 <p>BAY OF PLENTY DISTRICT HEALTH BOARD HAUORA A TOI</p>	<p>Policy No.: 3.1.1 Version No.: 3 Category: C Issue Date: Jan 2008 Reviewed: Jan 2008</p>	<p>Review Date: Jan 2011 File Name: 3.1.1 Delegations V3</p>
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DELEGATIONS

POLICY

It is the Board's policy to delegate to Management those powers that are necessary to ensure:

1. The Bay of Plenty District Health Board will be managed effectively and efficiently.
2. The Board is able to meet its statutory and other obligations.
3. The Board is able to function in a transparent and accountable manner.
4. The Board meets all planning objectives.

PURPOSE

- The Board is required by section 26 and schedule 3, clause 39 of the Public Health and Disabilities Act 2000 to establish and maintain a delegation policy.
- The purpose of the policy is not to impose restrictive control but to ensure responsibility and accountability.
- The Board also wishes to ensure management is able to operate the business without unnecessary delays and enables them to carry out the day-to-day running of the business.

DEFINITIONS

Act	The New Zealand Public Health and Disability Act 2000 including amendments and regulations that may be in force from time-to-time.
Advisory Committees	Committees appointed by the Board created in accordance with sections 34-36 of the Act or clause 38 of Schedule 3 of the Act.
Asset	An item of property, plant or equipment is considered an asset if it is more than \$500 in value (either purchase price or purchase price equivalent) and is expected to last more than one year.
Annual Plan(s)	The Annual Plan for the current financial year of Bay of Plenty District Health Board approved by the Minister of Health and includes the associated management plans, operational plans and annual budgets.
Board	Board of the Bay of Plenty District Health Board.

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Capital Disposal	The sale, disposal or write off of any asset.
Capital Expenditure	The purchase or lease of any asset.
Chair	The person holding the position of Chair of the Bay of Plenty District Health Board, or in his or her absence the Deputy Chair of the Bay of Plenty District Health Board.
Chief Executive Officer (CEO)	A person appointed by the Board in this role (including a person who may be appointed in an acting capacity).
Chief Financial Officer (CFO)	A person appointed by the CEO in this role (or equivalent role).
Committee Chair	Chair, or deputy chair acting in the chairs absence, of an Advisory Committee.
Financial year	The accounting year between 1 July and 30 June the following year.
Minister	The Minister of Health or associates as applicable.
Non-standard Payroll Transactions	These are payments to employees or former employees that are not made up of normal payment for time worked or various types of leave at normal rates, or reimbursements of minor expenditure. Non-standard Payroll Transactions include, but are not limited to, gratuity payments or termination payments. Advice should be sought from HR.
Operating Expenditure	Expenditure related to the day-to-day operations of the organisation excluding the purchase or lease of assets or employee payments. It includes all expenditure on goods and services.
Public Interest	An issue of significant (important, noticeable) interest to the public or a substantial section of the public
Purchase Price Equivalent	For a leased asset the purchase price equivalent is the higher of the price the asset could be purchased for if not leased or the total of the lease payments.
Statutory Powers	Powers and responsibilities imposed by legislation or regulation on the Bay of Plenty District Health Board that the Board wishes to delegate.
Unscheduled Expenditure	This is expenditure not included in the Annual Plan or the associated budgets.

EXCLUSIONS

There are no exclusions to this policy.

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STANDARDS TO BE MET

1. General

All delegations must be executed in accordance with Annual Plan(s), approved by the Board, including capital purchases and asset disposals. It is noted that the Annual Plan(s) are considered a contract between the Board and the Minister of Health.

The objectives of a District Health Board (“DHB”) are set out in section 22 of the NZPHD Act.

The functions of a DHB are set out in section 23, the role of a DHB in section 26, and the duties of Board members in section 27.

Every delegation of the Board of any of the functions, duties or powers of the Board, or of the Bay of Plenty DHB, must be in writing.

Clause 39 of Schedule 3 of the Act provides that the only persons or entity to whom the Board’s, or the Bay of Plenty DHB’s, functions, duties or powers may be delegated are:

- Any Committee of the Board established pursuant to clause 38 of Schedule 3 of the NZPHD Act;
- Any member of the Board.
- Any employee of Bay of Plenty DHB;
- Any other person or class of persons approved by the Minister for the purpose.


The delegation of a function, duty, or power is revocable at will and does not prevent the Board from performing the function or duty, or exercising the power. A delegation may be to any named person or to any member of a specified class of persons; and, if made to a specified class of persons is, unless it provides otherwise, to each member of the class for the time being, even though the membership of the class has changed since the delegation was made.

It is stressed that with the delegation of authority there is a delegation of accountability, and a requirement to act in a responsible manner.

All delegations will comply with the Office of the Auditor-General’s guidelines for sensitive expenditure.

This delegations policy replaces all previous delegation policies of the Bay of Plenty DHB, including the policy originally approved by the Minister of Health in July 2002.

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2. Powers, functions and duties reserved for Minister

The NZPHD Act, the Public Finance Act 1989, the Crown Entities Act 2004 and government policy require approval by the Minister for the following transactions:


- Sale of land and buildings.
- Finance and operating leases exceeding \$0.5 million or 10% of total assets.
- Borrowing or financing transactions.
- Co-operative arrangements that are subject to section 24(2) of the NZPHD Act.
- Purchasing and holding of shares or securities.
- Creating or settling trusts.

3. Powers, functions and duties reserved for Board

The Board retains all of its statutory powers, functions and duties not specifically delegated to any of the persons or entities listed in 1.0. Without limitation, the Board will exercise its authority in respect of:

1. Revenue and funding contracts that exceed the delegated authority of the Chief Executive Officer (CEO) and any contract that relates to an issue of public interest;
2. Capital expenditure that exceeds the delegated authority of the CEO;
3. Expenditure for maintenance that exceeds the delegated authority of the CEO;
4. Financial delegations that exceed the delegated authority of the CEO;
5. Property matters subject to any conditions in respect of the Board's approval.
6. Entering into service agreements that exceed the delegated authority of the CEO;
7. Entering into any building or land lease, licence or tenancy agreement and any variation, termination or assignment that requires Ministerial approval;
8. Entering into financial commitments in relation to the provision of goods or services that exceed the delegated authority of the CEO;
9. Initiating or defending litigation or giving approval of litigation;
10. Signing licensing applications;
11. Making decisions on management matters not delegated to the CEO;
12. Making decisions in respect of the power to borrow or raise finance.

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4. Delegations to Chief Executive Officer

In accordance with section 26(3) of the Act, the Board must delegate to the Chief Executive Officer of the Bay of Plenty DHB, under clause 39 of Schedule 3, the power to make decisions on management matters relating to the Bay of Plenty DHB, but any such delegation may be made on such terms and conditions as the Board thinks fit, (which must be set out in the actual delegation).

The delegation may include without limitation the following areas of responsibility:

1. Human resources;
2. Revenue and funding contracts up to the financial limitation delegated;
3. Capital expenditure or disposal up to the financial limitation delegated;
4. Expenditure for major maintenance up to the financial limitation delegated, does not include expenditure on any matter that relates to an issue of public interest;
5. Financial delegations up to the financial limitation delegated;
6. Property matters subject to any conditions in respect of approval;
7. Legal matters subject to any conditions specified;
8. Administration matters subject to any conditions and relevant policies;
9. Supplies and services subject to any conditions and up to the financial limitation delegated;
10. Research matters subject to any conditions in respect of approval.

The CEO will establish, maintain and review a register of delegated authorities within the limits of this policy.

The CEO will also establish and maintain other policies that are required for the good management of the Bay of Plenty DHB's business including the provision of health and disability services.

Delegations are limited to the activities contained in the Annual Plan(s).


5. Sub-delegation

The NZPHD Act authorises sub-delegation only with the Boards written consent, or in accordance with the provisions of the specific delegation.

The following are the situations in which the Board may consent to sub-delegation, but in all cases, these limitations will be set out in the provisions of the actual delegation.

- The Chief Executive Officer and members of the Management Team can only sub-delegate their authority to their peers or to staff who report directly to them, eg. a General Manager can sub-delegate to Team Leaders. Other staff may sub-

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delegate only with the approval of the person who delegated the function, duty, or power to them.

- Managers are responsible for establishing written sub-delegations for all areas under their control. All written sub-delegations require approval by the person to whom the delegate is responsible. This means that each manager is responsible for preparing sub-delegation documents for all direct reports, and also for ensuring all staff within the areas under their control have written sub-delegations.


Over time the level of sub-delegated authority can, and should, change. Managers making sub-delegations may establish in writing additional control requirements to those shown in this document. Sub-delegation does not diminish the responsibility of the holder of the delegated authority for the way in which the authority is exercised. All sub-delegations must be in writing and specify limits and any special conditions.

All Managers must establish a system of Emergency Delegations that come into effect in the event of a declared Civil or Health Care Emergency. A list of these emergency delegations is to be maintained as part of each departments Emergency Business Continuity Plan.

6. Key principles of all delegations

1. Board approval is required for any action exceeding the limits delegated to the CEO.
2. All delegated authorities are exercised on the Board's behalf and must be exercised in accordance with relevant policies and procedures set by the Board from time to time.
3. All new ventures and changes of policy or practice that are likely to significantly affect outputs or change access to a service require Board Approval.
4. Board approval is required for any proposal that might attract significant adverse publicity or can with reasonable foresight be predicted to result in legal action against Bay of Plenty DHB.
5. The Board will not delegate to any person the authority to raise capital or to specifically borrow money.
6. All individuals must familiarise themselves with the principles and practices of the Bay of Plenty District Health Board and the New Zealand Public Health and Disability Act 2000, Public Finance Act 1989 and Crown Entities Act 2004 before exercising delegated authority.

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7. Process for delegating

For delegating functions, duties, or powers of the Bay of Plenty DHB, the Board will:

1. Define the functions, duties, or powers to be delegated specifically outlining the limits of the functions, duties, or powers being delegated;
2. Determine to whom it is proposed the functions, duties, or powers are to be delegated (“the potential delegate”), particularly ensuring that the person does not have any undeclared “interest” in the transaction;
3. Define the criteria to be used in assessing whether to delegate the function, duty, or power;
4. Assess the competence of the potential delegate to perform the functions, duties, or powers being delegated;
5. Determine and then approve the fitness of the potential delegate for delegation;
6. Formally delegate in writing the functions, duties, or powers as defined;
7. Consider the question of sub-delegation of that power and any conditions attached to that sub-delegation.

8. Delegation to a person who is outside the DHB


If the Board desires to delegate any functions, duties, or powers to a person who is neither a member of the Board nor an employee of the Bay of Plenty DHB, that person must be a person or one of a class of persons approved by the Minister of Health pursuant to clause 39 of Schedule 3 of the Act.

9. Conflicts of interest

Where a person is to perform a function or duty, or exercise a power delegated by the Board, that person must, before performing the function or duty, or exercising the power consider whether or not he or she has (or, as the case requires, will have) on that day any conflicts of interest with the Bay of Plenty DHB. If the person has (or will have) any such conflicts of interest, then the person must give the Board a statement completed by the person in good faith that discloses those conflicts of interest, together with any other such conflicts of interest that the person reasonably believes are likely to arise in future (clause 39(8) of Schedule 3).

A delegate who has completed a statement under subclause (8) must inform the Board of any relevant change in the delegate’s circumstances affecting a matter disclosed in that statement, as soon as practicable after the change occurs. (clause 39(9) of Schedule 3).

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A delegate who is interested in a transaction of the Bay of Plenty DHB may not perform a function or duty, or exercise a power, under the delegation, if the function, duty, or power relates to the transaction (clause 40(2) of Schedule 3). However, this limitation does not apply if the Board of the Bay of Plenty DHB gives its prior written consent to the delegate performing the function or duty, or exercising the power, even though the function, duty, or power relates to the transaction (clause 40(3), Schedule 3).

10. Conditions

Any delegations are subject to the following conditions:

1. Delegations supersede all previous and similar delegations.
2. Under no circumstances are delegations to be exceeded.
3. Anyone electing to further delegate a power or responsibility must ensure that the sub-delegation is exercised correctly and limits are not exceeded.
4. The exercise of any delegations is also to meet accepted accounting policies and practices.

11. Policy review

The Board will review this policy annually, or at any other time as it sees fit. The Minister of Health must approve any amendments that the Board wishes to make to this policy for compliance with clause 39 of Schedule 3.

References/Associated Forms

- New Zealand Public Health and Disability Act 2000
- Public Finance Act 1989
- Bay of Plenty District Health Board chart 'Summarised Delegated Authorities'
- Bay of Plenty District Health Board form 'Expenditure Authorisations'
- Operational Policy Framework
- Procurement – A Statement of Good Practice: Audit Office (July 2001)
- Government Procurement in New Zealand – A Policy Guide for Purchases: Ministry of Economic Development (July 2002)
- Crown Entities Act 2004
- Bay of Plenty District Health Board Purchasing Policies: 3.5.1 – 3.5.13
- Bay of Plenty District Health Board Fraud Policy
- Bay of Plenty District Health Board Treasury Policy

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Bay of Plenty District Health Board - Summarised Financial Delegated Authorities

All contracts must be approved prior to signing by the General Manager, Governance and Compliance

Sub-delegations need to be approved and documented in writing.

Staff Group	Operating Expenditure	Forecast expenditure over budget	Consultancy Fees	Contractual	Agreements to supply health services	Capital Expenditure	Asset Revaluation and write-offs	Sale of Assets*	Selection of Accounting policies
Board	No limit	No limit	No limit	No limit	No limit	No limit. Must approve CapEx budget	No limit	No limit for property, plant and equipment, excluding land	Audit & Risk Committee to recommend to the Board
Chief Executive Officer (CEO)	\$1m per item	\$250k per item.	\$250k per engagement	\$1m over the full term of the agreement	Full delegation to approve. No limit. Sign off within the approved annual purchasing plan unless matter is in relation to an issue of public interest.	Discretionary budget \$250k per item. The CEO in consultation with the chair may approve emergency replacement of equipment and plant to a limit of \$750k while maintaining the overall CapEx budget	Write-offs \$20k per debtor Revaluation of asset \$20k Revaluation of class of inventory \$2k	\$250k for property, plant and equipment, excluding land	Nil
General Managers (GM)	\$100k per item	As delegated by CEO	\$100k per engagement	\$100k over the full term of the agreement	\$100k over the full term of the agreement or as delegated by the CEO	Discretionary budget \$15K per item up to and equal to capital expenditure pool	No delegated authority	Nil	Nil
CFO	\$100k per item	As delegated by CEO	\$100k per engagement	\$100k over the full term of the agreement	NIL or as delegated by the CEO	Delegated by CEO to ensure CapEx budget maintained Discretionary budget \$15K per item up to and equal to capital expenditure pool	As delegated by CEO	Nil	Nil
All other staff	Subdelegation as determined by GM/CFO in writing	Nil	Equal to Operating Expenditure subdelegated by GM/CFO in writing	Equal to Operating Expenditure subdelegated by GM/CFO in writing	NIL	Discretionary budget \$15K per item up to and equal to capital expenditure pool subdelegated by GM/CFO in writing	Nil	Nil	Nil
Comment	Operating Expenditure is that incurred in the provision of services as provided for within operating	Outlines the level of authority for expenditure in excess of operating budgets as approved by the Board at a	Delegated authorities apply subject to Annual Plan and Budgets as approved by Board. Consulting	Relating to health and non-health supplies such as maintenance, cleaning, food services etc	Full delegation to CEO to sign off agreements for the provision of health services, including by Funder or	All capital expenditure must be subject to financial and clinical justification and contestability	Authority to write off amounts due as bad debts Revaluation of a particular fixed asset due to loss, damage or	Sale of 'real' property i.e. land can only be approved by Board and is subject to Ministerial	Includes inventory valuation rate, amortisation/ depreciation method and rate, provisions and accruals, and

	budgets	group/service level	assignments should be subject to a contestable process		subcontracted by the provider. Agreements must be within the programme/ budget agreed by Board . Other agreements approved by the Board on an ad hoc basis. CEO to sign off on behalf of Board.	when purchasing.	obsolescence Revaluation of a particular class of inventory, due to loss, damage or obsolescence	approval	representation of any deferred tax liability or asset
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Funding Management Committee:

Responsibilities:

1. To access all funding applications and make recommendations to the Chief Executive. The Chief Executive retains the right to decline the recommendations of the Committee.
2. Provide a monthly funding report to the Executive Council

The Funding Management Committee has no delegated authority. It's role is to advise the CEO who then approves or declines the recommendation pursuant to delegated authority from the Board.