



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

HEALTH SERVICE EXECUTIVE

NATIONAL FINANCIAL REGULATION

GRANTS TO OUTSIDE AGENCIES

NFR - 31

NFR – 31 Grants to Outside Agencies

31.1	Introduction	<i>on page 3</i>
31.2	Purpose	<i>on page 3</i>
31.3	Scope	<i>on page 3</i>
31.6	Legislation	<i>on page 4</i>
31.4	Assistance/Further Information	<i>on page 4</i>
31.5	Effective Date	<i>on page 5</i>
31.7	General Requirements	<i>on page 5</i>
31.8	Documentation	<i>on page 7</i>
31.9	Performance Management	<i>on page 7</i>
31.11	Reporting of Irregularities	<i>on page 8</i>
31.12	Audit	<i>on page 8</i>

31.1. Introduction

31.1.1. The Health Service Executive (HSE) has responsibility for the stewardship and proper management of public funds granted to it for the provision of health and personal social services. This regulation forms part of the National Financial Regulations of the Health Service Executive (HSE). The National Financial Regulations are part of the overall system of Corporate Governance and Internal Control within the organisation.

31.2. Purpose

31.2.1. The HSE acknowledges the role and contribution of non-statutory agencies in the development and provision of health and personal social services and is committed to the development of effective working relationships as enacted by the Health Act 2004. That Act provides that the HSE may, subject to available resources, and on such terms and conditions as it considers appropriate, fund the services provided by non-statutory providers.

31.2.2. The purpose of this guidance document is

- to assist both the HSE and the non-statutory sector agencies to meet their respective obligations
- to provide policy guidelines to support a standardised approach to the HSE's relationship with the non-statutory service providers in relation to arrangements/agreements entered into under the provisions of the Health Act, 2004.

31.2.3. The HSE document "Service Arrangements and Grant Aid Agreements, Non-Statutory Sector. Governance Framework, Operational Guidelines and Supporting Standard Operating Procedures" provides the supporting procedural guidance to the policies outlined in this regulation.

31.3. Scope

31.3.1. The provisions contained in this document apply to all HSE employees who are involved in managing services and related funding provided by non-statutory providers.

31.3.2. All non-statutory agencies receiving funding from the HSE for the provision of personal health and social services fall within the scope of this NFR. This includes Voluntary agencies, commercial/for profit agencies and agencies in other jurisdictions. All funding sources including that provided under special schemes should be included where the HSE is the paymaster.

31.3.3. The type of services governed by this regulation are those classified as personal health & social services. Many services which are funded by the HSE and delivered by external service providers however do not fall within the scope of this NFR, examples of such

Arrangements include:

- Cleaning services
- Catering services
- Agency staff recruited and reporting to HSE management
- Taxi / Coach services by commercial entities

The above list is not exhaustive, if you have any doubt about whether or not the arrangement you are considering comes under the governance framework, please seek the advice of your Regional Lead or the National Business Support Unit. (NBSU)

31.3.4. The governance framework for the management of the funding and services delivered by the non-statutory sector is designed to manage Agencies, Organisations and Companies, it is not designed to accommodate personal health and social services provided by individuals, examples of such arrangements which do NOT come under the framework include:

- Professional Services provided by individuals
- Fostering / Boarding Out Arrangements with individuals
- Guardian Ad Litem Arrangements
- Sessional / Locum Services

These Arrangements should be managed through appropriate governance documentation which is available through human resources and/or procurement.

31.4. Legislation

31.4.1. The legal framework is set out in the Health Act 2004 which provides the HSE with the power to enter into arrangements with two distinct categories of Agencies/groups:.

- Section 38 (1) states that:
The Executive may, subject to its available resources and any directions issued by the Minister under section 10, enter, on such terms and conditions as it considers appropriate, into an arrangement with a person for the provision of a health or personal social service by that person on behalf of the Executive and
- Section 39 (1) states that:
The Executive may, subject to any directions given by the Minister under section 10 and on such terms and conditions as it sees fit to impose, give assistance to any person or body that provides or proposes to provide a service similar or ancillary to a service that the Executive may provide.

31.4.2. The Act also states the following: Section 7 (5) (a) of the Health Act, 2004, states that in performing its functions the Health Service Executive (HSE) shall have regard to services provided by voluntary or other bodies that are similar or ancillary to services that it is authorised to provide.

31.4.3. Section 10, Child Care Act, 1991 provides for the HSE to:...assist a voluntary body or any other person who provides or proposes to provide a child care or family support service similar or ancillary to a service which the health board may provide under this Act ...

31.5. Assistance / Further Information

31.5.1. Additional information regarding this regulation should be addressed to the Assistant National Director of Finance, Annual Financial Statements (AFS) & Governance.

31.5.2. Requests for derogation from specified directives should be made in writing to the above Assistant National Director of Finance, and may be implemented only after written authorisation is received from said directorate.

31.5.3. It is intended that this regulation will be regularly updated to reflect and incorporate new and additional legislative and other directives. Notifications will be issued on [HSE National Intranet - National Financial Regulations](#) and via email communications.

31.6. Effective Date

31.6.1. This directive is effective immediately and supersedes all prior regulations/directives issued relating to granting of funds to external organisations.

31.7. General Requirements

31.7.1. It is the Policy of the HSE that the appropriate National Standard Governance Document is utilised for all funding arrangements within the scope of this regulation.

31.7.2. It is the policy of the HSE to, where possible and practical, co-ordinate the process of negotiating and managing of Service Arrangements for non-statutory Agencies that provide services on a national or regional basis. While the operation of the documentation allows for each local area to manage the agency by the operation of a set of schedules, there are elements of the contractual relationship that are difficult to manage without taking a regional and/or national perspective. Service Managers should liaise with their Regional Lead and examine the national register to ascertain if funding is provided to an Agency by other HSE areas or care groups.

31.7.3. When entering into arrangements with any provider of services including not-for-profit organisations the Health Services Executive must ensure that value for money is obtained and that there is full clarity in relation to:

- What services are being provided by the organisation.
- Any specific or general obligations on the organisation around their provision of services.
- The level of funding that the HSE is required to provide to the organisation in return for its satisfactory provision of services.
- Any specific or general obligations on the HSE around the services provided and their funding.
- HSE must satisfy itself that funded organisations have adequate governance systems in place commensurate with the nature and scale of their operations.

31.7.4. In summary, every Budget Holder must be in a position to identify clearly what services are being provided in return for the funding which they or their nominees expend including funding given to not-for-profit organisations.

31.7.5. In the context of the provision of funding to non-statutory service providers, the following factors are paramount:

- Public demand for high quality services;
- Development of standards;
- Increasing emphasis on efficiency, effectiveness and VFM;
- Achievement of specified outcomes;
- Prioritisation to address inequalities;
- Integration of services and between service providers;
- Increased accountability and regulatory requirements; and
- Greater transparency in decision making.

31.7.6. All HSE staff involved in the process of entering into Service Arrangements and Grant Aid Agreements with a non-statutory agency should ensure that they comply with the relevant provision of the HSE. Refer to NFR-01 Purchase to Pay for further details. In particular

- Funding of existing levels of service with non-statutory organisations is considered as 'Routine' expenditure for the purposes of expenditure approval. The approval thresholds and respective approvers are set out in NFR-01 Purchase to Pay.
- Organisations funded for the first time or new or expanded services are treated as Non Routine expenditure and require a high level of approval in line with NFR-01 Purchase to Pay.

31.7.7. The governance framework documentation covers the revenue funding provided to the non statutory sector for the provision of personal health and social service. The HSE also provides substantial amounts of capital funding to non-statutory providers. Capital funding is governed by the National Financial Regulation NFR-18 Protecting the State's Interest.

31.7.8. As a broad policy, HSE Managers should not be appointed as Directors of non-statutory Agencies with which the HSE has a SA/GA in place, due to the potential conflict of interest in such areas as performance management, strategy direction, issues of litigation etc. Refer NFR-17 Voluntary Donations Gifts and Bequest, Membership of Voluntary Bodies.

31.8. Governance Arrangements

31.8.1. This section sets out the processes which should be implemented in relation to formalising the governance arrangements between the HSE and non-statutory Agencies.

31.8.2. There are three separate management process depending on the circumstances of the services to be funded and the Agency funded to provide those services.

1. Renewing a Service Arrangement with an existing Service Provider.
 - ⇒ Dealing with the process of renewing and reviewing a Service Arrangement with an existing Service Provider;
2. Entering into a Grant Aid Agreement for funding less than €50K, with a new Organisation or renewing an existing Grant Aid Agreement.
 - ⇒ Dealing with an Organisation where a Grant Aid Agreement has already been in place and where the HSE wishes to consider entering into a new agreement for the forthcoming year;
 - ⇒ Process for the establishment of a new agreement with a organisation where funding is below €50K.
3. Establishing a new service where funding is greater than €50K
 - ⇒ Managing the process of establishing a new service which includes an assessment of the service requirement, deciding on whether to provide the service directly or externally and, if an external Service Provider is being considered, managing the process from application to Service Arrangement or Grant Aid Agreement as appropriate;

31.9. Documentation

- 31.9.1.** It is critical that HSE staff choose the correct approach in order to ensure that the appropriate governance arrangements are in place for each non-statutory agency 31.10 above outlines the management of the decision making process when service managers are considering entering into new or continuing existing funding arrangements. This section deals with the documentation once the decision process is completed.
- 31.9.2.** The HSE has developed standard governance documentation to cover funding relationships with all non-statutory service providers, which comprises four standard document templates:
1. *Section 38 Service Arrangements:*
These arrangements cover the 16 Voluntary Hospitals and the group of 25 major non acute voluntary community Agencies listed.
 2. *Section 39 Service Arrangements:*
These arrangements cover all voluntary and community Agencies other than the above in receipt of funding over €250K (*may also be used in cases under €250k at the discretion of the HSE*)
 3. *Section 39 Grant Aid Agreements:*
These arrangements cover all voluntary and community Agencies in receipt of funding under €250K.
 4. *Service Arrangement - Other:*
 - i. These arrangements cover all Agencies in the commercial "for Profit" sector regardless of funding level.
 - ii. It is also to be utilised for all out of state arrangements with organisations regardless of their voluntary status.
 - iii. In addition to the above, documentation to cover funding for the Child Care Act 1991 and National Lottery is also available.
- 31.9.3.** Service managers should utilise the latest edition of the National Register of funded Agencies available on the Intranet site to ascertain if the Agency is in receipt of funding in other areas as this will affect the document choice.
- 31.9.4.** A Funding Register is a mandatory requirement at each local HSE area. This local register is utilised to provide a monthly update to the national register.

31.10. Performance Management

- 31.10.1.** Once a Service Arrangement or Grant Aid Agreement has been signed, it is imperative that the relevant HSE staff take all necessary steps to ensure that a robust system of performance monitoring is operated.
- 31.10.2.** This will help the HSE to fulfil its statutory role in relation to public accountability for quality of service and expenditure on health and personal social services. This should include ensuring that Value for Money (VfM) is being delivered.
- 31.10.3.** As Service Providers are obliged to deliver services in line with a Service Arrangement, the HSE is required to monitor the delivery of the services on an ongoing basis.

- 31.10.4.** In order to meet these requirements, a clearly defined review process under the SLA will be implemented in line with the relevant Clauses and Schedules of the Arrangement. This review will include both submission of documentation and a schedule of review meetings and may entail inspections of the services by the HSE if deemed appropriate.
- 31.10.5.** Performance monitoring reports will allow the HSE to compare the planned level of activity, financial performance and staffing to the actual levels achieved and to assess the need for any corrective action to achieve approved goals and targets. This process should also include monitoring and evaluation of agreed outcomes. Templates for performance monitoring reports should be made available to the Agency, and a schedule for the frequency of submission of these reports, will be agreed between the HSE and the non-statutory agency and set out in Schedule 4 - Performance
- 31.10.6.** The monitoring arrangements should be commensurate with the amount of funding provided, similarly the complexity and type of service should influence the strength of the monitoring arrangements put in place. The reviews should involve both the HSE and the agency seeking to find ways to improve the service delivery.

31.11. Reporting of Irregularities

- 31.11.1.** Any member of staff who considers that there may have been an irregularity that could lead to misappropriation of funds or an instance of fraud must communicate the facts surrounding this instance in writing to their Line Manager immediately. The Line Manager to whom the matter has been reported must inform their ISA/LHO Manager or equivalent, the Assistant National Director of Finance, the HSE National Director of Audit and HR for appropriate action. For further information please refer to HSE Policies, Procedures Guidelines and in particular to the HSE Protected Disclosures of Information Policy at [HSENet - HSE National Intranet - Policies, Procedures & Guidelines](#)

31.12. Audit

- 31.12.1.** The external and internal auditors of the HSE have the right to unrestricted access to all premises, vouchers, documents, books of account, and computer data and to any other information which they consider relevant to their enquiries and which is necessary to fulfil their responsibilities. Both internal and external auditors also have the right to verify assets and the right of direct access to any employee or person responsible for the administration or management of HSE funds with whom it is felt necessary to raise and discuss such matters.
- 31.12.2.** Sample checks by auditors may take place at regular intervals in each financial year.
- 31.12.3.** Every officer shall attend at such place and at such time as may be appointed by the Auditor and shall submit his/her records, books and accounts for examination and checking.
- 31.12.4.** Where any irregularities are disclosed at the checking of the accounts of an officer, the internal/external Auditor shall report such irregularities to the Chief Financial Officer, who shall cause a full investigation to be made and shall take all necessary action.