

Review of Delegated Authorities

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Review of Delegated Authorities

Background

1. The Board approved amended Levels of Delegated Authority at its meeting on 18 September 2013, and these were cascaded and promoted across the HSCIC. As agreed in the Board meeting on 29 August a review of the limits has been carried out in the light of the experience of practically operating the levels. It is intended that the revised delegated authorities will take effect on 1 April 2014.

Lessons learned

2. We set up a working group of Finance, Procurement, Portfolio and representatives of the business to review the last few months, and in particular to identify changes to the policy that will improve the efficiency of the business and reduce unnecessary bureaucracy, whilst ensuring that we maintain or improve financial controls. The key lessons are as follows:
 - a. We need to maintain good controls over investment decisions that have important strategic implications;
 - b. Requiring senior approval of administrative processes increases bureaucracy and often doesn't add significant value because the senior person often does not know or understand the detail needed (eg to validate invoices)— in fact, the NAO have criticised us for having too many hurdles for some approvals because it makes less likely that the junior people in the chain take ownership of the decision;
 - c. For the endorsement of DH expenditure the delegated authorities were specified by the DH, and they confirmed their willingness to revise to ensure the endorsement of administrative processes was owned by individuals with the information to make the judgement; and
 - d. We should improve the definitions and presentation to make it clearer for staff to identify which of the controls applies to them.

Requested amendments to the delegated limits

3. The following therefore sets out the main recommended changes included in the draft amended Levels of Delegated Authority contained in the Annex.

HSCIC controlled operating revenue expenditure

4. Administrative Expenditure has been split into three categories in order to provide differentiated authorisation levels dependent on the stage in the process from Investment Decision to Payment. The categories are:
 - a. Investment Decision – (eg SOC and OBC) levels are unchanged except for the Director of Finance & Corporate Services being able to approve up to £500k rather than £250k. Decisions over £2m require Board approval

- b. Commitment of Resources – (eg FBCs, Contracts, CCNs) given that the request is consistent with the approved business cases, authorisation levels are higher, so requests over £4m require Board approval
 - c. Establish Payment Mechanism – (eg setting up a purchase order) again authorisation levels are higher, when consistent with earlier approvals (eg there is contract in place), with the Director of Finance & Corporate Services being able to approve requests of any value.
5. Agreement of new Memorandums of Understanding and Service Level Agreements for the provision of goods or services, and also for Contract Termination require similar levels of authorisation as for Investment Decisions, so cases over £2m requiring Board approval.

HSCIC controlled capital expenditure

- 6. The Director of Operations & Assurance Services has been given delegated authority to £250k to reflect the planned organisational structure and to give the Director the flexibility to authorise the purchase of equipment at short notice when necessary.
- 7. An additional category for Replacement ICT systems that support administration has been added to allow for the distinction to be made with New systems and the need for a higher level of authorisation for these systems.

DH controlled expenditure

- 8. The authorisation levels for the endorsement of invoices to be paid by the Department of Health have been significantly increased so that Programme Heads / Directors can approve up to £10m, with Head of Programme Finance approval as well. Above this amount would require EMT Director approval.

Implementation

- 9. The revised delegated authorities will be cascaded and promoted across the HSCIC. The effectiveness of the levels will be kept under observation and a further review carried out in mid 2014-15.

Actions Required of the Board

- 10. The Board are requested to approve the amended Levels of Delegated Authority.