

TITLE

DELEGATION OF APPROVAL AUTHORITYSCOPE

Provincial

DOCUMENT

1168

APPROVAL LEVEL

Alberta Health Services Executive Leadership Team

SPONSOR

Finance

INITIAL EFFECTIVE DATE

May 2, 2016

CATEGORY

Governance

REVISION EFFECTIVE DATE

Not applicable

NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVE

- To set out a delegation of authority structure for Alberta Health Services (AHS) which will protect AHS' resources and comply with applicable legislation, AHS bylaws and policies, and applicable directives issued by the Government of Alberta. This Policy sets the principles and criteria around approving financial commitments, human resources commitments, and contractual commitments.

PRINCIPLES

AHS is committed to promoting sound stewardship through effective controls and monitoring processes over financial commitments, human resources commitments, and contractual commitments. AHS has established and maintains consistent and transparent processes for the delegation of authority to persons authorized to make decisions on behalf of AHS.

APPLICABILITY

Compliance with this policy is required by all Alberta Health Services employees, members of the medical and midwifery staffs, Students, Volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary).

ELEMENTS**1. Delegation of Approval Authority**

- 1.1 The AHS **Governing Body** has delegated the authority and responsibility for the business and operations of AHS to the **President and Chief Executive Officer (CEO)** as set out in the *Delegation of Authority and Establishment of Controls for Commitments Policy*.

- 1.2 For the purposes of this Policy, **commitments** are classified into three categories: financial commitments, human resources commitments, and contractual commitments.
- 1.3 The CEO sub-delegates authority for the approval of commitments as set out in the following matrices:
- a) *The Delegation of Authority for Financial Commitments (Financial Authorization) Matrix* – sets out the limits, levels, and positions with authority to approve financial commitments;
 - b) *The Delegation of Human Resources Authority (DOHRA) Matrix* – sets out the positions with authority to approve human resources commitments; and
 - c) *The Contract Signing Matrix* – sets out the contract value and positions with authority to approve, sign and execute contractual commitments.
- Note:** Delegated authority as set out in one approval matrix does not constitute approval authority for other types of commitments in another matrix or any other policy.
- 1.4 Subject to the **limits** set out in the *AHS Delegation of Authority and Establishment of Controls for Commitments Policy*:
- a) the CEO can approve any commitment; and
 - b) subject to the matrices named in Section 1.3 of this Policy, positions with delegated authority can only approve commitments which pertain to a **program group** reporting to him/her, for which they have accountability.
- 1.5 Subject to the limits set out in the *AHS Delegation of Authority and Establishment of Controls for Commitments Policy* and the matrices which accompany this Policy, and provided modifications are made in writing, the CEO can modify the approval limits of any specific position / person reporting to him/her but cannot alter his/her own approval authority.
- 1.6 Approval authority for commitments may be sub-delegated to another position / person through approved processes provided the person to whom the authority is being delegated:
- a) reports directly to the person delegating authority; or
 - b) reports directly to the same manager as the position / person delegating authority.
- 1.7 Notwithstanding the approval levels set out in the matrices for this Policy, persons with the appropriate authority may direct that a higher level of approval

be required, within their area of accountability, where necessary. In such cases this requirement must be documented.

- 1.8 In limited circumstances a non-employee may be granted approval authority if the authority is contemplated and documented as part of their contract with AHS, and such authority is approved at the Vice-President level. The contract must set out the scope of approval authority being granted and that the non-employees with approval authority are expected to comply with all of the requirements in this Policy and any other applicable AHS policies.

2. Key Principles

- 2.1 **Approvers** are required to make operating decisions and approve commitments which contribute to achieving organizational objectives and balance efficiency of operations with operational, legal, and financial risk.
- 2.2 Authority to approve commitments on behalf of AHS is a responsibility and an obligation to make decisions that are within the mandate of AHS, and support the sound management of AHS' resources.
- 2.3 Approvals must be made only where there are sufficient resources, financial or otherwise, to support the commitment. Approvals for commitments shall be made either in writing or through an AHS approved IT application or system. Commitments for the purposes of this Policy, consist of:
- a) Financial Commitments: Decisions to commit funds against an approved budget, in accordance with Section 5 of this policy.
 - b) Human Resources Commitments: Decisions made with respect to a human resources function in accordance with Section 6 of this policy.
 - c) Contractual Commitments: Decisions made for AHS to be bound by contractual obligations (whether financial or non-financial) by signing and executing a contract, in accordance with Section 7 of this policy.
- 2.4 For financial commitments and contractual commitments where approval is based on commitment value, the commitment value will be based, where possible, on a reasonable cost estimate method, such as historical cost, or budgeted amount, in order to determine the required level of approval.
- 2.5 All financial valuations shall be in Canadian dollars.
- 2.6 The use of a physical signature stamp, adhesive slip or mechanically produced signature is prohibited for purposes of documenting an approval for a commitment or executing a contract, with the exception of Human Resources commitments.

- 2.7 Under no circumstance shall any commitments be divided to reduce the term, scope, or value with the intended or unintended result of altering the required level of approval.

3. Criteria Around Commitments

- 3.1 Commitments must be:

- a) necessary to fulfil AHS' business and operating needs;
- b) compliant with the principles and mandatory requirements set out in this Policy and other applicable AHS policies;
- c) reasonable and appropriate;
- d) properly explained and documented;
- e) able to stand up to scrutiny by members of the public; and
- f) provided for in an approved budget.

Note: For multi-year financial / contractual commitments (including long term contracts), the current year commitment amount must be included in the current year's approved budget at the time of approval and each subsequent year's commitment must be included in each subsequent years budgets for the term of the commitment.

4. Approver Responsibilities

- 4.1 Approvers are responsible and accountable for their decisions. When approving commitments, approvers must ensure that:
- a) they have read and understand this Policy and all other applicable AHS policies;
 - b) the commitment meets all of the criteria as set out in Section 3 of this Policy;
 - c) goods and/or services are received prior to approving the payment, except where the terms and conditions of an executed contract provide for and permit prepayments and/or provide for timing of payments which are not conditional on receipt of goods and/or services;
 - d) errors, irregularities, and/or inconsistencies relating to a commitment are reported and resolved, in accordance with normal reporting processes;
 - e) when discretion needs to be exercised, the decision is subject to good judgment, knowledge of the situation, and made with assessment and evaluation of relevant and key information;

- f) they refrain from approving commitments which do not comply with the *AHS Conflict of Interest Bylaw*;
- g) they refrain from approving expenditures that they have personally incurred or intend to personally incur;
- h) they refrain from approving commitments which would directly and personally benefit the approver's direct manager or another person in a more senior position to the approver;
- i) they have sufficient and appropriate authority to approve commitments in accordance with the matrices which accompany this Policy; and
- j) where a financial / contractual commitment is not provided for in an approved budget, the required approval for discretionary budgetary/financial commitment, has been obtained.

5. Financial Commitments - Approval Authority

- 5.1 Financial Commitments are decisions made by program groups, to commit funds against an approved budget to:
 - a) purchase or acquire goods and/or services;
 - b) expend funds or incur a liability or expense, provide non-monetary consideration, or be bound by or obligated to a debt, guarantee or liability;
 - c) provide goods and/or services;
 - d) receive revenues from a third party; or
 - e) receive funds from an external funding agency or other revenue that has specific conditions attached and a defined accountability process in place.
- 5.2 Program groups are responsible for determining the need for a financial commitment and approving the commitment in accordance with the *Financial Authorization Matrix*. This matrix sets out the limits, levels, and positions with delegated authority to approve financial commitments. Positions with delegated authority may approve financial commitments including but not limited to purchase or payment requisitions, invoices, and other business expenditures.
- 5.3 Authority to approve a financial commitment does not constitute or grant authority to approve a contractual commitment (signing & execution of a contract). AHS' approved contracting policies and processes must be followed to obtain goods and services on behalf of AHS, and to approve and execute contracts.
- 5.4 A Vice President may permanently modify the approval level and assign a Financial Authorization level to any specific position within any program group

reporting to him/her subject to the criteria set out in the **financial exception authorization process**. The financial exception authorization process:

- a) permits permanent Financial Authorization level changes where existing approval limits are not sufficient to meet operational requirements, and the Financial Authorization level required is consistent with the positions' functions;
- b) cannot be used to assign Financial Authorization levels one to four (1 – 4) to any position, as these levels are restricted to the positions listed in the *Financial Authorization Matrix*; and
- c) may only be used to assign a Financial Authorization level to a non-employee provided that such authority is contemplated and documented in their contract with AHS, as per Section 1.9 of this Policy.

6. Human Resources Commitments - Approval Authority

- 6.1 The *DOHRA Matrix* sets out the positions and approval authority for human resources commitments. The *DOHRA Matrix* must be reviewed before decisions regarding human resources are made, to ensure the required level of approval is obtained.

7. Contractual Commitments - Contract Approval (Signing & Execution)

- 7.1 Where a contract is necessary to fulfill a commitment, only departments mandated with contracting responsibilities are authorized to approve a contractual commitment (sign and execute contracts), on behalf of AHS.
- 7.2 Departments mandated with contracting responsibilities includes Contracting, Procurement & Supply Management, Capital Management, Medical Affairs, Research, and Self-Managed Care, must ensure that contractual commitments are in compliance with AHS' approved contracting policies and processes.
- 7.3 **Contracts** must be approved (signed and executed) in accordance with the *Contract Signing Matrix*, or in accordance with other approved contracting policies.
- 7.4 Authority to approve contractual commitment does not constitute approval for, or grant authority to a person/position for approving a financial commitment. Approval for a Financial Commitment must be in accordance with the *Financial Authorization Matrix*.

8. Temporary Delegation

- 8.1 Persons who are unavailable to perform their delegated approval function (due to a vacation, leave of absence, etc.) may delegate **temporary authority** to another person, subject to the matrices which accompany this Policy, and the criteria listed below.

- 8.2 If a person is incapacitated and unable to delegate his/her authority, that authority may be delegated by a more senior member of the program group or **executive management**.
- 8.3 Temporary delegation of authority is intended to cover periods of short term absences, and in most cases shall not exceed 90 days.
- 8.4 Evidence of the temporary delegation must be documented and records of such delegation must be retained as part of the department records for audit and examination purposes.
- 8.5 The authority, responsibility, and accountability inherent in the delegation must be clearly communicated to the temporary delegate.

9. Non-Compliance with Policy

- 9.1 Non-compliance with this Policy may result in disciplinary action up to and including termination of employment or contract with AHS.

DEFINITIONS

Approver(s) means individuals with delegated authority to approve commitments as set out in the matrices which accompany this Policy.

Commitment means for the purposes of this Policy:

- a) Financial Commitments are decisions, to commit funds against an approved budget, in accordance with Section 5 of this policy.
- b) Human Resources Commitments are decisions made with respect to a human resources function, in accordance with Section 6 of this policy.
- c) Contractual Commitments are decisions made for AHS to be bound by contractual obligations (whether financial or non-financial) by signing and executing a contract, in accordance with Section 7 of this policy.

Contract means a legally enforceable agreement made between AHS and one or more parties. For the purposes of this policy, a contract shall include such agreements as a memorandum of understanding, letter of intent and early start letter.

Executive Management means the individuals appointed as members of the executive leadership team for AHS, including the President and Chief Executive Officer and designated positions that report directly to the President and Chief Executive Officer.

Financial Exception Authorization Process means the approved process used to modify a position's default authorization level for financial approval processes.

Governing Body means the governance body of AHS appointed by the Minister of Health in accordance with the applicable statute(s), and which may be a Board or an Official Administrator.

Limit(s) mean the value of the commitments as more particularly detailed in the *Delegation of Authority for Financial Commitments Authorization "Financial Authorization" Matrix*, and, in this regard, the dollar value of commitments shall be determined as follows, calculated by taking into account the effect or value of any and all of the following which apply to the particular commitment:

- a) the expenditure by AHS of monetary consideration, in which case the value of the commitment shall be the amount of monetary funds paid by AHS;
- b) the expenditure by AHS of non-monetary consideration, in which case the value of the commitment shall be the fair value of the non-monetary consideration provided or expended by AHS;
- c) AHS incurring any debt or liability, in which case the value of the commitment shall be the principal amount of the debt or liability (excluding interest). Where the debt or liability is unlimited, only the Governing Body reserves the right to approve such debt or liability. Notwithstanding the foregoing, where the debt or liability to be incurred is in the ordinary course of business (i.e. a contractual indemnity or guarantee) and is part of a commitment for the acquisition of goods or services by AHS, if the CEO has the right to approve the expenditure of consideration for the underlying commitment to which the debt or liability is related, the CEO shall have right to approve the debt or liability; or
- d) the amount of monetary funds or revenue which are received by AHS, or which AHS is entitled to receive, from a third party.

President and Chief Executive Officer(s) (CEO) means the person or persons appointed to the most senior executive office(s) of AHS, under whatever title or titles the Board or the Official Administrator determines to give such individual(s), and who is/are the most senior administrator(s) within the AHS organizational structure responsible for leadership and management including the day-to-day operations and is/are accountable to the Board or the Official Administrator.

Program Group means and includes, but is not limited to, a portfolio, department, division, sector, or group within the AHS organizational structure.

Temporary Authority means a situation where authority has been delegated on a temporary basis which shall not exceed the period required to cover a person who is unavailable to perform their delegated approval function, and in most cases shall not exceed 90 days.

REFERENCES

- *Delegation of Authority for Financial Commitments Authorization “Financial Authorization” Matrix*
- *Delegation of Human Resources Authority “DOHRA” Matrix*
- *Contracts Signing Matrix*
- Alberta Health Services Governance Documents:
 - *Conflict of Interest Bylaw*
 - *Corporate Contracting Policy (#1152)*
 - *Corporate Contracting Non-Competitive Procurement Procedure (#1152-04)*
 - *Corporate Contracting Renewals and Extensions to Contracts Procedure (#1152-05)*
 - *Delegation of Authority and Establishment of Controls for Commitments Policy (#1100)*
 - *Travel, Hospitality, Working Session Expenses – Approval, Reimbursement, and Disclosure Policy (#1122)*
- Alberta Health Services Forms:
 - *Financial Exception Authorization Process Form (#09993)*

VERSION HISTORY

Date	Action Taken
April 5, 2016	Initial approval
May 2, 2016	Initial effective