

Southside

HOUSING ASSOCIATION

Delegated Authority Policy

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1. **INTRODUCTION**

Delegated Authority is the financial limits (inclusive of VAT) assigned to individuals within the Association regarding their authority to procure goods and services and to commit to and approve expenditure and income.

Delegated Authority enables the Association to increase effectiveness by:

- ensuring clear lines of accountability and responsibility
- streamlining decision-making
- ensuring staff only commit to activities in line with the overall strategy and goals while maintaining sound financial controls

This policy sets out the delegated authority levels (Appendix 1) for the Association's Director and staff and the responsibilities associated with such authority. The policy aligns with the Association's "*Standing Orders, Appendix 2: Scheme of Delegated Authority*".

1.1. **Scope**

It is the responsibility of all employees to ensure they use their delegated authority responsibly, appropriately, and in line with this policy.

This policy applies to all employees within Southside Housing Association. Any employee found to have breached this policy may be subject to disciplinary action.

1.2. **Accountability & Responsibility**

1.2.1. The Director and Heads of Service, as budget holders, are accountable and responsible for all budgets within their department.

1.2.2. Managers/Team Leaders, as budget holders, are accountable and responsible for all budgets within their area of operation.

1.2.3. All remaining staff who are budget holders are accountable and responsible for all budgets assigned to them.

1.2.4. All remaining staff, who have delegated authority, are accountable and responsible for any approval to which they commit expenditure.

1.2.5. Embedded within budget responsibility is ensuring that all commitments and expenditure is relevant to the intended purpose of the budget, and that spend is within the budget limits.

1.2.6. Compliance with the Delegated Authority Policy is compulsory. Any breach of the policy and related procedures may result in disciplinary action.

1.2.7. This policy will be subject to regular review to reflect any amendments agreed by the Management Committee.

1.3. Definitions

- 1.3.1 **Procurement** – the initial sourcing of goods and/or services following a fair and competitive process.
E.g., contractors schedule of rates, three quotations, formal tender. The expected value of the goods/services will dictate the level of authority required to sign off on the procurement and preferred supplier.
- 1.3.2 **Commitment** – formally committing the Association to the purchase of goods or services by way of a written or verbal agreement or instruction (contract, purchase order, email, online purchase etc.). Such commitments should take place subsequent to procurement.
- 1.3.3 **Expenditure** – the invoicing of goods and services which have been supplied or delivered. Invoices must be authorised to confirm the receipt of the goods or services and the accuracy of the invoice details.

2. BUDGETARY APPROVAL

2.1 Annual Budget

- 2.1.1 Before expenditure may be committed or incurred, an approved budget must be in place.
- 2.1.2 The respective Head of Service must approve all budgets for their department prior to review and sign off by the Senior Management Team.
- 2.1.3 The Management Committee is responsible for the formal approval of the Annual Budget.

2.2 Budget Revisions

- 2.2.1 All Budget holders are responsible for managing their budgets in line with the approved level and in respect of the intended purpose of the budget.
- 2.2.2 Budgets will be monitored against spend in line with the time intervals set out in the Financial Procedures.
- 2.2.3 Following approval of the annual budget, any revisions to budgets will require the following approval:
- Variances up to £25k – Senior Management Team approval.
 - Variances greater than 25k – Management Committee approval.
- 2.2.4 Any new budgets raised during the financial year will require approval as follows:
- Budgets up to £15k – Senior Management Team approval
 - Budgets greater than £15k- Management Committee approval

In each case, all new budgets will be included within the Annual Budget mid-year report to the Management Committee.

2.2.5 Where a budget variation is required outside of the normal review timeframe:

- The Director and Head of Finance will have delegated authority to act on behalf of the Senior Management Team.
- In the case of variations requiring Management Committee approval, the Director and Chairperson will have the delegated authority to act on the Committee's behalf.

Subsequently, the approval must be formally minuted and reported to the next relevant meeting for ratification.

3 CONTRACTUAL ACTIVITIES

3.1 Contracts

3.1.1 Contracts arise under a number of activities, including the following:

- Annual contracts for services and specific works
- Cyclical contracts for services delivered over more than one year
- Development contracts for physical works
- One off contracts for services e.g. consultancy
- Lease Agreements
- Staff contracts

3.1.2 It is essential that the awarding of all contracts be in line with current Procurement rules and legislation. (SHA Procurement Policy and Annual Procurement Strategy).

3.1.3 Expenditure related to a specific contract must not be committed or incurred before the contract is in place.

3.1.4 Any changes to contract value require approval in line with the delegated authority levels detailed in Appendix 1.

3.2 Consultancy

3.2.1 The Director and the Head of Finance, in advance of any verbal or written commitment, must approve all consultancy expenditure.

3.2.2 The Scottish Government's definition at of "consultancy services" is a useful reference point for differentiating consultancy from contractor services. <http://www.gov.scot/Resource/Doc/1265/0005190.pdf>

4 **AUTHORITY TO COMMIT EXPENDITURE**

4.1 Depending on the type of expenditure and area of service, commitments may take the form of a formal purchase order (e.g. repairs orders) or a less formal format, such as a verbal, email or online instruction. In all cases, only expenditure that has an approved budget and been procured in line with policy may be committed.

4.2 Staff with delegated authority may only approve commitments in respect of budgets within their own area.

4.3 Delegated Authority levels for commitments and variations to commitments are set out in Appendix 1.

5 **Authority to Approve Expenditure**

5.1 Expenditure can be approved under different categories such as:

- Purchase invoices
- Staff expenses
- Corporate credit card expenditure
- Petty cash expenses
- Salaries

5.2 Staff with delegated authority may only authorise expenditure in respect of budgets within their own area.

5.3 Delegated Authority levels for authorising expenditure are detailed in Appendix 1.

6. **DEVELOPMENT EXPENDITURE**

6.1 **Project Approval**

6.1.1 Only development expenditure necessary for appraisal purposes, may be incurred before the project approval. Approval of individual development projects will be as follows:

- The purchase of land or buildings for development requires Management Committee approval. Such approval will deem a project approved. The Development & Asset Management Committee (D&AMC) will oversee project progress thereafter.
- All other development projects require approval by the D&AMC at the following key stages; project proposal, cost plan, tender and contract.

7 GOVERNANCE

- 7.1 New staff will only be assigned delegated authority once they have been *in post for three months*.
- 7.2 The Head of Service is responsible for assigning delegated authority to a member of staff in line with the levels of authority set out in Appendix 1.
- 7.3 When on annual leave, it will be the individual's responsibility to temporarily re-assign their delegated authority. The Head of Service must approve this re-assignment.
- 7.4 If a member of staff is on sick leave, their line manager should contact Finance to arrange for the delegated authority to be re-assigned and authorised by their Head of Service.
- 7.5 The Finance team will maintain a list of all specimen signatures.
- 7.6 All documentation required to evidence delegated authority will be set out in the Delegated Authority procedures within the Financial Regulations.