

# Scheme of Financial Delegation

Approved: October 2016

Next Review: October 2017



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# AUTHORISATION FLOW DIAGRAM

## Trust Board of Directors

As set out in the  
Terms of Reference  
for each Committee

All powers except those  
retained under  
“Matters reserved  
To the Board”

### Trust Board Sub Committees:-

- Audit Committee
- Remuneration Committee
- Quality Assurance
- Nomination Committee
- Finance and Investment Committee

### Chief Executive (as accounting Officer)

Authority and Decisions as set out in  
the “Scheme of Delegation” and  
Accountability Framework” within  
control totals for the period or  
scheme

### Executive Directors, Business Unit Directors and Associate Directors (the budget holder)

Approved authorised signatories per  
scheduled lodged with the Finance  
Department but budget holder retains  
responsibility

### Authorised Signatories

# 1. Introduction

This document sets out the responsibilities and powers of individuals within the Trust and in certain cases those reserved for the Board. Delegation for the majority of decisions is to the Chief Executive and from the Chief Executive to Directors, senior managers department managers etc. The same responsibilities apply across all transactions including, revenue, capital, and charitable unless otherwise stated. A flow diagram is shown on the next page which aims to clarify the decision making process.

This document supports the Trust's Standing Orders and Standing Financial Instructions (SFIs) and is linked to the Accountability Framework, other guidance and procedure notes. It contains decisions which have a direct financial consequence only. Other decisions are dealt with in Policies and Procedures elsewhere.

Any contractor or employee of a contractor who is empowered by the Trust to commit it to expenditure or who is authorised to obtain income shall be covered by the same rules. The authority levels shown are the minimum levels, Executives may choose to retain direct control of the matters identified.

A full set of financial documents, policies and procedures is available on Staffnet.

## 2. Definitions

Any expression used and defined in Standing Financial Instructions will have the same meaning in the Scheme of Delegation unless otherwise stated.

**Authorised Signatory** – a manager, at Band 7 or above (unless otherwise approved by the Director of Finance) with express approval by the budget holder to carry out management functions and transactions on their behalf. A schedule of Authorised signatories must be registered with the Finance Department.

**Board** – means Trust Board of Directors

**Budget** – means a resource, expressed in financial terms, proposed by the Chief Executive for the purpose of carrying out, for a specific period, any or all of the functions of the Trust. A budget can be a revenue budget, a capital budget or a charitable fund

**Budget Holder** – a senior manager usually a BUD (or equivalent) level who has “signed” an Accountability Framework Agreement with the Chief Executive. Budget holders may delegate responsibility to registered authorised signatories but the budget holder retains accountability

**Capital budget** – an approved allocation forming part of the capital programme

**Capital Project or Scheme** – a project or scheme other than a straight forward equipment purchase which is expected to result in a fixed asset

**Charitable Fund** – also means Funds held on trust

**Conflict of Interest** – being in a position which risks, or appears to risk, conflict between the private interests and the NHS duties of a decision maker, budget holder, authorised signatory or any member of staff.

**Control Total** – an agreed net financial sum which may consist of income and expenditure within which a budget holder is required to deliver an agreed set of service objectives

**Cost Centre** – a department, area or section which has its own budget

**Business Unit** – a collection of Service Lines that which can be easily aligned to the organisation management structure

**Disposal Officer** - Senior Technical Services officer for Medical Equipment, Director of Facilities for electrical and mechanical equipment, Director of Pharmacy for Drugs, Director of IT for IT equipment and the Purchasing Manager for furniture

**Duty Director** – the Executive Director on call at the time of an incident

**Duty Manager** – the nominated senior manager at the time of an incident

**Finance and Investment Committee** – a sub committee of the Board to support the delivery of effective financial management.

**Fixed Asset** – land, buildings or equipment costing over £5,000 per item with an expected useful life of more than one year. Refer to Finance staff for a definition of collective assets.

**Hospitality** – expenditure relating to refreshments, entertainment and accommodation (e.g. hotel accommodation) of staff or visitors

**Non pay expenditure** – all expenditure other than pay

**Pay expenditure** – payments to employed or bank staff

**Service Line** – are the units from which the Trust's services are delivered, each with their own focus on particular medical conditions or procedures and their own specialist clinicians. Each unit also has clearly identified resources, including support services, staffing and finances.

**Virement** – an authorised transfer of budget from one budget heading to another, or from one cost centre to another.

### **3. Budgetary Management**

### **SFIs: Section 3**

Budgetary responsibility is delegated from the Chief Executive to designated budget holders consistent with business units individual service lines or cost centres. A budget holder may be responsible for more than one service line, cost centre. If any budget holder is unavailable to approve transactions authority reverts to the budget holder at the next higher level. If the Chief Executive is unavailable the Acting Chief Executive takes responsibility. The same principle applies if the relevant transaction presents a conflict of interest for the budget holder. All conflicting interests of staff must be reported to the Director of Finance for inclusion in the Trust Register of Interests.

The responsibilities for budgetary management are set out in the Accountability Framework unless overridden by delegations set out below. In essence that Accountability Framework gives freedoms and flexibilities to budget holders provided overall budgetary control totals/targets are met. Budget holders may authorise their managers to control certain parts of the budgets on their behalf however, overall responsibility and accountability lies with the budget holder. The budget holder will provide to the finance department

- details of any changes in delegated authority prior to that authority being exercised
- and, annually, a complete list of all current authorised signatories.

No expenditure should be incurred without appropriate budget. Where no budget exists approval must be sought from the Chief Finance Officer. Any budget not required for the designated purpose(s) reverts to the immediate control of the Chief Executive and should not be used for other purposes unless authorised to do so by the Chief Executive or the Chief Financial Officer.

For delegated approvals see Appendix A.

## **4. Pay and Establishment Control**

### **SFIs: Section 10**

The Director of Human Resources & Organisational Development has overall responsibility for the Trust's pay structure, terms and conditions, recruitment of staff and establishment control. Agency and external consultancy staff are included within Non-Pay (section 5). No changes to terms and conditions of employment should be made without the express agreement of the Director of Human Resources & Organisational Development.

Under the Accountability Framework a business case is required for changes in service delivery (including changes in recurrent expenditure) particularly if that change lasts beyond the current financial year.

No director or employee shall make or authorise any payment to a director or employee in a way which avoids proper accounting for tax, national insurance or other statutory deductions.

In all cases of uncertainty the Director of Human Resources & Organisational Development should be consulted in the first instance, but where no budget exists, approval must be sought from the Director of Finance.

For delegated approvals see Appendix A.

## 5. Non Pay – Revenue, Capital and Charitable

## SFI's Sections 9,12

The limits shown below are for the total whole life cost of the contract (whether goods and/or services) including VAT where applicable.

Requisitions must take into account **ALL** elements of the contract / purchase including, but this list is not exhaustive;

- Item i.e. description of good(s) and or service
- Quantity
- Length of contract /Frequency of delivery i.e. one off, weekly, monthly, quarterly, annually, if a standing order or single purchase
- For equipment any associated consumables, maintenance,
- Any associated fees if applicable and payable
- Volume Discounts

These guidelines are designed to support the Trusts' SFIs & meet all legal requirements (including EU directives) and ensure best value for money is obtained, evidence of a completed quotation or tender process must be available if applicable before a requisition is placed unless a waiver has been approved. All orders placed with suppliers on behalf of the Trust should have a valid purchase order, and the Trust's purchasing of goods and supplies process should be followed at all times.

Capital budgets will not be allocated until a service development proposal or business case has been approved. The inclusion of a scheme in the capital programme approved by the Board may be subject to business case approval and does not automatically mean the scheme can commence.

Agreement does not negate the need to complete a procurement exercise i.e. Tendering

The Finance Department will maintain a list of authorised signatories and communicate this to the Purchasing Department weekly to update access to the ordering system

For delegated approvals see Appendix A.

## **6. Good Housekeeping, Governance & Legal Issues**

This section deals with disposals, write offs, special payments, insurance and risk management.

Items obsolete, redundant, damaged beyond cost effective repair will be assessed by the Trust's appropriate Disposal Officer.

Where the disposal of obsolete or out of date stock is to be carried out over a period of time (e.g. as part of a stock management improvement exercise) the total disposed of must be added together when determining the level of authority required.

Where a decision is being made on whether to write off the implication of suspected fraud the Chief Finance Officer must be consulted on whether to involve the Local Counter Fraud Specialist.

For delegated approvals see Appendix A.

## **7. Income, Cash and Investments**

### **SFI's Sections 5 & 6**

This section covers opening and running bank accounts, setting of fees and charges and the investment of funds.

Arrangements for the Opening, Maintenance and Operation of Bank Accounts will be determined by the Chief Financial Officer and agreed with the Trust Board. Any member of staff who is requested to hold a bank account for example by acting as Treasurer for a regional NHS group is required to agree the arrangements as set out in the Treasury Management Policy with the Chief Financial Officer. Failure to do so will mean the member of staff is personally responsible for the funds in that account.

The Chief Financial Officer is responsible for the setting of fees and charges (even if the goods or service provided is to be at cost). All staff must inform the Chief Financial Officer promptly of money due arising from transactions which they deal with.

For delegated approvals see Appendix A.