

Parliamentary and Health Service Ombudsman

Scheme of Financial Delegation

Approved by PHSO Board December 2021

Updated November 2021

Next scheduled review:

October 2023

Document control and change history

(a)	Date Reviewed (b)	Reviewer (c)	Amendments (d)	Comments (e)	Date of next review (f)
1.	August 2019	Director of Resources	<ul style="list-style-type: none"> - Delegate approval of minor changes to the document to the Chief Executive - Review at least every two years by Board - Delegation to Operations ADs for special payments up to £500 - 		
2.	28 th August 2019	Executive Team	<ul style="list-style-type: none"> - None 		
3.	September 2021	Director of Resources	<ul style="list-style-type: none"> - Update to job titles - Updated hyper links - Update to sign off arrangements for payroll - Changes to Contract and Purchasing authorisation limits - Amendment to authorisation limits for posts - Compensation Payments made consistent with Finance Code and that they are to be reported to ARAC at the end of the Financial Year - Responsibility for AME and all Banking delegated to Director of Resources - Amendment to the Banking Mandate - Other minor changes 		

CLASSIFICATION

Contents

1. Introduction	4
2. Procurement	4
2.1. Contracts	4
2.2. Purchasing	5
3. Establishment Control	5
3.1. Posts	6
3.2. Recruitment	6
3.3. Overtime	6
4. Virements	6
5. Government Procurement Cards (GPC)	7
6. Expenses	7
7. Losses and Special Payments	8
8. Budget Management	8
9. Capital	9
10. Annually Managed Expenditure (AME)	9
11. Main Estimates and Supplementary Estimates	9
12. Annual Report & Accounts	10
13. BACS, Faster Payments, Direct Debits and Standing Orders	11
14. Cash Drawdown	11
15. Financing	11
16. Controls / Processes	12
17. Redundancy / termination	12
18. Bonuses	12
19. Bank accounts	13
20. Insurance	13
Annex 1: Procurement Matrix	14
Annex 2: Mandate Template	16

1. Introduction

The Scheme of Financial Delegation (SoFD) is a subsidiary document to the Corporate Governance Framework. The Corporate Governance Framework is maintained by the Governance team and references the SoFD. In the event of any conflict, the Corporate Governance Framework will take precedence. All financial delegation limits are managed through this document and manager's individual mandates (Annex 2).

The SoFD will be reviewed at least every two years from the date on which the previous version has been approved by the Board. Authority is delegated to the Chief Executive to make minor amendments to the SoFD, for example reference to job titles etc and other minor changes to text that do not change the underlying intention of the Scheme.

2. Procurement

All procurement must comply with the requirements of the Procurement Code. Managers are assigned limits for the ordering of goods or service based on their grade as listed in Annex 1.

All procurement must be made to cost centres within the authority of the purchasing manager and for the purposes of PHSO as defined by legislation and Parliamentary ambit. The below limits apply to both Revenue (resource) and Capital expenditure.

The following subsections distinguish between the placement of contracts and the raising of requisitions. Contracts may extend across more than one financial year and will frequently involve many deliverables ordered through the requisition process.

2.1. Contracts

Contracts for goods and services may commit PHSO to significant expense over a period of time. These will frequently be authorised through a business case but may also be authorised by the PHSO Board through the annual budget setting process. Where a contract is extended or re-competed on similar terms to those already in place it is not necessary to produce a new business case. The authorisation limits for the total contract value are as set out below:

CLASSIFICATION

Limit	Authorised by
Up to £50,000	Assistant Director
Up to £100,000	Assistant Director ICT and Accommodation for ICT and Accommodation related contracts only
Up to £200,000	Director
Up to £350,000	Chief Operating Officer
Up to £500,000	Chief Executive Officer
Above £500,000	Board

2.2. Purchasing

Requisitions must be raised for the delivery of all goods and services through the iPOS system. The requisition will be routed for authorisation by the system and when authorised, a purchase order will be raised by the finance department.

Requisitions may be for 'one-off' or 'call off' orders, in the latter instance these relate to goods or services delivered over a period of time of up to one year. Call off orders should not be placed for more than one year.

Requisitions under £5,000 do not require managerial approval but can be made by staff authorised by their managers to requisition goods and services on their behalf. All expenditure above £5,000 requires managerial approval as set out below:

Limit	Authorised by
Up to £5,000	Delegated from Assistant Director
Up to £50,000	Assistant Director
Up to £100,000	Assistant Director ICT and Accommodation
Up to £200,000	Chief Operating Officer and Directors
Above £200,000*	Chief Executive Officer

**No upper limit is placed on Chief Executive's approval of requisitions. However, it should be noted that all major purchases will be subject to contracts which will have been authorised at the levels detailed in section 2.1*

3. Establishment Control

Around 80% of PHSO's expenditure is salary related and effective management of the staffing establishment is critical to financial management. Two aspects of the establishment processes require approval: the creation, deletion or amendment of posts and recruitment to vacant posts.

CLASSIFICATION

3.1. Posts

The creation of a new post is a significant commitment of expenditure which may persist over many years. The approval limits are:

Change	Authorised by
Amendment to one post	Assistant Director
Amendments to more than one post	Director

Post amendments may relate to the creation or deletion of a post, or changes to one post that are expected to impact on the grade, the number of contracted hours (full or part time) or other changes that have cost implications. A change may also involve the transfer of responsibilities across posts that may result in cost changes.

3.2. Recruitment

Recruitment to vacant posts may be approved by Assistant Directors and above. When approving a post, consideration must be given to any predicted overspends within the Directorate or in PHSO's overall budget. A predicted overspend will not preclude the approval to recruit, but unless alternative plans are in place to address the overspend, consideration should be given to deferring the recruitment.

3.3. Overtime

The use of overtime may be agreed by an Assistant Director or above within their budget. All overtime claims must be authorised by the claimant's line manager.

4. Virements

The allocation of budgets reflects the resourcing priorities determined annually by the PHSO Board. Managers may vary these allocations through the virement of budgets to ensure the priorities are delivered in the most efficient and effective way. Virements must not be made to subvert the priorities determined by the Board.

Virements between resource (revenue) budgets wholly within the authority of a budget manager may be requested without additional approval, except the virement of non-pay budget to pay.

Transfers between budget managers may be requested only with the approval of both budget managers. Transfers across Directorates also require the approval of the Director of Resources.

CLASSIFICATION

Where a virement may create future year's commitments, for instance the transfer of non-pay to pay, the virement requires the authority of the Director of Resources.

Virements may not be made from Revenue (resource) to Capital (or vice versa) and may not be made from budgets which are predicted to overspend.

5. Government Procurement Cards (GPC)

Government Procurement Cards (GPC) are an efficient method of purchasing low value goods and services and for ad hoc purchases (where a contract is not in place) and are the preferred method for purchasing.

Two forms of GPC cards are available for PHSO staff:

- a) For administrative staff involved in the purchasing process.
- b) For senior officers with frequent need for travel, subsistence and accommodation expenses.

Each GPC will be set with a maximum transaction limit of £1,000 and a monthly limit of £5,000.

The issue of new GPC cards must be approved by either the Senior Financial Accountant or Director of Resources.

It is the responsibility of the cardholder to ensure that receipts are retained for all transactions and that these are provided to the Finance team monthly by the due date.

GPC cards should not be used for frequent repeat purchases with the same supplier; in such cases the service should be tendered, and a contract put in place.

6. Expenses

All expenses claimed must be incurred on PHSO business and be additional to the normal costs incurred by staff in working from their normal place of business on their usual duties. Further explanation of legitimate expenses is contained in the Travel and Subsistence policy. However, staff should seek prior approval from the cost centre manager before incurring or booking travel.

Expenses of up to £250 may be self-approved by the member of staff incurring the expense. All staff are required to retain copies of all receipts in relation to expenses and retain these as supporting information to claims. All expense claims above this amount require the authorisation of the claimant's line manager. Irrespective of the amount of the claim, it is the responsibility of the claimant to ensure that any and all expenditure is properly incurred.

CLASSIFICATION

Limit	Authorised by
Up to £250	Claimant
Above £250	Line Manager

A sample of expense claims will be checked by the Finance department each month to ensure compliance with the policy.

7. Losses and Special Payments

Losses and special payments are reported annually through the Parliamentary Accountability report. As exceptional items these require appropriately senior authorisation. As a Parliamentary (non-governmental) body, HM Treasury approval is not required for special payments, however HM Treasury should be consulted on any special payments to ensure there are no unforeseen implications.

There are three forms of losses and special payments which can be anticipated and for which the delegations are:

Change	Authorised by
Write Off of Income/expenditure	Chief Executive
Compensation Payments: <ul style="list-style-type: none">- up to £500- over £500	Assistant Directors in Operations Director of Operations/Ombudsman
Settlement of Legal Claims	Chief Executive

The number and total value of losses and special payments will be reported to ARAC at the end of the financial year. Any payments over £10,000 will be reported on individually to provide ARAC with information on the reason for the payment.

8. Budget Management

All expenditure and income will be allocated to costs centres under a budget manager, with responsibility for the monitoring and management of all payments and receipts recorded on that cost centre. The budget manager is responsible for both expenditure and income incurred during the current financial year and for consideration of future expenditure and income requirements. Budget managers will be Assistant Directors or above and will annually receive a budget mandate outlining their budget and other financial responsibilities. A mandate template is included at Annex 2.

9. Capital

The Capital Departmental Expenditure Limit (CDEL) control total is agreed as part of the Spending Review (SR) process and modified by the Main and Supplementary Estimate Process. Annually the Board will agree a capital programme allocating all or some of the CDEL total to specific schemes. Any unallocated CDEL may be allocated to existing or new schemes and the budget holder for approval purposes is the Chief Operating Officer.

The Capital and Fixed Assets Policy provides information on what expenditure can be capitalised.

10. Annually Managed Expenditure (AME)

Annually Managed Expenditure (AME) relates to the creation, use and write down of provisions. AME is subject to Parliamentary control totals (Resource AME & Capital AME) equivalent to Resource DEL and Capital DEL.

All planned changes to provisions require the approval of the Director of Resources.

Change	Authorised by
Create a provision	Director of Resources
Utilise a provision	Director of Resources
Write down a provision	Director of Resources

All changes to provisions impact on the AME control totals. The submission of the control totals in the Main and Supplementary Estimates are detailed in section 11 below.

11. Main Estimates and Supplementary Estimates

The Main and Supplementary Estimates processes determine the annual limits on funding available to PHSO to undertake its services; the 'Control Totals'. The control totals for RDEL and CDEL are set in the Spending Review submission and may be amended through the estimates processes.

HM Treasury require the estimates submission to be authorised by the Accounting Officer who is the Ombudsman and as such no delegation is possible. Following submission of the estimates HMT will respond to state the amounts to be submitted for Parliamentary approval and will seek confirmation that these match the

CLASSIFICATION

submission of the Accounting Officer, this confirmation requires the authorisation of the Chief Operating Officer.

Stage	Authorised by
Submission	Accounting Officer (Ombudsman)
Confirmation	Chief Operating Officer

12. Annual Report & Accounts

The annual report and accounts are prepared and published by a multi-disciplinary project team for presentation to Parliament. Elements of the annual report and accounts are required to be signed by the Accounting Officer which may not be delegated. The finalised document is certified by the Auditor and Comptroller General (A&CG) of the National Audit Office (NAO) and must be laid before Parliament prior to publication.

The document requires input from a number of departments who are responsible for the content of their sections and ensuring consistency of information across all sections.

Section	Authorised by
Performance report*	Director of External Affairs, Strategy and Communications
Accountability report**	Chief of Staff
- Governance statement	Chief of Staff
- Remuneration report	Assistant Director of HR
- Staff report	Assistant Director of HR
- Sustainability report	Director of Resources
- Parliamentary accountability and audit report	Senior Financial Accountant
Financial statements	Senior Financial Accountant
Report completion	Accounting Officer

* Subsections of the performance report may be delegated further.

** The accountability report includes major subsections which are delegated as above.

The process for authorisation includes review of the accounts and NAO audit completion report by the Audit and Risk Assurance Committee (ARAC) who will recommend signature to the Board. The signed version will be submitted to the

CLASSIFICATION

A&CG for certification. Any minor or typographical changes prior to certification may be approved by a Director, Chief Operating Officer or Chief Executive.

13. BACS, Faster Payments, Direct Debits and Standing Orders

All payments to suppliers, external professional advisors and staff expenses must be made by the finance department and authorised by the Senior Financial Accountant, Finance Business Partner or Director of Resources

Salaries and associated payments to HMRC, MyCSP and other payroll deductions are made by the payroll supplier. All such payments must be authorised by the Senior Financial Accountant, Finance Business Partner or Director of Resources.

Process	Authorised by
Payment of suppliers & other expenditure (via BACS or bank payment)	Senior Financial Accountant, Finance Business Partner, Director of Resources
Payment of salaries	Senior Financial Accountant, Finance Business Partner or Director of Resources
Payment of salary deductions	Senior Financial Accountant, Finance Business Partner, Director of Resources

14. Cash Drawdown

Subject to the Net Cash Requirement (NCR) control total limit set in the estimates process, cash is drawn down monthly to meet PHSO net expenditure needs. Additional amounts may be drawn with 24 hours' notice to HMT during the month to address any unpredicted cash requirements. An emergency procedure also exists to avoid an overdrawn balance situation allowing cash to be drawn during the day it is required. The authorisation limits are as below:

Stage	Authorised by
Monthly or 24 hours' notice	Senior Financial Accountant
Emergency*	Finance Business Partner

** The circumstances leading to an emergency drawdown will be reported to the Audit and Risk Assurance Committee.*

15. Financing

Financing arrangements (loans or other credit agreements) are tightly controlled by HM Treasury and are not generally available to PHSO.

CLASSIFICATION

No financing arrangements should be entered into without the approval of the Executive Team with advice from HM Treasury.

16. Controls / Processes

All financial processes and their associated controls are documented in the finance manual and finance code. Any changes to those controls require the authorisation of the Director of Resources and will be reported to the Audit and Risk Assurance Committee.

17. Redundancy / termination

Decisions in respect of the termination of employment or redundancy costing more than £50,000 up to the level prescribed by HM Treasury (currently at £95,000) are to be authorised by the Chief Executive. Decisions in respect of redundancy costing up to £50,000 require authorisation from the Chief Operating Officer

Limit	Authorised by
Up to £50,000	Chief Operating Officer
Above £50,000	Chief Executive

Decisions in relation to settlement agreements are to be authorised by the Chief Executive. In the absence of the Chief Executive, approval is delegated to the Chief Operating Officer.

18. Bonuses

Bonuses include annual Performance Related Pay and ad hoc rewards for particular pieces of work. Eligibility for PRP is restricted to Directors, the Chief Operating Officer and the Chief Executive.

Minor ad hoc bonuses may be awarded to staff from time to time subject to the annual limit imposed by HMRC [2021/22 £50] on the authorisation of an Assistant Director or above. It is the responsibility of the Assistant Director making the award to ensure that the HMRC limit is not breached. It should be noted that bonuses include cash, vouchers and physical gifts.

19. Bank accounts

All bank accounts are administered by the Finance Department. Bank accounts may only be opened or closed on the authority of the Director of Resources. The bank mandate will consist of the following:

- Chief Operating Officer (A signatory)
- Director of Resources (A signatory)
- Senior Financial Accountant (B signatory)
- Finance Business Partner (B signatory)

An A and B signatory are required to amend the bank mandate.

20. Insurance

The Assistant Director of ICT and Accommodation has responsibility for all insurances ensuring the adequacy of the sums insured and that value for money is achieved in the placement of policies.

No insurance policies may be taken out without the express agreement of the Assistant Director of ICT and Accommodation.

Annex 1: Procurement Matrix

Annex 2: Mandate Template

CLASSIFICATION

Annex 1: Procurement Matrix

PROCUREMENT MATRIX									
Post holder	Department	Unlimited	£500,000	£350,000	£200,000	£100,000	£50,000	GPC Card	BACS/Bank payment Approval
Board		X							
Ombudsman		X						X	
Chief Executive			X						
Chief of Staff	Executive Office						X	X	
Chief Operating Officer	Corporate Services			X					X
Director of Resources	Corporate Services				X				X
Executive Assistant	Corporate Services							X	
Senior Financial Accountant	Finance and Procurement						X		X
Finance Business Partner	Finance and Procurement								X
Assistant Director ICT and Accommodation	ICT and Accommodation					X		X	
IT Service Manager	ICT and Accommodation							X	
Assistant Facilities Manager Manchester	Facilities							X	
Facilities Analyst Manchester	Facilities							X	

CLASSIFICATION

PROCUREMENT MATRIX									
Post holder	Department	Unlimited	£500,000	£350,000	£200,000	£100,000	£50,000	GPC Card	BACS/Bank payment Approval
Assistant Facilities Manager London	Facilities							X	
Assistant Director of HR	HR						X		
Senior Manager Organisational Development	HR							X	
Senior HR Business Partner	HR							X	
AD Business Management	Business Management						X		
Director of Legal, Quality and Clinical	Legal, Quality and Clinical				X				
AD Quality and Improvement	Legal, Quality and Clinical						X		
Senior Lawyer	Legal Services						X		
AD Information Assurance	Information Assurance						X		
Director of External Affairs, Strategy and Communications	External Affairs, Strategy and Communications				X				
AD Strategy and Partnerships	External Affairs, Strategy and Communications						X		
AD Insight and Public Affairs	External Affairs, Strategy and Communications						X		
AD Communications	Communications						X	X	

CLASSIFICATION

PROCUREMENT MATRIX									
Post holder	Department	Unlimited	£500,000	£350,000	£200,000	£100,000	£50,000	GPC Card	BACS/Bank payment Approval
Senior Internal Communications Manager	Communications							X	
AD Casework (4 posts)	Operations						X		

Only roles named in this Matrix have delegated authority.

**No upper limit is placed on Chief Executive Officer approval of requisitions however it should be noted that all major purchases will be subject to contracts which will have been authorised at the levels detailed in section 2.1*

Annex 2: Mandate Template

DELEGATION OF AUTHORITY

To:

This mandate formally evidences my appointment of you as a Budget Holder and evidences the delegation of my authority and responsibilities in respect of the following:

Financial Management

As Budget Holder for [.....], your responsibilities in respect of expenditure committed under this delegation mandate will be:

- To ensure that no one commits or incurs expenditure that is not within budget or for purposes other than the funds were allocated.
- Responsible for monitoring your budget, supported by the Finance Team. Any significant variances from budget or financial risks are to be reported to the Board via the Director of Resources.
- To provide relevant information to the Director of Resources for example assumptions on spending, reasons for variances from budget.

As Budget Holder, you are responsible for overall spend within your budget, but you may delegate your responsibilities and authority, subject to appropriate limits which manage risk and financial probity. All delegations must be agreed by the Director of Resources. For the financial year xx/xx, the budgets as at 1 April for which you are responsible are:

Budget Type	£000
Resources	
Capital	

Financial Authority

Subject to the restrictions for both resources and capital budgets identified overleaf, I am delegating to you authority to commit expenditure from the following cost centre(s):

Code

Description

Your delegated authority extends to any subsidiary budgets that may be allocated from the budgets specified above.

CLASSIFICATION

In discharging this delegated authority, you will have regard to:

- The regularity and propriety of all expenditure incurred
- The need to ensure prudent and economical administration,
- The need to ensure that value for money is achieved in all purchases
- The requirements of PHSO's Procurement Code and purchasing arrangements
- The Scheme of Financial Delegation, Finance Code and financial procedures
- PHSO's policy for minimising the risk of fraud and for dealing with any instances of fraud
- The system of internal control which is designed to respond to and manage the whole range of risks that PHSO faces

Virements are transfers of funds from one budget to another. Your delegated authority includes the authority to vire funds. This includes the authority to transfer between pay and non-pay budgets (subject to approval of the Director of Resources or Chief Operating Officer).

Restrictions to Delegated Financial Authority

Your delegated authority excludes the following:

- Authority to vire funds to or from capital budgets
- Commitment of capital expenditure for which there is no specific allocation for the above cost centres

Signature of the Chief
Executive

.....

Full Name

Amanda Amroliwala

.....

Date

.....

Signature of Budget Holder*

--

Full Name

.....

Date

.....

* *This should be the officer's normal signature as it will be used as a specimen for payment verification purposes.*