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| **Agenda item:** | **10** |
| **Attachment:** | **D** |

**HRA BOARD COVER SHEET**

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| **Date of Meeting:** | 26/03/2014 |

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| **Title of Paper:** | Scheme of Financial Delegation |
| **Purpose of Paper:** | Provide details of HRA’s scheme of delegation |
| **Reason for Submission:** | For approval |
| **Details:** | See paper |
| **Suitable for wider circulation?** | Yes |

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| --- | --- | --- |
| **Recommendation / Proposed Actions:** | **To Approve** | **Y** |
| **To Note** |  |
| **Comments** |  |

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| --- | --- |
| **Name:** | Debbie Corrigan |
| **Job Title:** | Director of Finance |
| **Date:** | 19/03/2014 |

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Scheme of Financial Delegation

**March 2014**

**V2.2**

**1. INTRODUCTION**

This scheme of Delegation of Authority shall have effect as if incorporated in the Standing Orders (SOs).

 The Chief Executive has the overall responsibility, as Accounting Officer, for all aspects of the Health Research Authority’s performance but clearly cannot discharge those responsibilities personally and has therefore devised this Delegation of Authority scheme. Accountability cannot be devolved but the responsibility for aspects of control and management is hereby devolved. Officers who have devolved responsibilities also have a duty to discharge these responsibilities in accordance with the Health Research Authority’s Standing Orders (SOs), Standing Financial Instructions (SFIs) and the NHS Code of Conduct.

 In the first instance the Chief Executive devolves responsibility to direct line reports by agreement. In turn each of these line reports will devise a scheme, in accordance with this scheme, to devolve responsibility to individuals in their delivery function.

 This scheme refers to six levels of management to which matters can be devolved. Each delivery function needs to be clear with each postholder at which level they are and in which areas they have devolved responsibility. They must also put in place deputising or substitution arrangements for the above, particularly when senior managers are absent. Where the Chief Executive has devolved authority to a direct line report, that direct line report can choose to delegate authority to officers at other levels as they see fit, but they are not compelled to devolve.

A record must be kept of the officers they select to devolve authority at Silver plus, Silver, Silver minus, Bronze plus and Bronze levels and their specimen signatures must be supplied to the Finance Department. These records must be maintained and up to date at all times. These records detail the responsibilities placed on each signatory.

 Principles on which delegation is based

1. All staff, individually and collectively, are responsible for
	1. Avoiding loss;
	2. Operating within the delegated limits set out.
2. Separation of duties required on every transaction
3. Requirement for confirmation that goods/services have been received as ordered prior to payment
4. Authorisation of expenditure delegated to the most appropriate level – ie to the person most able to influence value for money decisions
5. Ensuring that delegated financial authorities are respected.
6. Emphasis of roles as stewards of public funds will form the bedrock for management of HRA finances alongside a cost conscious culture – all budget managers clear what their roles are when they are granted delegated authorisation status

**2. THE SIX TIERS OR LEVELS OF MANAGEMENT**

2.1 Bronze

 Those at Bronze level will be individual budget holders whose responsibility covers a discrete area. For examply they would usually deal with an individual or maximum of three NRES Committees, which form part of a single cost centre. REC Managers would normally operate at this level.

2.2 Bronze plus

 Those at Bronze plus will have similar responsibilities to those at Bronze but require a higher limit to be able to effectively carry out their duties. Regional Managers would normally operate at this level.

2.3 Silver

 Those at Silver level will be responsible for all or part of a function, and may have a number of Bronze plus level budget holders reporting to them.

2.4 Silver plus

 Those at Silver plus level will typically be direct line reports to a Director and be responsible for a significantly larger part of a service area and line management reports than those at Silver level.

2.5 Gold minus

 Those at Gold minus level will typically be Directors and direct line reports to the Chief Executive..

2.6 Gold

 Those at Gold level will be the Chief Executive.

The Chief Executive together with the Director of Finance, will approve all non ICT financial transactions with a value in excess of £100,000 up to £350,000. A limit of £175,000 will be observed for ICT financial transactions. These approval limits are based on current government restrictions and ALB delegations and may be subject to change. Board approval and the agreement of the DH sponsor are required for any transactions above these limits.

These limits do not apply to professional service consultancy expenditure for which there is a freeze on new spend. Any proposed new consultancy spend is subject to DH approval and all cases must be submitted through the Director of Business Support.

In the interests of transparency, the following will be reported on our website.

* All payments over £25k
* Better payment performance information
* Board members and Directors travel expenses

In addition, all payments or contracts agreed over £100,000 will be reported to the Board for information.

2.7 The limits are all excluding VAT, as VAT is reclaimable in some circumstances the use of limits excluding VAT makes for an easier to administer system. All limits below are therefore excluding VAT.

**3. Details of Scheme of Delegation and financial limits**

3.1 Committing Expenditure – purchasing and payments

3.1.1 Raising Non-Pay Requisitions in line with Departmental Efficiency Measures

 Up to available budget

 orders up to £1,000 Bronze

 orders up to £5,000 Bronze plus

 orders up to £10,000 Silver

 orders up to £25,000 Silver plus

 orders upto £50,000 Gold minus

 orders up to £100,000 Gold

 orders over £100,000 upto £350,000 Director of Finance

 Countersigned by Gold

Orders above £350,000 Require Board approval and agreement of DH Sponsor

Over and above available budget Chief

 all orders Executive

 All requisitions must go through the Health Research Authority’s nominated Procurement System and be entered on to the Purchase Order system (POPS) by the nominated procurement facilitator or buying co-ordinator.

3.1.2 Employing Temporary Staff and filling vacant posts in the establishment

Under the Departmental Efficiency Controls, approval is required to recruit to all vacancies. The HRA business case template must be approved by the Executive Management Team and under the Health Research Authority Vacancy Control Policy a Vacancy Control Form must be completed including appropriate affordability sign offs by finance.

3.2 Tendering and Contracts

Invitations to Tender Director of Finance or Director of Business Support subject to the Departmental Efficiency Controls

Admission and Acceptability of Late Tenders Director of Finance or Director of Business Support

Opening Tenders and Quotations see SFI 17.6.3

 All tenders and quotations must be opened or reviewed by at least two members of staff not directly involved in the scheme or project. A process for doing this will be published.

Use of Single Tender actions by agreement with Director of Finance and subject to the Departmental efficiency controls

Up to £25,000 Director of Finance or Chief Executive (total number and value to be reported to next Audit Committee)

over £25,000 and up to £50,000 Chief Executive (to be reported in detail to next Audit Committee)

Signing of Contracts (all contracts to be recorded in the Contracts Register by nominated Buying co-ordinator prior to signature. The Board Secretary and Chief Executive’s Business Manager maintains the contracts register)

Non – recurrent contracts up to £5,000 Budget Manager and Senior

with agreed budget Finance Manager

Up to £50,000 Director of Finance

Up to £100,000 Chief Executive

Over £100,000 To be signed both by Chief Executive and Director of Finance. To also be reported to the Board and Audit Committee at its next meeting for information.

3.3 Management of Budgets Can be Delegated To

3.3.1 Restricting Expenditure to Budgeted Level

 Budget holders are responsible for ensuring that their budgets are only used for the designated purpose and that day to day financial activities of the HRA are carried out within the guidelines of the SFI and SO procedures.

 They are also responsible for ensuring that their named deputy (s) are held accountable for compliance with the locally defined arrangements for committing expenditure.

 Budget holders must therefore ensure that:

1. They read and familiarise themselves with the complete SFI and SO documentation (available on the HRA website, HRA shared drive and intranet)
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. Raise awareness of the contents of these documents to all the staff that support them in their delegated financial responsibilities
4. They are clear about their role as stewards of public funds. A cost conscious culture must form the bedrock for management of HRA finances alongside pursuit of value for money.
5. They and their delegated signatories, sign a declaration and authorized signatory form to confirm their awareness and understanding of their designated responsibilities (see appendix A)

 Training will be offered by finance to all budget managers on an annual basis and a register maintained. A minimum of quarterly budget meetings with a finance lead will also take place at which training can be provided. A register of meetings will be kept. Where budgets are overspent, or there are other areas of concern, the appropriateness of delegation of authority should be reviewed by the line manager and rescinded if the individual concerned is unable to demonstrate their competence to manage a budget. Further training should be given in these cases and the individual delegation restored once competence can be shown.

3.3.2 Virement

 Virement, or the moving of budgets between headings, is permitted in the following circumstances only. A budget virement form must be completed and approved in all cases and submitted for HRA finance approval. Each budget (cost centre) must be split between the following categories of expenditure –

 Pay

 Non-Pay

 Income

 a) Within Pay budgets on an individual cost centre Bronze plus

 b) Within Non-Pay budgets on an individual cost centre Bronze plus

 c) Within Income budgets on an individual cost centre Bronze plus

 d) Between cost centres in a service function

within the same category of costs Gold minus

 e) Between service functions Gold minus

or moving budget between categories (ie from

Pay to Income or Non-Pay etc)

3.4 Setting Fees and Charges

 All levels of fees and charges to be proposed to and agreed by the Director of Finance. All such levels of fees and changes to be reviewed at least annually.

3.5 Losses and Compensation

3.5.1 Power to Authorise Write-Off of Losses and

Special Payments up to Delegated Limit for the Authority

All losses up to £500 should be authorized by the Director of Finance. All losses over £500 but less than £20,000 to be authorised by the Chief Executive with advice from the Director of Finance.

The HRA audit committee will review the schedule of all losses and compensations.

 Special Payments all require approval by the board up to £20,000 (Excluding payments that are novel, contentious, repercussive or special severance payments, which require Department of Health approval). They should also be reviewed by the HRA audit committee.

3.6 Employment

3.6.1 Establishments

Establishments must be matched by, and Director of Finance

limited to, available budget but may be varied countersigned by CE

as budgets change. Permanent staff

recruitment process must be followed

3.6.2 Salaries on Appointment

 Starting salaries Line Manager in consultation with Gold minus officer if salary proposed is above minimum point on scale

In line with the Departmental efficiency controls, any post with a salary in excess of £142,500 will require sign off by the DH Remcom on behalf of the Secretary of State prior to going to advertising. Approval is also required when an employment contract is issued, renewed or an individual earning in excess of £142,500 moves to a new post. All new VSM posts must be evaluated via DH.

3.6.3 Regrading In accordance with Job Evaluation process

3.6.4 Leave (in accordance with policy)

* Approval of leave )
* Approval of carry-over leave within Policy ) Line Manager
* Compassionate and special leave )

3.6.5 Study Leave Line Manager

3.6.6 Removal Expenses

Authorisation of payments, in accordance with

Policy up to current HMRC tax free limit

Providing consideration was promised

at interview Gold, in consultation with HR

3.6.7 Sick Leave

 Management of long term sickness Line Manager

3.6.8 Grievance and Disciplinaries Refer to detailed Policy

3.6.9 Telephones

New or replacements for existing telephone or

Mobiles/iphones/ Silver

3.6.10 Honorary Contracts and Secondment agreements Gold on advice from HR

3.6.11 Travel and other expenses Line Manager

3.7 Business Cases to DH

 All business cases for submission to the DH must be approved by the Chief Executive before being submitted.

 All business cases involving ICT related expenditure over £100k should also be submitted to the Department’s Estates and Information Services who will review and provide advice, priori to submission for financial approval.

3.8 Leases for Equipment and Buildings

 There is a freeze on signing any new property leases or lease extensions unless they are approved by the Chief Secretary to the Treasury.

All other leases must be agreed by the Director of Finance after a review has been undertaken to ascertain whether the lease constitutes a finance or operational lease.

3.9 Unconventional or Novel Transactions

 In the event that a transaction is proposed that is unconventional, novel or otherwise unusual, the advice of the Director of Finance must be sought and whose approval must be obtained before proceeding. Any such payments should also be reported to the audit committee.

3.10 Capital

 £1million to £5million whole life costs require approval from DH sponsor.

# 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 |
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**Reviewers**

| **Name** | **Position** | **Version Reviewed** |
| --- | --- | --- |
| **Finance team, EMT** |  | **V2.0** |
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**Distribution of Approved Version**

| **Name of person or group** | **Position** | **Version Released** |
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|  |  |  |
| Executive ManagementTeam |  |  |
| Intranet/shared drive |  |  |
| All budget managers with 2014/15 budgets |  |  |
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Appendix A

