

TITLE

DELEGATION OF AUTHORITY AND ESTABLISHMENT OF CONTROLS FOR COMMITMENTS

SCOPE

Provincial

DOCUMENT

1100

APPROVAL AUTHORITY

Alberta Health Services Board

INITIAL EFFECTIVE DATE

October 16, 2008

SPONSOR

Finance

REVISION EFFECTIVE DATE

April 23, 2021

PARENT DOCUMENT TITLE, TYPE, AND NUMBER

Not applicable

SCHEDULED REVIEW DATE

April 23, 2024

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.

If you have any questions or comments regarding the information in this document, please contact Policy Services at policy@ahs.ca. The Policy Services website is the official source of current approved policies, procedures, directives, standards, protocols, and guidelines. Only the electronic version of this document, as hosted on the Policy Services website or www.ahs.ca, is valid.

OBJECTIVES

- To ensure accountability for, and control of, financial resources entrusted to **Alberta Health Services (AHS)** in compliance with legislation, and any applicable directive issued by the Government of Alberta.
- To delegate and establish appropriate limits on **commitments** to be approved and executed by the **President and Chief Executive Officer (CEO)** on behalf of AHS.

APPLICABILITY

Compliance with this document 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 Authority to the Chief Executive Officer**

- 1.1 The **Board** delegates its authority to the CEO to provide leadership and management of AHS including, without limitation, the execution of commitments that are in accordance with AHS' vision, mission and values and are necessary for the functioning of AHS' programs and operations, and those of its subsidiary entities, except:
 - a) where prohibited by statute or law;
 - b) in respect of execution only, commitments that exceed the approved **limits**; and

- c) those matters expressly reserved for the Board's approval.
- 1.2 The Board designates the CEO as responsible for making financial decisions, approving, and executing commitments on behalf of AHS within the approved limits set out in Appendix A.
- 1.3 The Board designates the CEO as responsible for ensuring that commitments have been approved in accordance with AHS' approved business plans, capital plans and/or budgets.
- 1.4 The Board directs the CEO to develop and enforce policies and procedures that establish clear financial accountability and control structures within AHS, including policies to sub-delegate authority to execute commitments within approved monetary limits established by the CEO.
- 2. Annual Budget**
- 2.1 In accordance with the *Regional Health Authorities Act (Alberta)*, AHS shall submit an annual budget for Ministerial approval.
- 2.2 AHS Management shall submit an annual budget to the Board for approval. The annual budget shall be supported by a written confirmation from the Minister's Office in the form of funding targets, specifying the amount of funding to be provided.
- 3. Interim Authorization to Spend**
- 3.1 If the Board does not approve a budget prior to the beginning of the fiscal year, AHS Management shall request an interim authorization to spend for approval by the Board, for operating and capital expenses that are expected to be incurred for the period stated in the request. The request for authorization to spend shall be supported by:
- a) a written confirmation from the Minister's Office, specifying the interim period, the amount of funding to be provided and the amount that AHS is authorized to spend from base operating funding during that period; and
- b) an estimate prepared by AHS Management of revenues other than base operating funding expected during the interim period.
- 3.2 AHS will continue operationally and strategically in alignment with the AHS Health Plan, and AHS Business Plan previously approved by the Minister, unless otherwise specified in the written confirmation as noted in Section 3.1 a) above.
- 4. Delegation of Authority - Urgent and Unforeseen Commitments**
- 4.1 Notwithstanding Section 1 of this Policy, with respect to an urgent and unforeseen commitment exceeding the CEO approval limits set out in Appendix A, that arises in the context of a **rare situation**, the Board delegates to the Board

Chair (or Vice Chair or delegate of the Board Chair, acting in the Board Chair's capacity) the authority to authorize the CEO to approve and execute such commitment. Such authorization shall be evidenced by way of email from the Board Chair (or the person acting in Board Chair's capacity) to the CEO, with a copy to the Chief Financial Officer.

- 4.2 In the rare situation where such delegation is acted upon, the Board Chair (or the person acting in Board Chair's capacity) shall inform the Board as soon as reasonably possible that the delegation under this provision has been acted upon.

DEFINITIONS

Alberta Health Services means a regional health authority for Alberta established pursuant to the *Regional Health Authorities Act*, R.S.A. 2000, c.R-10.

Board means the governance body of AHS appointed by the Minister of Health in accordance with the applicable statute(s).

Commitment means any proposed agreement or arrangement whereby AHS intends to agree to, or be bound by an obligation to:

- a) expend or incur funds, provide non-monetary consideration or be bound by or obligated to a debt or liability; and/or
- b) receive funds from an external funding agency that has specific conditions attached and a defined accountability process in place.
- c) in each case above, inclusive of any contemplated renewal provisions set out in, or applicable to, the respective agreement or arrangement.

Amendments and extensions to an existing commitment results in a new and separate commitment in respect for such amendment or extension (as the case may be) and may be subject to a different approval based on the approved limits for such changes as described in Appendix A. For clarification, amendments include restated contracts or commitments or the transfer of contracts or commitments to new forms or templates.

Limit(s) mean the dollar value of the cumulative effect or value of the commitments as more particularly detailed in Appendix A to this policy and, in this regard, the dollar value of commitments shall be determined as follows, calculated by taking into account the cumulative 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 Board 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; and
- d) the amount of monetary funds or revenue which are received by AHS, or which AHS is entitled to receive, from an external funding agency.

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

Rare situation means an event where an Emergency Coordination Centre (ECC) or Zone Emergency Operations Centre (ZEOC) is activated, for overall management and coordination of emergency operations.

REFERENCES

- Appendix A: *Chief Executive Officer Delegated Signing Authority for Commitments*
- Alberta Health Services Governance Documents:
 - General Bylaws
 - *Delegation of Approval Authority Policy* (#1168)
- Non-Alberta Health Services Documents:
 - *Regional Health Authorities Act*, RSA 2001, c-R10, and *Regulations* enacted thereunder

© 2021, Alberta Health Services, Policy Services



This work is licensed under a Creative Commons Attribution-Non-commercial-Share Alike 4.0 International license. The licence does not apply to AHS trademarks, logos or content for which Alberta Health Services is not the copyright owner. This material is intended for general information only and is provided on an "as is", "where is" basis. Although reasonable efforts were made to confirm the accuracy of the information, Alberta Health Services does not make any representation or warranty, express, implied or statutory, as to the accuracy, reliability, completeness, applicability or fitness for a particular purpose of such information. This material is not a substitute for the advice of a qualified health professional. Alberta Health Services expressly disclaims all liability for the use of these materials, and for any claims, actions, demands or suits arising from such use.

APPENDIX A

**CHIEF EXECUTIVE OFFICER
DELEGATED SIGNING AUTHORITY
FOR COMMITMENTS**

The following are the CEO's approved limits for making financial decisions, and approving and executing new commitments:

SINGLE YEAR EXPENDITURE COMMITMENTS*	MULTI-YEAR EXPENDITURE COMMITMENTS*	RESTRICTED GRANTS REVENUE COMMITMENTS
\$30 million	\$30 million per year to an aggregate of \$90 million	\$90 million

* **Note:** If the Board appoints more than one individual to the CEO position the approval limits cannot be combined to yield a higher limit than \$30M for single year commitments, or \$90M for multi-year commitments.

Amendments and Extensions

Amendments and extensions ("changes") to an existing commitment shall be approved as follows. For this purpose the term "combined commitment value" means (a) the value of the underlying original commitment, plus (b) the value of any prior approved changes or proposed change. Note that the value of a change represents the total value of such change, irrespective of whether it applies to a single year commitment or multi-year commitment.

1. For any change to an existing commitment that was originally approved by the CEO, or executed by a Disestablished Authority*, the CEO shall be entitled to approve any change that will not result in the combined commitment value exceeding the CEO's approved limits as set out in the Table above. Where the change will result in the combined commitment value exceeding the CEO's approved limits as set out in the Table above, the change shall be approved by the Board.
2. For any change to an existing commitment that either:
 - was previously approved by the current, or a previous Board or executed by a Disestablished Authority; or

TITLE
DELEGATION OF AUTHORITY AND ESTABLISHMENT OF CONTROLS FOR
COMMITMENTS

EFFECTIVE DATE
April 23, 2021

DOCUMENT #
1100

- underwent a change that was previously approved by the current, or a previous Board, or executed by a Disestablished Authority as per Section 1 above;

the CEO shall be entitled to approve any changes to a cumulative value of \$30 million. Where the cumulative value of these changes exceeds \$30 million, the change to such commitment shall be approved by the Board.

* **Disestablished Authority** means Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, East Central Health, Northern Lights Health Region, Palliser Health Region, Peace Country Health, Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.