account guidance issued by the sponsor department
- ensuring that as part of the above compliance they are familiar with:
 - this framework document
 - any delegation letter issued to the NHSCFA
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the ALB
 - any separate settlement letter that is issued to the ALB from the sponsor department
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the chief executive and NHSCFA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the board to address key financial and other risks
- appointing, with the responsible minister's approval, a chief executive and, in consultation with DHSC, set performance objectives and remuneration terms linked to these objectives for the chief executive which give due weight to the proper management and use and utilisation of public resources

- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, taking into account the views of relevant stakeholders - the outcome of that evaluation should be made available to the responsible minister
- determining all such other things which the board considers ancillary or conducive to the attainment or fulfilment by NHSCFA of its objectives

The board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

The board should make a strategic choice about the style, shape and quality of risk management. It should lead the assessment and management of opportunity and risk. The board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk - Principles and Concepts ([The Orange Book](#)). The board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive director to provide independent advice and ensure that DHSC's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

The chairperson's role and responsibilities

The chairperson will lead the board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in:

- their contract of appointment letter
- the priorities in the chair's letter issued to them by the sponsor team
- the statutory authority governing NHSCFA
- this document
- the documents and guidance referred to within this document

Communications between NHSCFA's board and the responsible minister should normally be through the chairperson.

The chairperson is bound by the [code of conduct for board members of public bodies](#), which covers conduct in the role and includes the [Seven Principles of Public Life](#) (also known as the Nolan Principles).

In addition, the chairperson is responsible for:

- ensuring that the NHSCFA's affairs are conducted with probity by monitoring and engaging with appropriate governance arrangements
- ensuring that policies and actions support the responsible ministers, and where relevant other ministers, wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the NHSCFA

The chairperson has the following leadership responsibilities:

- formulating the board's strategy
- ensuring that the board takes proper account of guidance provided by the responsible minister or the department when reaching decisions
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the board to the general public

The chairperson must also ensure that:

- the work of the board and its members are reviewed and are working effectively, including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment
- the view of relevant stakeholders including employees and the sponsorship team are sought and considered when conducting assessments
- board members are fully briefed on terms of appointment, duties, rights and responsibilities
- they and other board members receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible minister is advised of NHSCFA's needs when board vacancies arise
- there is a [Board Operating Framework](#) in place setting out the role and responsibilities of the board consistent with the government code of good practice for corporate governance

- there is a code of practice for board members in place, consistent with the Cabinet Office code of conduct for board members of public bodies
- the board has a balance of skills appropriate to directing the NHSCFA's business
- all directors including the chairperson and chief executive continually update their skills, knowledge and familiarity with NHSCFA to fulfil their role both on the board and committees

The board and all directors' skills will have a compliment of skills in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector.

Individual board members' responsibilities

Individual board members should:

- comply at all times with the code of conduct for board members of public bodies, which covers conduct in the role and includes the Nolan Principles as well as rules relating to the use of public funds and conflicts of interest
- demonstrate adherence to the [12 Principles of governance for all public body non-executive directors](#) as appropriate
- not misuse information gained in the course of their public service for personal gain or for political profit
- not seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of NHSCFA
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

Delegated authorities

The framework agreement requires NHSCFA to abide by any relevant cross-government efficiency controls.

Once the business plan has been approved by DHSC, and subject to the Secretary of State's instructions and any other processes set out in this document, NHSCFA has authority to incur expenditure approved in the budget without further reference to DHSC. This is on the condition that:

- NHSCFA will comply with its delegated authorities which cannot be altered without the prior agreement of DHSC, noting that authority to approve some types of expenditure cannot be delegated from HM Treasury, including where that is novel, contentious or repercussive proposals
- inclusion of any planned and approved expenditure in the budget will not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed

NHSCFA must obtain DHSC's prior written approval before incurring any expenditure:

- outside its delegations
- not provided for in its business plan as approved by DHSC

In addition, NHSCFA will need prior written approval from DHSC (and where appropriate HM Treasury) when:

- incurring any expenditure that falls outside the delegations or which is not provided for in the ALB's annual budget as approved by DHSC
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DHSC
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
- carrying out policies that go against the principles, rules, guidance and advice in the MPM handbook

For major projects, the NHSCFA will participate in DHSC's common assurance and approval process.

The NHSCFA's delegated authorities are set out in the letter in Annex D of this document. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.

In line with the MPM handbook (annex 2.2), these delegations will be reviewed on an annual basis.

Spending authority

Details of the NHSCFA's financial arrangements, including in-year reporting, preparation of accounts, and the accounting officer's responsibilities in relation to financial management and NHSCFA's accounts, are provided under the following headings:

- Annual expenditure limits
- Annual report and accounts
- Reporting performance to DHSC

NHSCFA's overall revenue and capital resources are set out each year in a letter from the SDS to the chief executive of NHSCFA. This is based on an assessment by DHSC of NHSCFA's proposals for funding and human resourcing. It is considered alongside the financial and human resourcing needs of all the department's ALBs. DHSC will provide NHSCFA with sufficient human and financial resources to deliver its agreed core functions.

NHSCFA's delegated authorities are issued to it by DHSC, including those areas where NHSCFA must obtain DHSC's written approval before proceeding. NHSCFA will adhere to these delegated authorities.

NHSCFA must demonstrate that it is delivering its functions in the most efficient manner and must provide timely returns to DHSC where these are required either by it or by other departments within central government.

NHSCFA, as with all public bodies and government departments, must operate within any relevant set of efficiency controls. These controls may affect areas of spend such as:

- information communications technology (ICT)
- marketing and advertising
- procurement
- consultancy
- the public sector estate
- recruitment
- major projects

- strategic supplier management

DHSC will ensure that NHSCFA is kept informed of any efficiency controls in operation.

As part of the government's approach to managing and delivering public service at a reduced cost base, NHSCFA receives elements of back-office support through a shared or standardised service approach. This includes:

- finance and accounting
- recruitment
- payroll
- procurement
- ICT

Details of the services between NHSCFA and the service provider will be set out in contract or where appropriate a service level agreement or memorandum of understanding.

A shared or standardised value for money approach will also apply to the use of estate. NHSCFA will comply with guidance on property and asset management, and the principles set out by DHSC's property asset management board.

Once the budget has been approved by the sponsor department, and subject to any restrictions imposed by statute, instructions, this document, HM Treasury settlement or delegation letters, NHSCFA shall have authority to incur expenditure approved in the budget without further reference to the sponsor department. This is with the following conditions:

- the NHSCFA shall comply with the delegations set out in the delegation letter - these must not be altered without the prior agreement of the sponsor department, and as agreed by HM Treasury and Cabinet Office (as appropriate)
- the NHSCFA shall comply with the MPM handbook regarding novel, contentious or repercussive proposals and any other categories of spend for which there can be no delegation from HM Treasury
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed

- the NHSCFA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require

Banking and managing cash

NHSCFA must maximise the use of publicly procured banking services. These are accounts with central government commercial banks managed centrally by Government Banking.

NHSCFA should only hold money outside government banking service accounts where a good business case can be made for doing so. HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

Commercial accounts where approved should be operated in line with the principles as set out in the MPM handbook.

The AO is responsible for ensuring NHSCFA has a banking policy as set out in the MPM handbook and ensuring that policy is complied with.

Procurement

NHSCFA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015 and the Procurement Act 2023.

NHSCFA shall maintain its procurement policies and standard operating procedures

In procurement cases where NHSCFA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from DHSC's sponsor team.

Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to DHSC.

Procurement by NHSCFA of works, equipment, goods, and services shall be based on a full option appraisal and value for money. For example, the optimum combination and whole life costs and quality (fitness for purpose).

NHSCFA shall:

- engage fully with department and government wide procurement initiatives that seek to achieve value for money from collaborative projects
- comply with all relevant procurement policy notes issued by Cabinet Office

- co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of value for money

NHSCFA shall comply with the [commercial](#) standards and [grants standards](#). These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

Risk management

The NHSCFA shall ensure that it:

- deals with the risks it faces in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance
- develops a risk management strategy, in accordance with the Treasury [Orange book](#) guidance 'Management of Risk: Principles and Concepts'

It will adopt and implement policies and practices to safeguard itself against fraud and theft, in line with government [Counter Fraud Functional Standards](#). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

NHSCFA produces reports for the board on its financial and operational performance against the business plan at its meetings. This assurance report will include information on risks and how they are being managed in accordance with the Treasury guidance mentioned above. The information prepared will be shared with DHSC to enable it to assure itself on risk management.

NHSCFA and DHSC will agree a process and trigger points for the escalation of risks to its ARAC, where those risks will have a potentially significant impact on NHSCFA, DHSC or the wider system that requires a co-ordinated response. This process entails NHSCFA having:

- a statement of its risk appetite
- attendance of internal and external audit representatives and the SDS at NHSCFA ARAC meetings and accountability meetings

Risks to the wider system that arise from NHSCFA's operations, identified by NHSCFA, DHSC or another body, will be flagged in the formal quarterly accountability meetings chaired by the SDS. Such risks may also be flagged by NHSCFA's board and escalated to

DHSC's ARAC for consideration. NHSCFA and its sponsor are responsible for keeping each other informed of significant risks to, or arising from, the operations of NHSCFA within the wider system.

NHSCFA will have effective and tested business continuity management (BCM) arrangements in place to be able to respond to disruption to business and to recover time-critical functions where necessary. In line with Cabinet Office guidelines, the BCM system should aim to comply with ISO 22301 Societal security - business continuity management systems.

Counter fraud and theft

NHSCFA will adopt and implement policies and practices to safeguard itself against fraud and theft.

NHSCFA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in the MPM handbook (annex 4.9) and the Counter Fraud Functional Standards. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

NHSCFA should keep records of and prepare and forward to DHSC an annual report on fraud and theft suffered by NHSCFA. NHSCFA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

NHSCFA Staff

Broad responsibilities for staff

Within the arrangements approved by the responsible minister and the Treasury the NHSCFA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued, appointment and advancement are based on merit and there is no discrimination against employees with protected characteristics under the Equality Act 2010
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness

- the performance of its staff at all levels is satisfactorily appraised and the NHSCFA's performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NHSCFA's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place
- a code of conduct for staff is in place based on the Cabinet Office's [model code for staff of executive non-departmental public bodies](#)

Staff costs

Subject to its delegated authorities, NHSCFA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

NHSCFA's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department, and the Treasury, where applicable. NHSCFA are employed on NHS terms and conditions, the Agenda for Change.

If civil service terms and conditions of service apply, payment shall be made in accordance with the [Civil Service management code](#) and the annual Civil Service pay remit guidance, except where prior approval has been given by DHSC to vary such rates for. This applies to rates of pay and non-pay allowance paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances.

Staff terms and conditions should be set out and provided to DHSC together with subsequent amendments.

NHSCFA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the [senior pay guidance](#) and the [public sector pay and terms guidance](#).

NHSCFA shall follow Executive senior managers (ESM) and [Agenda for Change pay guidance](#).

The travel expenses of board members shall be reimbursed as set out in the relevant NHSCFA policy.

Pensions, redundancy and compensation

Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

NHSCFA staff shall normally be eligible for a pension provided by NHS Pensions. Staff may opt out of the occupational pension scheme provided by the NHSCFA, but that employers' contribution to any personal pension arrangement shall normally be limited to the national insurance rebate level. This includes stakeholder pensions.

Any proposal by NHSCFA to move from the existing pension arrangements requires the prior approval of DHSC. Proposals that require DHSC's Governance and Assurance Committee (GAC) approval should be submitted to DHSC in line with GAC guidance. Proposals on severance must comply with the rules in chapter 4 of the MPM handbook.

Human resources

NHSCFA is responsible for recruiting staff but complies with the Agenda for Change terms and conditions and any departmental or government-wide recruitment controls. DHSC ensures that NHSCFA is made aware of any such controls. ESMs in ALBs may be subject to additional governance as specified by DHSC. ESMs in NHSCFA are subject to the department pay framework for ESMs. DHSC ensures that NHSCFA is aware of any such requirements or restrictions.

NHSCFA must obtain the approval of the Secretary of State in respect of policies relating to remuneration, pensions, allowances or gratuities where these fall outside those rates nationally agreed under Agenda for Change.

NHSCFA staff are to be employed on Agenda for Change terms and conditions. Agenda for Change staff remuneration is subject to the government response to the recommendations of the NHS Pay Review Body.

ESM remuneration is subject to the government response to the recommendations of the Senior Salaries Review Body.

In relation to pensions, the organisational pension scheme is the NHS Pensions scheme which is administered by the NHSBSA. Each scheme has rules set down in legislation.

Like all departments and ALBs, NHSCFA is required to follow any requirements for disclosure of pay or pay-related information.

Subject to its financial delegations, NHSCFA is required to comply with DHSC's and HM Treasury's approval processes in relation to contractual redundancy payments and any non-contractual payments. All novel or contentious payments require DHSC's and HM Treasury's approval. Special severance payments are always considered novel or contentious (this includes any proposal to make a payment as a result of judicial mediation).

Equalities

The public sector equality duty requires NHSCFA (as a public body) to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the [Equality Act 2010](#)
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

The specific duties require NHSCFA, as a public body to annually publish information to demonstrate compliance with the Public Sector Equality Duty. This information must include information relating to persons who share a relevant protected characteristic who are its employees (provided the organisation has 150 or more employees) and other persons affected by its policies and procedures.

The NHSCFA must also prepare and publish one or more objectives it thinks it should achieve to meet the Public Sector Equality Duty. This was required by 6 April 2013, and is required every 4 years thereafter.

Business plans, financial reporting and management information

Details of the NHSCFA's financial arrangements include in-year reporting, preparation of accounts, and the accounting officer's responsibilities in relation to financial management and NHSCFA's accounts.

NHSCFA's objectives should be delivered through working collaboratively with:

- DHSC
- NHS England and DHSC
- NHSBSA
- other arm's length bodies (ALBs) and NHS organisations where appropriate

Where other guidance or legislation is summarised in the document below, any changes in the underlying guidance or amendments to legislation will take precedence over this framework agreement.

Annual expenditure limits

The Secretary of State will issue NHSCFA with an operating budget in line with the prevailing business planning process and for the purposes of this annex. As accounting officer, the chief executive must ensure that, in any financial year, NHSCFA's spending in each of the following categories does not exceed the limit set by the Secretary of State for that year:

- revenue (non ring-fenced)
- revenue (ring-fenced)
- capital
- annually managed expenditure
- technical accounting and budgeting

The accounting officer must also ensure that:

- the NHSCFA's total spending on administration in any financial year does not exceed the admin control limit set by the Secretary of State as a subset of the total revenue resource limit
- in any given year, the cash usage of NHSCFA does not exceed the cash limit (allotment) for NHSCFA plus any payments received which are used to offset expenditure that would have otherwise scored against this limit
- each of the categories referred to above are met individually

NHSCFA's overall revenue and capital resources are set out each year in a letter from DHSC's Deputy Director for Departmental Financial Planning, Analysis and Management to the Director of Finance and Corporate Resources at NHSCFA. This is based on an assessment by the department of NHSCFA's proposals for funding and human resourcing, considered alongside the financial and human resourcing needs of all of DHSC's ALBs. DHSC will endeavour to provide NHSCFA with sufficient human and financial resources to deliver its agreed core functions.

NHSCFA's delegated authorities are issued to it by DHSC, including those areas where NHSCFA must obtain DHSC's written approval before proceeding. NHSCFA will adhere to these delegated authorities.

Corporate and business plans

In accordance with the framework agreement, NHSCFA has agreed to produce a business plan each year (see the Public and Parliamentary accountability section of the framework agreement). The plan will be required to be costed. Supporting guidance issued by DHSC will provide the format and level of financial detail required. Indicative budgets for both administration and programme funded activity will be issued with planning guidance, incorporating any guidance on overall efficiencies relevant to DHSC and its ALBs.

The business plan will need to identify detailed revenue, capital and cash forecasts for parliamentary funded activity, and equivalent expenditure associated with any other income sources. It will need to clearly identify the distinction between costs and income falling inside and outside the administration budget regime.

By 31 January, NHSCFA shall submit annually to the sponsor department a draft of the corporate plan or strategy covering the year ahead. The final draft should be submitted by 31 March annually. NHSCFA shall agree with DHSC the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect NHSCFA's statutory or other duties and, within those duties, the priorities set from time to time by the responsible minister. This includes decisions taken on policy and resources in the light of wider public expenditure decisions. The plan shall demonstrate how NHSCFA contributes to the achievement of DHSC's medium-term plan and priorities and aligned performance metrics and milestones.

The first year of the corporate strategy, shared as necessary, shall form the business plan. The business plan shall be updated to include important targets and milestones for the year ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by DHSC. Subject to any commercial considerations, the corporate and business plans should be published by NHSCFA on its website and separately be made available to staff.

The following should be included in the plans:

- important objectives and associated performance targets for the forward years, and the strategy for achieving those objectives
- important non-financial performance targets
- a review of performance in the preceding financial year, together with comparable outturns for the previous 2 to 5 years, and an estimate of performance in the current year
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
- other matters as agreed between DHSC and NHSCFA

Budgeting procedures

Each year, in the light of decisions by DHSC on the updated draft corporate plan or strategy, the department will send the following to NHSCFA by 31 March:

- a formal statement of the annual budgetary provision allocated by DHSC in the light of competing priorities across the department and of any forecast income approved by it
- a statement of any planned change in policies affecting NHSCFA
- The approved annual business plan will take account both of approved funding provision and forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of 'draw-down' (accessing of) of any departmental funding or other income over the year. These elements form part of the approved business plan for the year in question.

Grant-in-aid and any ring-fenced grants.

Any grant-in-aid provided by DHSC for the year in question will be voted in its supply estimate and be subject to parliamentary control.

The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The NHSCFA will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of NHSCFA. Grant-in-aid not drawn down by the end of the financial year shall lapse. Where grant-in-aid is delayed to avoid excess cash balances at the year-end, DHSC will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end (such as creditors). This is subject to approval by Parliament of the relevant estimates provision.

If DHSC provides the NHSCFA separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the NHSCFA needed it on the basis of a written request. The NHSCFA would provide evidence that the grant was used for the purposes authorised by DHSC. The NHSCFA will not:

- have uncommitted grant funds in hand
- carry grant funds over to another financial year

Annual report and accounts

The audit section of the framework agreement sets out the expectation, arising from Secretary of State's powers under the NHS Act 2006 (as amended), that DHSC will routinely have full access to the NHSCFA's information and files. In relation to financial reporting, DHSC is required by HM Treasury to report in-year financial performance and forecasts for all its ALBs, by 'estimate line', and in a specified format, to a strict timetable. NHSCFA is required to comply with departmental plans and schedules which enable DHSC to meet HM Treasury deadlines, and DHSC's overall financial planning to meet HM Treasury spending controls through the shared financial planning agreement.

NHSCFA must prepare annual accounts for each financial year ending 31 March, and interim accounts for shorter periods if required.

In relation to these accounts, NHSCFA must:

- ensure that accounts are prepared according to the form, content, methods and principles prescribed by the Secretary of State in their annual group accounting instructions
- submit these accounts (both unaudited and audited) to DHSC by a date to be specified by the Secretary of State

NHSCFA must submit these accounts to the comptroller and auditor general (C&AG) for audit as soon as reasonably practicable:

- after the year end
- as soon as reasonably practicable after the end of the interim period to which that interim account relates in the case of any interim account

NHSCFA must publish an annual report of its activities together with the sets of audited accounts after the end of each financial year.

Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts are to be signed by NHSCFA's accounting officer and laid before Parliament by NHSCFA and made available on NHSCFA's website, in accordance with the guidance in the government FReM. A draft of the report should be submitted to DHSC in line with the published timetable.

The accounting officer must also ensure that NHSCFA participates fully in all agreement of balances exercises initiated by DHSC and in the form specified by the department. They must ensure it agrees income and expenditure and payables and receivables balances both with other organisations within DHSC's resource accounting boundary and, for the

purposes of the Whole of Government Accounts, with other government bodies outside that boundary. In doing so, NHSCFA should seek to agree all outstanding balances but in any case, should keep within any level of materiality set by DHSC.

The NHSCFA's board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The NHSCFA will provide DHSC its finalised (audited) accounts by 1 July each year for the accounts to be consolidated within the DHSC. A draft of the final report should be submitted to DHSC 2 weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by DHSC as well as the Treasury's [Financial Reporting Manual 2025 to 2026](#) (FReM).

The annual report must:

- cover any corporate, subsidiary or joint ventures under its control
- comply with the FReM and in particular have regard to the illustrative statements for a non-departmental public body (NDPB)
- outline main activities and performance during the previous financial year and set out in summary form forward plans

Information on performance against financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on NHSCFA website, in accordance with the guidance in the FReM.

Reporting performance to DHSC

The ALB shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

NHSCFA shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives quarterly with the sponsorship team.

DHSC will formally review NHSCFA's performance twice a year.

The responsible minister will meet the chairperson and chief executive at least once a year.

Information sharing

DHSC has the right of access to all NHSCFA records and personnel for any purpose including sponsorship audits and operational investigations.

NHSCFA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

DHSC and HM Treasury may request the sharing of data held by NHSCFA in such a manner as set out in central guidance, unless it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

As a minimum, NHSCFA must provide DHSC with information monthly that will enable it to monitor:

- NHSCFA cash management
- draw-down of grant-in-aid
- forecast outturn by resource headings
- other data required for the Online System for Central Accounting and Reporting (OSCAR)
- data as required in respect of its compliance with any Cabinet Office Controls pipelines or required to meet any condition as set out in any settlement letter

Audit

The framework agreement sets out the high-level requirements for audit.

Internal audit

To meet the requirements for internal audit, NHSCFA must:

- prepare an audit strategy, considering DHSC's priorities, and forward the audit strategy, periodic audit plans and annual audit report as soon as possible to DHSC
- keep records of fraud and theft suffered by NHSCFA and forward an annual report on fraud and theft suffered by NHSCFA to DHSC

DHSC is committed to a group assurance model for itself, and its ALBs. NHSCFA's internal audit function is delivered through Cabinet Office shared service arrangements. Should NHSCFA wish to consider alternative internal audit provision it must consult with the department.

DHSC's group internal audit service has a right of access to all documents prepared by NHSCFA's internal auditor. This includes where the service is contracted out, until the

contract expires, after which Group Internal Audit will provide the audit service (including having access to all previous audit documentation).

The C&AG audits the NHSCFA's annual accounts and NHSCFA lays them before Parliament together with their report.

The C&AG may also choose to conduct a value for money audit of any aspect of NHSCFA's work. NHSCFA will cooperate fully with the National Audit Office (NAO) in pursuing such audits and give them full access to all relevant files and information.

NHSCFA is responsible for establishing and maintaining internal audit arrangements in accordance with the UK application note on Global Internal Audit Standards. NHSCFA's internal audit function should report to its audit and risk sub-committee and should consider issues relating to NHSCFA's adherence to its business plan. DHSC's audit and risk committee remit includes:

- risk management
- corporate governance
- assurance arrangements in all its subsidiary bodies

NHSCFA's audit and risk committee should work closely with the departmental committee.

NHSCFA will:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with [Public Sector Internal Audit Standards](#) as adopted by HM Treasury
- set up an audit committee of its board in accordance with the code of good practice for corporate governance and the audit and risk assurance committee handbook, or be represented on the DHSC sponsor department's audit committee
- forward the audit strategy, periodic audit plans and annual audit report as soon as possible to the sponsor department
- keep records of and prepare and forward an annual report on fraud and theft suffered by NHSCFA to DHSC, and notify the sponsor department of any unusual or major incidents as soon as possible
- share with the sponsor department information identified during the audit process and the Annual audit opinion report (together with any other outputs) at the end of the audit, in particular on issues impacting on DHSC's responsibilities in relation to financial systems within NHSCFA

External audit

For external audit, the C&AG audits NHSCFA's annual accounts. NHSCFA will lay its set of accounts before Parliament, together with C&AG's reports.

The C&AG:

- will consult DHSC and NHSCFA on whether the National Audit Office or a commercial auditor will undertake the audits on their behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents including those held by another party in receipt of payments from NHSCFA (according to section 25(8) of the Government Resources and Accounts Act 2000)
- will share information with DHSC that is identified during the audit process and the audit report (together with any other outputs) at the end of the audit, including on issues impacting on DHSC's responsibilities in relation to financial systems within NHSCFA
- will, where asked, provide DHSC and other relevant bodies with regulatory compliance reports and other similar reports which DHSC may request at the commencement of the audit and which are compatible with the independent auditor's role - the provision of such reports is entirely at the C&AG's discretion

The C&AG may carry out examinations into the economy, efficiency and effectiveness with which NHSCFA has used its resources in discharging its functions. For the purpose of these examinations, the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, NHSCFA is to provide, in conditions to contracts, for the C&AG to exercise such access to documents held by contractors and sub-contractors as may be required for these examinations. It should do everything possible to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

The C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before parliament.

If NHSCFA has set up and controls subsidiary companies, NHSCFA within the provisions in the Companies Act 2006, ensures that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls or whose accounts are consolidated within its own accounts. NHSCFA shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies.

Reviews and ALB winding up arrangements

Review of NHSCFA's status

NHSCFA will be reviewed as part of the wider public bodies reviews programme, at a time determined by DHSC's ministers and their PAO.

DHSC regularly reviews NHSCFA's performance at formal performance, finance and accountability meetings.

DHSC is to ensure that procedures are in place where necessary in NHSCFA so the department can obtain independent assurance on:

- important transactions
- financial commitments
- cash flows
- HR arrangements
- other information needed to handle any such transition effectively and to maintain the momentum of any ongoing or transferred work

This agreement will be reviewed every 3 years, or sooner upon request of either party.

Arrangements if the ALB is wound up

The sponsor department shall put in place arrangements to ensure the orderly 'winding up' of NHSCFA. For example, if it closes or is merged with another organisation. It should ensure that the assets and liabilities of NHSCFA are passed to any successor organisation and accounted for properly. If there is no successor organisation, the assets and liabilities should revert to the sponsor department. DHSC must:

- have regard to Cabinet Office guidance on winding up of ALBs
- ensure that procedures are in place in NHSCFA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind up effectively and to maintain the momentum of work inherited by any residuary body
- specify the basis for the valuation and accounting treatment of NHSCFA assets and liabilities

- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits - the C&AG will lay the final accounts in Parliament, together with their report on the accounts

DHSC must also arrange for the most appropriate person to sign the closing accounts. If another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. If DHSC inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign

NHSCFA shall provide DHSC with full details of all agreements where the NHSCFA or its successors have a right to share in the financial gains of developers. It should also pass to DHSC details of any other forms of claw-back due to NHSCFA.

