

## Appendix 2 of Delegation Framework



# **SCHEME OF DELEGATION OF FINANCIAL AUTHORITY**

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# Delegation of Financial Authority Regulations

## 1. Introduction

- 1.1 In accordance with the Financial Regulations of Queen Mary University of London (QMUL), the Council must approve all financial authority levels that commits QMUL to incur cost, whether Capital Expenditure, Revenue Expenditure or Contract Expenditure regardless of the source of funding.
- 1.2 QMUL Council approves the Budget and Capital Programme which sets expenditure limits for each area of activity and capital project. Authority to enter into financial commitments in accordance with the Budget and Capital Programme is delegated to the Executive and Officers as set out in this Scheme of Delegation of Financial Authority. In exercising this delegated authority, budget holders are required to observe QMUL's financial procedures.
- 1.3 The monetary values in the Scheme of Delegation of Financial Authority are to be reviewed by the Finance and Investment Committee every year and any changes recommended to Council.
- 1.4 QMUL's Delegation Framework can be found on the Governance and Management section of the Intranet. The Delegation Framework sets out the location of authority within QMUL for particular types of decision made in the institution's name and on its behalf.
- 1.5 Lines of delegation are either through the line management hierarchy or operate through functional relationships where there is a senior lead for a key strategic theme, and through associated roles at different levels within QMUL.
- 1.6 The Financial Memorandum with HEFCE sets out particular areas of responsibility for governing bodies. Under the terms of the Financial Memorandum, the President and Principal is designated QMUL's Accountable Officer.
- 1.7 Queen Mary Senior Executive (QMSE) undertakes regular reviews of the financial position of QMUL and adjusts activities accordingly.
- 1.8 The Vice-Principals and Executive Deans, the Chief Operating Officer, the Chief Strategy Officer and the Directors of Professional Services are responsible to the Council, through the President and Principal for the financial management of their respective areas, in accordance with the Financial Regulations.
- 1.9 The Director of Finance is responsible through the Chief Operating Officer for the financial management of QMUL.
- 1.10 Individuals and bodies in whom authority is vested by the delegation framework may sub-delegate to others provided that such sub-delegation is consistent with the financial and other regulations. While authority and responsibility can be delegated, the accountability remains with the individual or body making the delegation.
- 1.11 Where sub-delegation occurs and there is further delegation, it should take place on the basis of a cascade. That is, the person with authority delegates it to the next person who may then delegate to another and so on. Sub-delegation should not skip management tiers in the interests of clarity of responsibility and ensuring that individuals remain accountable even when others further along the chain are performing the task. A written record should be made of sub-delegations. This may include an email instructing the sub-delegation from the authorised person to another.

- 1.12 Heads of Schools/Institutes and Directors of Professional Services are responsible for procuring the goods and services they require within their defined budgets. Purchasing authority may be delegated to designated budget holders within a department. In exercising this delegated authority, budget holders are required to observe QMUL's Financial Regulations.
- 1.13 Heads of Schools/Institutes and Directors of Professional Services and their delegated budget holders are only authorised to commit QMUL to any expenditure after ensuring that sufficient funds are available to meet the purchase cost of goods and services.
- 1.14 All procurement must be undertaken in accordance with the Procurement Procedures set out in the Procurement section of the Finance intranet. This also shows the procedures for tendering.
- 1.15 The financial limits that apply are to the project/contract as a whole, even though the procurement may be in phases and over a period of time. In other words, splitting of orders or contract commitments to avoid approval at a higher level is strictly prohibited and will be considered a breach of Financial Regulations.
- 1.16 All financial limits are inclusive of VAT unless stated otherwise.

## **2. Principles**

- 2.1 The following principles underpin the Scheme of Delegation of Financial Authority and all decisions taken under the delegation of authority framework:
- The decision should be consistent with QMUL's aims and objectives.
  - The person to whom the authority has been delegated should only make decisions within his/her area of responsibility. That is, one academic or service unit should not take a decision that commits another academic or service unit without their consent.
  - Delegated authority should be linked to budget management and all budget holders responsible for a budget should have an approval limit.
  - Delegated authority should relate to – revenue costs, capital expenditure and research expenditure.
  - In the case of self-approval, which only relates to Agresso purchase orders, the requisitioner must have been given responsibility for spending part of the budget.
  - Decisions should not be taken unless relevant documentation has been reviewed in line with QMUL policies and procedures (including the Financial Regulations) and, where necessary, external legal advice has been sought.
  - Where a third party has provided funding, decisions should only be taken once any required approval from the third party has been obtained.
  - Approved documentation must be produced and a record of the decision made available, in keeping with QMUL's policy on the retention of records, which can be accessed via QMUL's intranet.
  - The approval limit delegated to the President and Principal, Chief Operating Officer, Director of Finance covers the need for approval of high value Purchase Orders and requires joint approval.
- 2.2 Decisions which require a financial commitment should observe the following additional principles:
- The approval of the relevant budget holder or their nominee should always be obtained.

- The decision should demonstrate that value for money considerations have been taken into account.
- Approvers must be assigned to their relevant cost centres and should only approve expenditure for the cost centres / budget codes they are responsible for.
- IT Services and Estates are responsible for any IT or Estates related expenditure, respectively. Faculties and other Professional Service departments should not commit expenditure related to IT or Estates.
- Expense claims must be approved by the Line Manager or relevant budget holder (where these are different) in line with the QMUL Travel and Expenses Policy.
- All Purchasing cardholders must have a delegated approval limit assigned to them.

## Framework of Delegated Financial Authority

### 3. Procurement Authority Limits

- 3.1 All purchasing must be conducted in line with the Procurement Procedures which can be found on the Procurement intranet.
- 3.2 QMUL, having taken advice from Queen’s Counsel, reviewed its governance and income as stated in its audited financial statements for the year ended 31 July 2013 and determined that it is not a contracting authority for the purposes of EU public procurement regime as implemented by the Public Contracts Regulations 2006 (as amended) . This position will be reviewed on an annual basis. For avoidance of doubt, all spending requirements that have a cost of more than £30,000 must be conducted via the Procurement Department in line with the procedures referred to in 3.1 above.
- 3.3 The Procurement Procedures also refer to the following:

Items where the cost is less than £5,000	No need to involve Procurement
Items costing between £5,000 and £30,000	Three quotes must be obtained
Items where the cost is more than £30,000	Contact Procurement department

### 4. Non Pay and Contract Expenditure

- 4.1 Some contracts may require the President and Principal, Secretary to the Council and Academic Secretary, the Chief Operating Officer, Chief Strategy Officer or the Director of Finance to sign on behalf of QMUL.
- 4.2 Unless stated elsewhere in this document, and in the absence of a contractual requirement as above, the approval limits in the table below are for purchase orders, payment of non-pay or contract expenditure invoices and other payment documents (e.g. expense claims).
- 4.4 For Agresso related purchase orders up to £1m, the purchase order will go through all earlier approvals, with final sign off by the President and Principal, Chief Operating Officer or Director of Finance. Orders over £1m will then require an additional second signatory from one of the three post holders.

- 4.5 Approval limits should be allocated within one of the maximum ranges shown in the table below. The roles shown in the table are a guide.
- 4.6 Self-approval only relates to the Agresso purchase orders and is based on a maximum of £100 per purchase order total.

<b>Maximum Approval Limit</b>	<b>Role</b>
£1,000,000 plus	Requires additional approval from either – President and Principal, Chief Operating Officer & Director of Finance.
Up to £1,000,000	President and Principal, Chief Operating Officer, Director of Finance
Up to £200,000	Vice Principal and Executive Deans, Chief Strategy Officer, Chief Operating Officer, Chief Operating Officer (SMD)
Up to £50,000	Institute Directors, Heads of School, Directors of Professional Services, Secretary to Council and Academic Registrar
Up to £20,000	Institute and School Managers/Administrators and Centre/Discipline Leads, Academics, Group Leaders, Assistant Managers, Centre Managers, Deputy Directors
Up to £10,000	Lab Managers, Postdocs, Project Managers
Up to £5,000	Administrators, Research Assistants, Technicians
Up to £1,000	Other purchasers – Junior admin or technical staff
Up to £100	Self-approval for Agresso orders only – per Purchase order total

## 5. Purchasing Cards

- 5.1 The use of Purchasing Cards is preferred for small value expenses as it is a controlled, efficient method of paying expenses with a clear audit trail. The regulations covering the use of Purchasing Cards are shown on the Procurement website.
- 5.2 The maximum limits on the use of Purchasing Cards are as follows, specific limits to be determined on each card based on operational requirement:

<b>Role/operational requirement</b>	<b>Maximum individual transaction limit,</b>	<b>Maximum monthly spend</b>
e.g. local administrator – conference registration, ad hoc small value purchases (one-off suppliers) for department	£500 including VAT	£3,000 including VAT
e.g. local administrator/academics – booking of flights, travel costs based on operational need	£1,000 including VAT	£5,000 including VAT
Other by exception – locally agreed	Request approved by	Request approved

limit based on operational need (on a case by case basis)	Deputy Director, Financial Control	by Deputy Director, Financial Control
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- 5.3 All Purchasing cardholders are assigned an approver. This approver should be in line with the non-pay approval limits shown in table 4.6 above.
- 5.4 All Purchasing card limit requests are approved by Deputy Director, Financial Control.

## 6. Capital Expenditure

- 6.1 QMUL defines capital expenditure (as per the Capital Expenditure Policy) as:
- any expenditure over £10,000 on an item or group of related items which has a life of more than 1 year and
  - has a use in the teaching of students; research; the care of patients or for administrative purposes.
- 6.2 This covers all construction and improvements which increase the value and useful economic life of a building, major equipment purchases, software, and expenditure related to research, consultancy and other areas of knowledge transfer.
- 6.3 The Capital Budget is prepared annually which incorporates all planned spend on land, buildings and equipment. This is formally approved by QMSE; Finance and Investment Committee and Council. Responsibility for ensuring spend is in line with the approved Capital Budget is delegated to the relevant QMSE lead overseen by either the Estates Strategy Board or the Information Technology Board.
- 6.4 Proposals for Capital Expenditure that arise outside the annual Capital Budgeting cycle relating to the acquisition; construction or disposal of land; buildings or equipment require Finance and Investment Committee approval up to the value of £1m and further approval from Council for expenditure in excess of £1m.

## 7. Bad Debt Write Offs

- 7.1 The Finance and Investment Committee have delegated to QMSE the authority for dealing with student related debt, including the Student Debtor Policy.
- 7.2 The following is a list of individuals who are authorised to write off Bad Debts:

Debts up to the value of £20,000	Director of Finance
Debts up to the value of £50,000	QMSE
Debts over the value of £50,000	Finance and Investment Committee

- 7.3 An annual summary of bad debts written off will be reported to Finance and Investment Committee.

# Appendix A

## Bank Mandate

The following is a list of individuals who are authorised to sign Cheques and authorise BACS/Chaps payments for individuals and suppliers.

### Panel A:

Can sign up to £20,000 as a sole signatory, or jointly with another panel B signatory for amounts greater than £20,000:

President and Principal  
Vice-Principals  
Chief Operating Officer  
Chief Strategy Officer  
Director of Finance

### Panel B:

Can sign up to £20,000 on their own:

Deputy Director Financial Control  
Deputy Director Financial Management  
Head of Financial Accounting  
Head of Financial Management

### Additions and deletions to the list of authorised signatories must be:

- Approved by the Finance and Investment Committee, as witnessed by a signed copy of the minutes
- Made in writing and countersigned by two authorised cheque signatories in addition to the usual identification checks conducted by the QMUL Bankers