

Amendment to Delegated Authorities

Carl Vincent

10 September 2013

Contents

Contents	2
Background	3
Requested further changes to the delegated limits	3
Approving HSCIC controlled expenditure (non-Purchase Order (PO) expenditure)	3
Endorsing DH controlled expenditure	4
Quality assuring future recommendations	4

Delegated Authority Amendments

Background

1. The Board approved Levels of Delegated Authority at the meeting on 29 August 2013, and these were cascaded and promoted across the organisation.
2. Whilst the changes to delegated limits were primarily to give senior staff some justified increase in limits, the process of promoting the document (and putting into a clearer format) led to a better understanding of the limits across the organisation. This has identified some issues that make it very difficult to operationalise the delegated limits as they are currently set.

Requested further changes to the delegated limits

3. The following, therefore, sets out some additional changes to the limits for approving the payment of invoices

Approving HSCIC controlled expenditure (non-Purchase Order (PO) expenditure)

4. The Delegated Authority approved on 29 August requires that all invoices adhere to the following:
 - Invoice without a PO: EMT Directors up to £500k, and the Finance Director above £500k,
 - Invoice with a PO: Cost centre/budget managers up to £500k, and Programme Directors/functional heads above £500k,
5. The rationale for the difference was to drive good behaviour in ensuring that we maximise the use of POs. However, it has become clear that the HSCICs finance system with SBS does not allow individuals to have differentiated approval limits for PO and non PO approvals.
6. Options for off-system approval requirements have been considered, but this would risk providing false comfort because it would mean having controls that are impossible to police and enforce. It would also build in delays, which may inconvenience suppliers.
7. The proposal, therefore, is that the non-PO delegation to the PO delegations are matched, and enforce good practice through monthly reporting and challenge for all high value non-PO payments.

Endorsing DH controlled expenditure

8. The endorsement of all invoices (and release of money from Escrow) above £1m requires CEO approval, but it has become apparent that this would potentially lead to an unmanageable volume of approvals going to the CEO. The HSCIC endorses around £1bn per year of DH expenditure, so in theory this could be as many as 1,000 requests per year, although the current estimate is that it is more like 200-250.
9. The DH have agreed their requirements for endorsing invoices and in their view it does not need CEO endorsement because the approval of invoices is based on a factual assessment of whether the delivery by a supplier meets the conditions of a contract, rather than a judgement about priorities, value for money, etc.
10. The recommendation, therefore, is that EMT Directors are permitted to endorse all invoices for payment as per the DH requirements.
11. Annex A sets out the full scheme of delegated authority, with the proposed revisions highlighted in redline and strikeout.

Quality assuring future recommendations

12. The failure to identify these issues was an oversight in the process of validating the new document before seeking Board approval; a thorough review of the process of quality assuring the recommendations that are put to the Board will be conducted.
13. As agreed in the Board meeting on 29 August the HSCIC will conduct a review of the revised limits in six months, and bring recommendations to the Board in March 2014.