



**Trust Procedure for the administration of
Direct Award Contracts (DACs)**

April 2024

V1.1

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Department of Health Guidance on Direct Awards Contracts (DACs)

Guidance on Direct Award Contracts (DACs) (Circular-HSC (F) 13-2022) requires a DAC for any single projects for non-medical / nursing off contract agency usage over £10k. Circulars below will provide in-depth guidance and instruction on DAC requests and approvals. The guidance clearly states the Trust obligation, to ensure that the DAC is submitted on a timely basis to allow for advice from PaLS and approval by Accounting Officers **in advance of the DAC start date**. See flow chart page 2.

- [doh-hscf-13-2022.pdf \(health-ni.gov.uk\)](https://www.health-ni.gov.uk/publications/doh-hscf-13-2022.pdf)
- [doh-hscf-37-2022.pdf \(health-ni.gov.uk\)](https://www.health-ni.gov.uk/publications/doh-hscf-37-2022.pdf)

Training

It is crucial that staff undertake DAC training before completing a DAC. See appendix 2 for online training material/videos and links to support the implementation of this procedure.

Important Actions Required Prior To Entering Into a DAC

- Contact should be made immediately with PaLs for your relevant service area, who will provide support and advise if a DAC is required.
- Give sufficient time to complete the DAC process. It is important that you allow up to 14 days for the DAC to be approved by the Trust's Authorising Officer. There should be no retrospective DACs.
- Ensure your funding source is in place, you may have to complete a Business Case, an Investment Proposal Template, or exploring capacity within Budget. You cannot move forward with a DAC without an identified funding source. Please ensure you give yourself enough time to complete this step before completing the DAC.
- There may be an urgent exceptional circumstance whereby there is no time for business case to be developed. In this instance, escalate immediately to the Director of the service who will seek CMT approval.
- Follow the DAC approval process outlined in page 2. There are further internal approval arrangements in place for Acute IS as outlined in page 3.

It is critical that the Directorate lead for the DAC approval understands that they are providing assurance to the Director of Finance that the DAC has been completed in compliance with the financial circulars and that funding is in place. This is a detailed process and applications must be made well in advance. No purchases or contracts can be processed until the Direct Award Contract form has been fully authorised.

From time to time there are Procurement Policy Notes (PPNs) issued by DoH, which are advice notes on particular areas to consider for procuring specific services. Sometimes when a DAC is approved, BSO Pals will advise the Trust to ensure compliance with particular PPNs.

The next section of this procedure outlines the DAC approval process. For Acute IS a value for money assessment must be completed by a Finance Management Accountant. See DAC approval processes below including the Acute IS process for above threshold and over threshold DAC's:-

DAC Approval Process

The Requesting Officer must ensure that there is funding in place for the procurement and must allow time for the DAC process (6weeks?) as the DAC progresses through the different approval, assessment and authorisation stages.

You cannot move forward with a DAC without an identified funding source.

Providing funding is identified, the Requesting Officer should contact PaLS to ensure that a DAC is required. PaLS will provide specialist guidance and advice to proceed.



The Requesting Officer completes the DAC form and seeks appropriate Assistant Director/Co- Director approval and sends to BSO PaLS Compliance (procurement.compliance@hscni.net)



BSO PaLS Compliance Unit will number the DAC (DACxxxx) and undertake an assessment of the risk associated with the DAC, providing advice and classifying the DAC on the basis of a Red / Amber / Green / Green (Conditional) (RAG) status. PaLS will forward the DAC to Director of Finance (DOF) for consideration and approval



Prior to approval /sign off by DoF assurances must be provided from the originating Requesting Manager to confirm that they will adhere to the advice provided by BSO PaLS (as detailed in Section 7 of the returned DAC). Once assurance is received, the DAC will be approved by DOF and scanned back to the originating manager and copied to PaLS (Emma.Carey@hscni.net- Local Procurement Manager)



PALs will advise if additional approval from the Permanent Secretary is required (this is usually for above delegated limit of £1m. In this case DAC must be signed off by the Trust CEO and then forwarded to DoH (procurementpolicyunit@health-ni.gov.uk) for approval. Following receipt of approval from DoH, the DAC will be scanned back to the originating requesting manager and copied to DOF and PaLS (Local Procurement Manager)

Only once this is received is the DAC form approved.



The approved DAC will be added to the Electronic DAC Register and a hard copy kept on file, held by the office of the Director of Finance. Approved DACs over £30k are published externally.

DAC approval process to proceed Acute IS Elective Care

(Above threshold)

Contract Initiation Service Lead & Provider
Service Leads ask Finance Management Accountant for Acute to complete a VFM assessment

If Proceeding with >30% tolerance requires justification letter & Director sign off



Service lead completes the DAC form with accompanying VFM assessment
Service leads contact BSO to advise of DAC for awareness & advice to proceed.
Tabled at Acute IS Governance Meeting for approval
Signed off by relevant acute assistant director



Sent to Contracts Dept for proof reading/control checks, return to Service
The Service send to PaLS Compliance excluding VFM assessment
(procurement.compliance@hscni.net)
PaLS Compliance team RAG rate the DAC, number the DAC
(DACxxxx) & return to the DoF office copying in the Service Manager



Service Manager send the VFM schedule to DoF to accompany the DAC



DoF final sign off emailed to Service for accountability that they will adhere to advice by BSO/PaLS

DAC approval process to proceed

(Under threshold)

Contract Initiation Service Lead & Provider
Service leads ask Finance Management Accountant for Acute to complete a VFM assessment

If Proceeding with >30% tolerance requires justification letter & Director sign off



Service lead completes the DAC form with accompanying VFM assessment
Tabled at Acute IS Governance Meeting for approval
Signed off by relevant Acute Assistant Director



Sent to Contracts Dept for proof reading/control checks, numbering (e.g. WTDAxxx)
Send the DAC & VFM assessment to DoF office for approval/signature



Approved DAC returned from DoF to Service Manager, copied to the relevant
Contracts staff.

Contract Paperwork issued to provider.

***Additional Information on DAC's up to £1M**

From the 4 March 2024, DACs up to a value of £1m has been delegated to ALB Chief Executives. Within the Western Trust the CEO has delegated this authority to the DoF.

All DACs above the delegated limit of £1m, will be subject to approval by the Permanent Secretary as Departmental Accounting Officer and must be submitted for approval before proceeding to contract award.

Existing controls around recording and reporting DAC approvals will continue under these new delegated arrangements;

- Each HSC body will continue to collate and report DAC activity to its Audit Committee.
 - Departmental visibility of expenditure will continue through the bi-annual reporting of DAC expenditure across ALBs to DARAC.
 - PaLS advice on the potential for procurement and legal challenge will continue to be provided to the ALB Accounting Officer, to inform approvals for DACs below £1m; and
- BSO PaLS would continue its collation and monthly publication of all contracts, including DACS worth more than £30k, on its website.

DAC's for recruiting Agency Staff

DAC Training Videos - links

Direct Award Contract (DAC) Awareness Training/Videos presented by the Department of Health (DOH) (< 40 minutes in total).

[What is a DAC – Video](#)

[Why is a DAC needed – Video](#)

[Examples of when a DAC may or may not be appropriate – Video](#)

[What's new in the guidance – Video](#)

[HSC Reporting Requirements – Video](#)

[What to look out for – Video](#)

Training Videos on how to complete a Direct Award Contract (DAC) Application presented by PaLS Procurement Compliance Unit (< 16 mins in total).

[Intro & Section 1 Contact Details – Video](#)

[Section 2.1 DAC Details – Video](#)

[Section 2.2 DAC Value](#)

[Section 2.3 Purchase History – Video](#)

[Section 3 DAC Justification Sole Source – Video](#)

[Section 4 DAC Justification Product Service Supplier – Video](#)

[Section 5 Direct Award Contract - Contract Extension of Term or Extension of Scope – Video](#)

[Section 6 Requesting Officer and Recommending Officer approval – Video](#)

[Section 7 BSO PaLS Advice – Video](#)

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Other useful contacts:

BSO PaLS – Emma Carey Emma.Carey@hscni.net Tel: 02895360032

Rag Rating Summary & Thresholds -

Appendix 3

R-A-G RATING SUMMARY						
G&S DACs	Over Threshold			Under Threshold		
	Red	Amber	Green or Green (Conditional)	Red	Amber	Green
PaLS advice required	Y	Y	Y	n/a	Y	Y
ALB AO approval required	Y	Y	Y	n/a	Y	Y
DAO approval required	Y	Y	N	n/a	N	N
Drugs DACs (Patent protected Drugs or continuity of care cases)	Over Threshold			Under Threshold		
	Red	Amber	Green	Red	Amber	Green
PaLS advice required	N	N	N	n/a	N	N
ALB Head of Pharmacy approval *	Y	Y	Y	n/a	Y	Y
ALB AO approval	N	N	N	n/a	N	N
DAO approval	N	N	N	n/a	N	N
LTR DACs (Core health and social care services)	Over Threshold			Under Threshold		
	Red	Amber	Green	Red	Amber	Green
PaLS advice required	Y	Y	Y	n/a	N	N
ALB AO approval	Y	Y	Y	n/a	N	N
DAO approval	N	N	N	n/a	N	N

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LTR DACs (Non-core health and social care services)	Over Threshold			Under Threshold		
	Red	Amber	Green	Red	Amber	Green
PaLS advice required	Y	Y	Y	n/a	Y	Y
ALB AO approval	Y	Y	Y	n/a	Y	Y
DAO approval	Y	Y	N	n/a	N	N
Definitions						
Red - where a breach of Public Contracts Regulations will clearly occur.						
Amber - where there is a risk of a breach in Public Contracts Regulations occurring and heightened risk of challenge due to availability of contractual goods/services.						
Green - where there is no breach of the Public Contracts Regulations.						
Green (Conditional) — where action is required by the ALB to ensure compliance with Regulations 50 and 84 of the Public Contracts Regulations.						
*Approval is required from Trust Head of Pharmacy Services and DAC form is not required.						

The specific thresholds below change every two years. They apply to projects when determining whether or not a contract for services, or a works contract, must comply with the Public Procurement Regulations 2023 are inclusive of VAT and are as follows:

Contract Type	Thresholds Level from January 2024 (inclusive of VAT)
Supplies & Services	£139,688
Works	£5,372,609
Light touch/Social and other specific services	£663,540

