

Policy Directive



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Delegations of Authority - Local Health Districts and Specialty Health Networks

Document Number PD2012_059

Publication date 13-Nov-2012

Functional Sub group Corporate Administration - Governance

Summary Defines the requirements for Local Health Districts and Specialty Health Networks to maintain a Manual of Delegations and supports establishment of effective and efficient delegations.

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Applies to Local Health Districts, Specialty Network Governed Statutory Health Corporations

Audience Executive, boards and administration in Local Health Districts and Specialty Health Networks

Distributed to Public Health System, Ministry of Health

Review date 13-Nov-2017

Policy Manual Not applicable

File No. 10/5165

Status Active

Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

LOCAL HEALTH DISTRICT AND SPECIALTY HEALTH NETWORK DELEGATIONS OF AUTHORITY

PURPOSE

This policy defines the requirement for Local Health Districts and Specialty Health Networks (LHD/SHN) to maintain a Manual of Delegations and is designed to support the establishment of effective and efficient delegations.

MANDATORY REQUIREMENTS

- Under the Accounts and Audit Determination all Public Health Organisations who receive subsidies from consolidated revenue under the Health Services Act are required to maintain a *Manual of Delegations* to record details of delegations of responsibility and authority within the organisation.
- Organisations are required to keep the *Delegations Manual* up to date and ensure that it is readily accessible to inform delegates of their delegation.
- LHD/SHNs are also required to retain records of all delegations approved.
- LHD/SHNs are to ensure delegations are approved and amended in accordance with the mandatory requirements detailed in Section 3 of this Policy Directive.

IMPLEMENTATION

The **LHD/SHN Board** is responsible for:

- Ensuring effective corporate governance frameworks are established for the LHD/SHN;
- Reviewing and approving Delegations and the Delegations Manual;
- Ensuring systems are in place for regular auditing of compliance with delegations;
- Establishing a system to monitor any non-compliance with delegations which might pose a significant risk to the operation, performance and reputation of the organisation.

The **LHD/SHN Chief Executive** is responsible for:

- Developing the specific scope of delegations applicable within their organisation;
- Establishing a process to regularly review and update delegations to ensure they remain appropriate and relevant. This should include a system for staff to submit requests for amendment, with endorsement from key LHD/SHN officers and facility/service general managers;
- Developing and implementing systems to disseminate the *Delegations Manual* and subsequent updates to staff so they can properly exercise their delegations;
- Undertaking regular auditing of compliance with delegations;
- Ensuring that on-line requisitioning systems are consistent with delegations, follow the approved chain of command and include relevant identifying data to enable compliance monitoring;
- Providing delegated officers with training, access to information and tools to enable them to properly exercise their delegated authority;
- Appointing a senior officer to act as a contact point for staff, and to provide advice and assistance on issues arising from the delegations.

Delegates are responsible for:

- Knowing the content and level of their delegations;
- Operating within the limits set out in the delegations;

Delegates must not approve “self related matters” nor re-delegate any authority conferred on them by the Delegations Manual.

REVISION HISTORY

Version	Approved by	Amendment notes
November 2012 (PD2012_059)	Deputy Director-General - Governance, Workforce and Corporate	New policy

ATTACHMENTS

1. Local Health District and Specialty Health Network – Delegations of Authority: Standard

**LOCAL HEALTH DISTRICT AND SPECIALTY HEALTH
NETWORK:
DELEGATIONS OF AUTHORITY**



Issue date: November 2012

PD2012_059

LOCAL HEALTH DISTRICT AND SPECIALTY HEALTH NETWORK: DELEGATIONS OF AUTHORITY



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1 FOREWORD

This document is designed to:

- Set out the principles that Local Health Districts and Specialty Health Networks need to consider when granting delegations;
- Set parameters in relation to how delegations are to be maintained;
- Provide practical guidance on exercise of delegations;
- Highlight issues relevant to specific types of delegations;
- Provide information on the basis and source of delegations.

2 BACKGROUND

Clear, well maintained delegations are a critical corporate governance tool, essential for internal control and management. They enable devolution of decision making to appropriate managers, while enabling the Board to maintain effective oversight of the operations of the organisation.

Under the Accounts and Audit Determination all Public Health Organisations who receive subsidies from consolidated revenue under the Health Services Act are required to maintain a *Manual of Delegations* to record details of delegations of responsibility and authority within the organisation. The *Delegations Manual* is required to be kept up to date and readily accessible to staff so that delegates can maintain up to date knowledge about their delegation. LHDs and SHNs are also required to retain records of the approval of delegations that are exercised over time.

The Manual applies to the internal delegations within the Local Health District/Specialty Health Network of:

- (i) The legal functions and powers of the Local Health District/Specialty Health Network; and
- (ii) The functions, roles and responsibilities separately delegated by the Minister and/or Director General, to the Local Health District as set out in the Combined Delegations Manual, within the scope of any conditions attaching to these delegations.
<http://www.health.nsw.gov.au/policies/manuals/Pages/combined-delegations.aspx>

3 MANDATORY REQUIREMENTS WHEN APPROVING DELEGATIONS

Delegations are a critical tool for good corporate governance, as well as a key mechanism for setting the tone and culture of the organisation. Given this, when determining and developing delegations, regard should be had to the NSW Health CORE values of Collaboration, Openness, Respect and Empowerment, and the following key requirements:

1. Delegations must be lawful and comply with and reflect any restrictions in state or federal legislation, including, for example the Public Authorities (Financial Arrangements) Act, and the Public Finance and Audit Act or the Poisons and Therapeutic Goods Act (i.e. in relation to dispensing of drugs).
2. Delegations must be consistent with Directions or Delegations of the Minister, Director-General, Ministry of Health, NSW Treasury or other Whole-of-Government policy or directive. When making delegations, LHDs should therefore have regard to the requirements and obligations set out in the following:
 - *Accounting Manual for Public Health Organisations;*
 - *Accounts and Audit Determination for Public Health Organisations;*

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- *Fees Procedures Manual for Area Health Services and Public Hospitals;*
 - *Leave Matters Manual for Area Health Services and Public Hospitals;*
 - *Purchasing and Supply Manual for Area Health Services and Public Hospitals;*
 - *Protecting People and Property NSW Health policy and guidelines for security risk management in health facilities - Manual.*
3. Board approval of the organisation's delegations policy is a critical component of effective corporate governance. The Board may also incorporate additional conditions of delegations or a requirement for Board approval where deemed appropriate. Any amending or new delegations should be promptly incorporated into the LHD *Delegations Manual* and officers affected notified of changes.
 4. Decisions on granting delegations should be guided by the following principles:
 - (a) Delegations should focus on the local needs of the LHD/SHN and the hospitals and other services it controls;
 - (b) Delegations should focus on improving and supporting local decision making and accountability at the frontline and hospital level and should be designed to devolve decision making capacity to the frontline, operation level as close to practicable to where patient care is being delivered;
 - (c) In assessing the level and nature of delegations, regard should be had to both the level of operational responsibility of the position and the level of budget being managed. Clinical managers and business unit managers should be granted delegations commensurate with their responsibilities;
 5. The scope of delegations must be clear and unambiguous to support internal auditing and compliance monitoring and to enable the Chief Executive and Board to hold delegated officers accountable. Delegations are to ensure:
 - Appropriate separation of duties and responsibilities to minimize the risk of real, potential or perceived pecuniary interests or conflicts of interest arising;
 - Appropriate authorisations and controls are in place between the organisation and other health entities, where those other entities (eg HealthShare NSW perform activities on behalf of the organisation).
 6. The delegations must be made to a specified position: Delegations are made to an office, not a person. They cannot be transferred or further sub-delegated. Delegations should be incorporated in and/or attached to each Position Description/Statement of Duties. A delegation made to any person holding a specified office may, in the absence of that person, be exercised by a person acting or relieving in that office/position.
 7. Delegated authority is to follow the management line and be functionally and operationally in alignment with it. Where the *Delegations Manual* specifies a delegation to a position or a specific person, the position to which they report is also deemed to have the delegated authority unless otherwise indicated.
 8. Delegations should have regard to the skills base and performance of managers:
 - (a) Managers should be supported by appropriate training in financial management and LHD/SHN processes to facilitate timely approvals where delegation rests with more senior officers;
 - (b) Delegations should be given subject to ongoing satisfactory performance. Structures should be in place to ensure oversight and accountability (eg, ensuring position descriptions identify requisite financial skills required for the position and the need for

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compliance with delegations) including performance management frameworks which provide for financial accountabilities and compliance with delegations and policies.

9. The monetary limits specified are to be the maximum delegated amounts: They do not imply or confer authority to spend more than the organisation's or unit's uncommitted budget allocation for a particular category. The monetary limits specified are the total cost regardless of the number of orders necessary for any purchase. The delegation limit applies to the total purchase, not each individual item. The monetary limits specified must be exclusive of the Goods and Services Tax.
10. Delegations should be categorised for easy identification and referenced consistently with statewide Ministerial and Director General delegations, for example General Fund Expenditure, Special Purpose and Trust Funds, Capital Works and Minor Works Program, Tenders and Contracts, General Financial, Human Resources, Training, Conferences and Travel, Non-Financial, Public Health.
11. Delegations should be regularly audited: the organization should include review of compliance with delegations in their audit program.
12. Delegations should be accessible to staff: The *Delegations Manual* and any amendments as made from time to time should be available in writing, on the LHD/SHN intranet and be readily accessible to staff. The Chief Executive should nominate a senior officer(s) who can assist staff who have questions about their level of delegation and their responsibilities when exercising their authority.
13. Delegations should be subject to ongoing review. Delegations should also be reviewed annually by the Board, or more frequently if needed with any amendments incorporated into the LHD/SHN *Delegations Manual*.
14. A document control system is to be established to facilitate auditing and accountability.
15. The LHD *Delegations Manual* should be re-issued at least every 3 years.

3.1 Responsibility of the Board

The Board has a statutory responsibility to ensure the organisation has in place effective governance frameworks, and proper delegations are a key element to that framework. The Board is responsible for:

1. Approving LHD/SHN Delegations policy and manual, having regard to the principles set out in this Policy Directive;
2. Ensuring systems are in place to promote compliance with the delegations policy and manual;
3. Ensuring systems are in place for regular monitoring and auditing of compliance with the delegations policy;
4. Ensuring a system to monitor any non-compliance with delegations which might pose a significant risk to the operation, performance and reputation of the LHD/SHN;
5. Ensuring systems are in place to regularly review the currency and appropriateness of the delegations policy;
6. Ensuring as Board Members that they comply with delegations pertinent to their role including appointment to Board sub-committees, working groups and the like.

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3.2 Responsibility of the Chief Executive

The Chief Executive is responsible for:

1. Defining the specific scope of delegations applicable within their organisation and ensuring the delegations made are made in accordance with the principles set out in this Policy Directive;
2. Obtaining Board approval to the delegations policy and manual and any material changes to them from time to time;
3. Regularly reviewing and updating delegations to ensure they remain appropriate and relevant to the LHD/SHN. This should include a system for staff to submit requests for amendment, with endorsement from key LHD/SHN officers and facility/service general managers;
4. Developing and implementing systems to disseminate the *Delegations Manual* and subsequent updates to staff so they can properly exercise their delegations;
5. Establishing a system to monitor any non-compliance with delegations which might pose a significant risk to the operation, performance and reputation of the LHD/SHN;
6. Undertaking regular auditing of compliance with delegations;
7. Ensuring that on-line requisitioning systems are consistent with delegations, follow the approved chain of command and include relevant identifying data to enable compliance monitoring;
8. Providing delegated officers with training, access to information and tools to enable them to properly exercise their delegated authority;
9. Appointing a senior officer to act as a contact point for staff, and to provide advice and assistance on issues arising from the delegations.

3.3 Responsibilities of Delegates

1. Delegates are to exercise any powers, authorities, duties and functions delegated to them in a responsible, consistent and cost effective manner;
2. Delegates must act in accordance with any conditions imposed on the relevant delegation and consistently with NSW Government, NSW Health and LHD policies;
3. Delegates are responsible for knowing the content and level of their delegation and for keeping up to date on any changes to the delegations arising from changes in law, NSW Government or NSW Health policy or revisions of delegations or other directions issued by the LHD/SHN;
4. Delegates shall only exercise delegations in relation to their own areas of administrative or operational responsibility and cost centres relevant to their position and will not approve matters for an officer over whom they have no responsibility;
5. Where exercising a non-financial delegation, delegates must verify that the requests are valid and appropriate and ensure diligence when exercising their authority;
6. When approving expenditure a delegate must:-
 - Consider the dollar limit of their delegation for the category of expenditure;
 - Satisfy themselves that funds are available, within existing budget, to meet any expense being approved under delegation;
 - Consider any additional costs that will result from the expenditure, including for example direct recurrent costs, indirect operating costs, life cycle and future

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- replacement costs, and any other associated expenses or matters that would impact on the financial management and performance of the organisation;
- Obtain any necessary additional approvals, eg if expenditure variations outside expected budget are expected to arise, if the expenditure is from, or supplemented by SP&T Funds.
7. When approving expenditure a delegate must not split items/orders to bring them within any limit of their position's delegation and administrative responsibility. The dollar amounts specified in the *Delegations Manual* relates to the total cost of any project regardless of the number of orders necessary;
 8. Delegates should consult LHD/SHN officers with specialty product knowledge (for example, IT officers, biomedical engineering, clinical products advisors, engineers if building works are required) to confirm cost effective procurement which is in accordance with Government practices;
 9. Delegated officers are to sign (or personally authorise through appropriate e-systems) all requisitions, orders, contracts, documents etc with their position title, as that title is set out in the *Delegations Manual*. Where the officer is acting or relieving in a position, they should also indicate their "acting" role;
 10. Delegates may not re-delegate any authority conferred on them by the LHD/SHN *Delegations Manual* to any other officer;
 11. Delegates must not approve "self related matters" or matters that raise potential probity issues in relation to the exercise of the delegation. For example a delegate:-
 - Must not authorise their own expenditure or expenditure reimbursement, certify their own time sheet or authorise their own higher duty allowance, overtime, or annual/long service leave;
 - Must not approve any expenditure in relation to a matter where they have a pecuniary interest, or where there is a real, potential or perceived conflict of interest;
 - Must not write-off stock or dispose of stock to themselves or to others (family, friends, colleagues) where there could be a real, potential or perceived pecuniary interest or conflict of interest;

The authorising person for these and similar matters shall be a more senior officer or another officer as approved in writing by the Chief Executive.

4 INFORMATION THAT SHOULD BE PROVIDED TO DELEGATES

It is critical that delegated officers are properly informed as to the nature of their delegations and the obligations attached to them. To this end, organisations should have systems in place to ensure delegates are notified of their general obligations and responsibilities when exercising delegations as set out in this Policy directive and made aware that:

- It is a delegate's responsibility to remain up to date and informed of the scope and nature of their delegations;
- Delegations are given subject to ongoing satisfactory performance and that compliance with delegations will be subject to regular auditing;
- Delegations and dollar limits may be reduced or withdrawn at any time.

5 OTHER RELATED MATTERS

5.1 When a delegated officer is absent

As delegations are made to a position, not a person, they may be exercised by a person acting in the position.

There should be clear documentation confirming acting arrangements to support the use of delegations and key personnel including staff of the LHD/SHN or HealthShare NSW involved in processing expenditure requests should be advised in writing of such arrangements.

In these cases, the officer using delegations should sign off or authorise using the position title and indicating they are exercising the delegation in an acting capacity.

Where roles, responsibilities and delegations are split during relief periods, the split in roles should be clearly documented and disseminated.

5.2 When the Chief Executive is absent or unavailable

Provision should be made in the Delegations Manual for situations when Chief Executive approval is required but the Chief Executive is not available. In such cases at least two senior officers (for example Director Operations, Director Finance, Director Clinical Governance, Director Nursing and Midwifery) should be authorised to jointly sign and date a document approving the transaction. In this event:

- The two signatories shall be determined by giving consideration to the document to which the common seal is to be affixed and the role and responsibilities of each of the officers;
- One of the two signatories shall inform the Chief Executive as soon as practicable; and shall submit the document approving the transaction to the Chief Executive for its ratification as soon as practicable and no later than 30 days following the date of the transaction.

5.3 Where Board or Chair approval is required

Where delegations require Board or Chair approval, provision should be made in the Delegations Manual to address situations where the Chair is not available or where Board approval may not be able to be obtained in a timely manner (for example by delegating to Chair or Deputy Chair or a Committee of the Board in urgent cases).

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5.4 Affixing of LHD/SHN Seal

The seal of the LHD/ SHN is to be affixed only to documents on behalf of the Local Health District or Specialty Health Network when the Chief Executive signs such documents and the signature and sealing of the document are formally witnessed. The Board should approve the use of the seal for major initiatives consistent with their general functions and a register of the use of the seal should be maintained.

5.5 Bank Account Authorised Signatories

The authority to sign bank account documentation, including cheques, is designated to

- The Chief Executive
- The Director Finance
- The Director Operations

Or equivalent officer.

5.6 Special Purpose and Trust Funds

Under NSW Health Accounting Manual for Public Health Organisations and Accounts and Audit Determination, expenditure from SP & T funds must be budgeted for and expenditure in a given year should align with budget. Expenditure must be in accordance with the intent of each fund or donation.

1. Expenditure from Public Contributions Trust Funds

Expenditure from the Public Contributions Trust Funds must be applied in accordance with paragraph 4.25 of the NSW Health's Accounts and Audit Determination, as follows:

- a) The acquisition and improvement of land;
- b) The construction of or additions to or renovations of buildings;
- c) The purchase of plant and equipment; and
- d) Any other health related purpose approved by the Director-General.

The prior written approval of the Ministry of Health is required before incurring expenditure on the purchase of land or buildings or the erection of new buildings or the extension of buildings.

2. Expenditure from SP&T Funds

- a) The assets of the SP&T Fund shall be applied only in accordance with the purposes for which they have been received and in accordance with the Trust conditions attached to them;
- b) Expenditure can only be made if monies are available in the Fund for the purpose;
- c) Expenditure is subject to approval by Trustee(s) of the Fund prior to referral to the authorised delegates;
- d) Expenditures authorised by all categories within the LHD/SHN delegation manual must be reflected in the Schedule of Receipts and Payments for SP&T Funds, submitted to the Organisation's Finance and Performance Committee on a monthly basis.

3. Expenditure from Medical Specialist Private Practice Trust Funds

- a) The assets of the Medical Specialist Private Practice Trust Funds (No. 2 Accounts) shall be applied only in accordance with the purpose for which they have been received and the Trust conditions attached to them;

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- b) All expenditure is to be approved in advance by the District/Facilities' Staff Specialists Trust Fund Management Committee and recorded in minutes to be referred to the Chief Executive, subject to any urgent expenditure requests, which can be approved at an extraordinary meeting by a majority of members and be submitted to the next full committee meeting for endorsement;
- c) Expenditure authorised within delegation will be reflected appropriately in financial records.

6 SOURCE OF DELEGATION POWER AND LHD/SHN OBLIGATIONS

1. Delegations

Delegations by the Minister and Director General: The Minister and Director General have wide powers of delegation under section 21 of the Health Administration Act 1982 to delegate any function given to them under any health or other Act. Using this power of delegation, an extensive range of powers, functions and decision making is delegated to public health organisations, including Local Health Districts and Specialty Health Networks.

Ministerial and Director General delegations may be subject to Whole-of-Government or whole of system conditions or restrictions, but do not generally go beyond the top tier of each organisation. Further delegation within the LHD/SHN is a matter for the organisation. Delegations of these functions within the LHD/SHN will be subject to any conditions imposed by the Ministerial/Director General delegation.

Local Health District/Specialty Health Network Delegations: The LHD/SHN also has powers to delegate its functions under section 40 (for LHDs) and section 61 (for SHNs) of the Health Services Act. The extent of the delegation power is generally wide but has some limitations. For example the LHD/SHN cannot delegate the power to make by-laws, the power to close a hospital or health service, or the power of delegation itself. The Delegations Manual is promulgated by the Chief Executive, being responsible for control and management of the Local Health District/SHNs, once it has been approved by the Board. The Chief Executive may withdraw delegations from individual staff or categories of staff at any time where he/she considers it necessary for proper management of the LHD/SHN. The Chief Executive should advise the Board, within an appropriate time-frame, of withdrawal of Delegations and the circumstances whereby that has been considered necessary.

2. Requirement for a Delegations Manual

It is a condition of subsidy imposed under section 127(4) of the Health Services Act 1997 that every health organisation that receives a subsidy under section 127 must comply with the requirements set out in the NSW Health Accounts and Audit Determination

(see http://www.health.nsw.gov.au/resources/policies/manuals/aad_pdf.asp).

The Accounts and Audit Determination states:

- At 7.11: *A public health organisation shall maintain a Manual of Delegations to record details of delegation of responsibility and authority. All delegation approvals provided by Chief Executives.... are to be retained on file; and*
- At 7.12: *The Chief Executive of a public health organisation shall ensure that the Manual of Delegations is kept up to date and that each delegate is adequately informed of the respective delegation.*

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7 ATTACHMENT 1: Implementation checklist

Assessed by:		Date of Assessment:		
IMPLEMENTATION REQUIREMENTS	Not commenced	Partial compliance	Full compliance	
1. Delegation Manual of the LHD/SHN has been developed in accordance with this policy with the concurrence of the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			
2. Delegated officers are informed of their responsibilities and training is provided.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			
3. Amendments to delegations are documented and retained in the LHD/SHN records management system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			
4. Delegations are readily accessible to staff and a process exists for communicating changes to the delegations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			
5. Systems are in place to monitor non-compliance with delegations and regular auditing is undertaken.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			
6. Delegations are reviewed at least annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<u>Notes:</u>			