



## Scheme of Financial Delegation

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<b>Approved By:</b>	HRA Board
<b>Supersedes Version:</b>	January 2020 V5
<b>Owner:</b>	Deputy Chief Executive and Director of Resources
<b>Scope of Document:</b>	This document sets out the scheme of financial delegation operating at the HRA and should be read in conjunction with the HRA's standing orders and standing financial instructions

## 1. Introduction

This scheme of financial delegation is part of the Health Research Authority's (HRA) financial governance framework. Other key documents include our [standing orders \(SOs\)](#), [standing financial instructions \(SFIs\)](#) and [Department of Health and Social Care \(DHSC\) spend control](#).

The Chief Executive has overall responsibility, as Accounting Officer (AO), for all aspects of our performance including our financial performance. It is not possible for one individual to carry out these responsibilities personally. This scheme of financial delegation enables the AO to delegate financial responsibilities. [HM Treasury's Managing Public Money](#) is clear that accountability cannot be devolved however responsibility for aspects of financial control and management can be devolved and is explained in this scheme.

This scheme helps staff members understand how expenditure has been delegated to them through the budget setting process and covers all financial transactions or transactions which have monetary implications, for example loans. Staff members have a duty to carry out these responsibilities in accordance with our [Standing Orders \(SOs\)](#), [Standing Financial Instructions \(SFIs\)](#), [our Code of Conduct](#) and [Department of Health and Social Care \(DHSC\) spend control](#).

The Chief Executive devolves responsibility to their direct line reports by agreement. In turn each of these line reports devolve responsibility to individuals in their directorates / programmes / teams in accordance with this scheme.

This scheme refers to four tiers of management to help inform the delegation process. Each manager needs to be clear with their staff members at which tier they are and in which areas they have devolved responsibility. It is important to put in place deputising or substitution arrangements for the above, particularly when senior managers are absent. Where the Chief Executive has delegated authority to a direct line report, that direct line report can choose to delegate authority further to other staff members to meet the needs of their function and the HRA overall.

A record must be kept of the scheme of delegation implemented together with specimen signatures. This is usually performed as part of the annual budgeting exercise where budget statements are provided by Finance and these are returned as an accurate reflection of the budget delegated and the level of delegation implemented. Up to date records must be maintained at all times and should detail the responsibilities placed on each signatory.

### Principles on which delegation is based

1. Authorisation of expenditure is delegated to the most appropriate level. This means to the person most able to influence value for money decisions.
2. Making sure delegated financial authorities are respected and expenditure is compliant with relevant legislation such as the Equalities Act and wider legal principles such as procurement law.
3. Roles with delegated authority are stewards of public funds and must make sure expenditure meets the high standards of public conduct and relevant spend controls.
4. Value for money: ensuring expenditure has been evaluated to provide confidence about suitability, effectiveness, prudence, quality and good value for the public purse and not just for the HRA
5. Separation of duties is required on every transaction
6. Confirmation that goods/services have been received as ordered prior to payment

## 2. The Four Tiers of Financial Management

- 2.1. Bronze:** are individual budget holders whose responsibility covers a discrete area
- 2.2. Silver:** are responsible for all or part of a function and may have several bronze level budget holders reporting to them. They typically report to a Director (but not always) and include Deputy Directors.
- 2.3. Gold:** are Directors and any role that reports directly to the Chief Executive
- 2.4. Platinum:** is the Chief Executive. If the Chief Executive is absent the third Executive Director (not the Director of Finance) will operate at Platinum tier.
- 2.5. Spend controls:** [Department of Health and Social Care \(DHSC\) spend control](#) apply to specific areas and are reviewed and updated regularly. Head of Procurement, Commercial and Contracts can advise on these to make sure all expenditure complies with current spend controls as well as our standing orders and standing financial instructions.
- 2.6. Transparency:** in the interests of transparency, the following will be reported on our website.
- All payments over £15k
  - Better payment performance information
  - Board members and Directors' travel expenses
- In addition, all contracts agreed over £100,000 will be reported to the Audit and Risk Committee for information.
- 2.7.** The limits are all excluding VAT, as VAT is reclaimable in some circumstances and the use of limits excluding VAT makes it easier to administer. All limits below are therefore excluding VAT.
- 2.8.** All contract opportunities over £50,000 (excl. VAT) will be published on Contracts Finder and all contract opportunities over PCR-2015 thresholders will also be published on the Find-a-tender website
- 2.9.** All awarded contracts will be published on Contracts Finder within 90 days of contract award and on the Find-a-Tender website within 30 days of contract award if required under PCR 2015.

## 3. Details of scheme of financial delegation

### 3.1. Approval of annual revenue and capital budget: HRA Board

### 3.2. Approval of annual draft revenue and capital budget: Executive Committee

### 3.3. Virements

- 3.3.1. Transfer of non-recurrent revenue and capital budget within overall team / project / programme budget

Virement	Management tier	Process
< £1,000	Bronze	Email approval
< £10,000	Gold	Email approval
< £25,000	Gold and Director of Finance	Email approval by all Directors
> £25,000	Executive Committee	Business case

### 3.3.2. Transfer of non-recurrent revenue and capital budget between Directorate budgets

Virement	Management tier	Process
< £25,000	Gold and Director of Finance	Email approval by all Directors
> £25,000	Executive Committee	Business case

3.3.3. All recurrent revenue and capital budget virements require Executive Committee approval and would usually be agreed as part of the annual business planning process.

3.3.4. It is not possible to vire budget between revenue and capital budgets.

### 3.4. Approval to proceed for project and programme management

3.4.1. All centrally reported projects and programmes must be approved by Executive Committee using a business case either through annual business planning or in year approval.

3.4.2. All breakthrough continuous improvement activities and local projects must be approved by Executive Committee through the business planning process and in year, portfolio review.

### 3.5. Committing revenue and capital expenditure – purchasing and payments

Up to available budget Orders up to:	Management tier
£5,000	Bronze
£25,000	Silver
£75,000	Gold
£100,000	Platinum
Orders over £100,000 up to £250,000	Director of Finance and Platinum
Orders over £250,000 up to £1,000,000	HRA Board approval
Orders over £1,000,000	HRA Board and DHSC approval

All budget holders must comply with our [Commercial Policy and Procedure](#).

### 3.6. Employing temporary staff and filling vacant posts in the establishment

3.6.1. Our recruitment panel has delegated authority from the Chief Executive to approve recruitment to permanent and temporary posts within the establishment. In doing so it makes sure there is appropriate governance and scrutiny of staff recruitment. This review checks that our people policies and procedures are followed, budget is available and this scheme of delegation is complied with.

3.6.2. [Recruitment panel terms of reference](#) are available on SharePoint.

3.6.3. [Department of Health and Social Care \(DHSC\) spend control](#) apply to temporary staff and contractors. Please seek advice from the Head of Procurement, Commercial and Contracts before sourcing contingent labour.

### 3.7. Tendering and Contracts

**Commented [KW1]:** @Claire Luu I've not changed any of this - I think you have already a view on what needs to change here to tie into procurement policy? Please make sure this ties into that and up to date regs etc

<b>Procurement Process</b>	<b>Approval</b>
Admission and acceptability of late tenders	Director of Finance
<b>Use of single tender actions (STAs)</b>	
<b>Approval:</b>	
Up to £5,000	Silver
£5,000 - £25,000	Director of Finance or Chief Executive
Over £25,000 and up to £50,000	Chief Executive
Over £50,000	HRA Board
<b>Reporting STAs:</b>	Total number and value (over £5,000) to be reported to next Audit and Risk Committee
<b>Signing of contracts</b>	All contracts should be recorded in the contracts register which is maintained by the Commercial Team.  All contracts over £100k to be reported to the Audit and Risk Committee  All contracts over £250k to be approved by the Board  All contracts £1m+ to be approved by DHSC Senior Sponsor and the Board
Up to £25,000	Budget Holder, Silver and Senior Finance Manager
Up to £75,000	Director of Finance
Up to £250,000	Chief Executive
Over £250,000	Chair of the Board (in addition to Chief Executive and Director of Finance)

### 3.8. Management of Budgets

- 3.8.1. Budget holders are responsible for making sure their budgets are only used for the designated purpose and that day to day financial activities are carried out within the guidelines of [our standing orders and standing financial instructions](#)
- 3.8.2. They are also responsible for making sure their named deputy(s) comply with our procedures for committing expenditure.
- 3.8.3. Budget holders must make sure that
- 3.8.3.1. They read and familiarise themselves with [our standing orders and standing financial instructions](#)
- 3.8.3.2. They read the Nolan Committee Principles on "Standards in public life". These are submitted together with the proposed final budget for the year.

- 3.8.3.3. Raise awareness of the contents of these documents to all staff that support them in their delegated financial responsibilities
  - 3.8.3.4. They are clear about their role as stewards of public funds. A cost-conscious culture must form the bedrock for management of our finances alongside pursuit of value for money
  - 3.8.3.5. They and their delegated signatories sign (electronically) a declaration and authorized signatory form to confirm their awareness and understanding of their designated responsibilities (see Appendix A).
- 3.8.4. Training will be offered by finance to all budget holders as required. This will take the form of one to one support provided by finance business partners, webinars on specific subjects as well as organized external training (for example, contract management, negotiation skills). Quarterly budget meetings (as a minimum) with a finance lead will also take place at which training can be provided. A register of meetings will be kept.
- 3.8.5. Where budgets are overspent, or there are other areas of concern, the appropriateness of delegation of authority should be reviewed by the line manager with the Deputy Director of Finance and Estates. The review will consider whether the individual has the skills, experience, competence to manage a budget in line with government principles. If necessary delegated authority will be rescinded, to ensure the probity of public funds. In such cases, further training should be given and the individual delegation restored once competence can be shown
- 3.8.6. Virements: our budget Virement Policy sets out the policy, delegations and procedure relating to budget virements

### 3.9 Fees and Charges

The HRA can only put in place fees and charges that are permitted by the Care Act 2014 and associated regulation. All fees and charges being considered should be discussed and agreed by the Director of Finance. All fees and changes to be reviewed at least annually.

### 3.10 Losses and compensation

- 3.10.1 All losses should be authorised in accordance with [the losses and special payments policy and procedure](#). In all cases the Director of Finance should be notified of the loss at the earliest opportunity and with advice on the steps to be taken. The HRA Audit and Risk Committee will review the schedule of all losses > £500 and all special payments. Losses that are novel, contentious or repercussive or are over £75,000 require DHSC approval.
- 3.10.2 Special payments all require approval by the Chief Executive and will be reported to the Board.
- 3.10.3 All HR related cases and those that are novel; contentious, repercussive require DHSC approval and HM Treasury approval. They will also be reviewed by the HRA audit and risk committee.
- 3.10.4 HR related cases over £20,000 also require Governance and Assurance Committee (GAC) approval. This is a DHSC Committee.

### 3.11 Employment

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Commented [KG2]: is this a DHSC body? if so can we make clear

3.11.1 Staff establishment: The Chief Executive delegates to the recruitment panel through its [terms of reference](#) and [recruitment approval policy and procedure](#) the control arrangements governing the staff establishment at the HRA. The staff establishment is agreed as part of the annual planning and budgeting process. Managers are able to recruit staff in accordance with the delegations stated in this policy and procedure. Any requests to increase the establishment outside of the agreed budget requires Executive Committee approval.

3.11.2 Salaries on appointment – all posts including secondments

Starting salaries at bottom of the scale	Silver
Starting salaries up to mid-point	Silver in consultation with Gold - if salary proposed is above minimum point on scale and up to mid-point. The fully completed Recruitment Approval Form (RAF) must be returned to Finance with funding confirmed from within team budget.
Starting salaries between mid-point and top of approved band	Gold Completed RAF must be returned to Finance with funding cover identified (subject to Finance check and approval).
Recruitment and Retention premia	Platinum (delegated to Recruitment Panel) Approved prior to recruitment. Three criteria must be met: 1. Evidence - difficult to recruit role 2. External evidence 3. Internal evidence Completed RAF must be submitted to RP with funding cover identified.
Chief Executive and other Directors	The appointment of the Chief Executive and their salary shall be determined by the Pay and Remuneration Committee. The appointment of other Directors and their salary shall be determined by the Chief Executive together with the Pay and Remuneration Committee.

3.11.3 Any new appointment on the Executive and Senior Managers (ESM) pay scales will require the DHSC pay framework to be followed. The HRA Pay and Remuneration Committee are required to approve any proposals prior to submission to DHSC Remuneration Committee for consideration. Following approval, the new post should be independently evaluated by NHS BSA and then the necessary DHSC process should be followed to obtain DHSC approval before proceeding to recruitment.

3.11.4 Role re-evaluation: Recruitment panel considers all role re-evaluation proposals ahead of submission to NHS BSA. This process should consider the impact on the agreed establishment, future run rate costs and any other considerations. All re-evaluations should be in accordance with our job evaluation process.

3.11.5 Approval of leave: Approval of leave is delegated to line managers in line with our policies and procedures:

3.11.5.1 [Annual leave](#)

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3.11.5.2 [Buying and selling annual leave](#)

3.11.5.3 [Family leave](#)

3.11.5.4 [Special leave](#)

3.11.6 Sickness absence management is delegated to line managers in line with our [sickness absence policy and procedure](#).

3.11.7 Honorary contracts and secondment agreements are approved by gold on advice from HR and after recruitment panel approval. HR must hold all copies of secondment agreements.

3.11.8 [Staff expenses \(travel and other expenses\)](#) are approved by line manager in line with our staff expenses policy and procedures.

### **3.12 Business cases to DHSC Investment Committee**

3.12.1 All business cases for submission to the DHSC must be reviewed by the Director of Finance and approved by Executive Committee before being submitted.

3.12.2 All business cases greater than £250k require HRA Board approval.

### **3.13 Leases for equipment and buildings**

3.13.1 All new property leases or lease extensions must follow [Department of Health and Social Care \(DHSC\) spend control](#).

3.13.2 All leases, including photocopier and equipment leases must be agreed by the Director of Finance after a review has been undertaken to confirm accounting treatment and that budget is available (revenue and / or capital).

### **3.14 Unconventional or novel transactions**

3.14.1 Where an unconventional, novel or otherwise unusual transaction is proposed, Director of Finance advice must be sought and whose approval must be obtained before proceeding. The Director of Finance may seek advice and / or approval from the DHSC or HM Treasury dependent on spend controls, standing orders and standing financial instructions.

3.14.2 Any such payments should also be reported to the Audit and Risk Committee.

### **3.15 Capital**

3.15.1 Capital expenditure budgets are approved as part of the annual business planning process.

3.15.2 Capital expenditure approvals must follow [Department of Health and Social Care \(DHSC\) spend control](#).



## Screening Questions - HRA Equality Analysis and Data Protection Impact Assessment

### Equality and Data Protection Impact Assessments

Assessment	Screening question	Answer	Action required
Equality	Has an Initial Equality Impact Assessment been carried out?	No	If no, please do so now. Do not publish the policy until the EIA is ready to be published alongside it. EIA templates are available on <a href="#">HRA Atlas Central Library</a> .
Data Protection	Has a Data Protection Impact Assessment (DPIA) been carried out?	No	If no, please complete the <a href="#">DPIA Screening template</a> now.

## Document Control

### Change Record

Version Status	Date of Change	Reason for Change
December 2011 V1.0	29/12/2011	Updated for comments from HRA SMG
February 2014 V2.0	20/02/2014	Revised for new structures, delegation limits and general refresh and update and submitted to reviewers for comment.
March 2014 V2.1	11/03/14	EMT and finance team comments assimilated
V2.2	12/03/2014	Audit chair initial comments
V2.3	26/03/2014	Board comments incorporated
V2.4	12/01/2015	Update and improvement in controls.
V2.5	26/01/2015	Amendments following Board Meeting
V3.0 Draft	16/11/2015	Amendments to up date
V3.1 Draft	31/12/15	Amendments in line with SFIs and following EMT comments on 6 <sup>th</sup> Jan 2016.
V3.1 Final	10/02/16	Final amendments following Board agreement
V3.2 Final	22/03/16	Minor amendment to review date
V4.1	24/07/17	Changes to delegated authorities limits
V5	08/01/2020	Review and update for new structures

### Reviewers

Committee / Board	Version Reviewed
Finance team, EMT	V2.0
Audit Chair, Board	V2.2
EMT, Board	V2.4
EMT, Board	V3.1
Audit and Risk Committee	V4.1
SLT, ARC and Board	V5
Executive Committee, ARC and Board	V6

### Distribution of Approved Version

Name of person or group	Version Released
Executive Management Team	
Intranet/shared drive	V2.5
All budget managers with 2015/16 budgets	V2.5
Intranet	V3.1
All budget managers with 2016/17 budgets	V3.1
HRA hub and HRA news	V4.1
HRA hub and HRA news	V5
SharePoint and HRA news	V6

## Appendix A

### Health Research Authority

Finance System Information								2014/15 data		Proposed Budget 2015/16
Cost Centre	Subjective	Analysis 1	Analysis 2	Cost Centre Desc	Subjective Desc	Analysis 1 Desc	Analysis 2 Desc	Annual Budget 2014/15	Initial Plan for 2015/16	
<b>Cost Centre Total</b>								<b>0</b>	<b>0</b>	<b>0</b>

I have received a link to the Standing Orders (incorporating Standing Financial Instructions) and the Scheme of Financial Delegations approved by the Board January 2015 and am aware of and accept my responsibilities in the respect of the delegated authority for the cost centres shown against my name (as above) and the relevant levels of delegated authority in accordance with the scheme of financial delegation.

I have received a link to the Nolan committee principles (standards in public life) and I have read these.

I sign below to accept these responsibilities and to provide a specimen of my signature. I am also aware of my delegated limits. I sign below to accept and approve the proposed non-pay budget contained above.

Name of Signatory: (print name) \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

I have approved delegated authority to the staff listed below for cost centres identified below, but where I retain overall responsibility.

Name : \_\_\_\_\_ Cost Centre: \_\_\_\_\_