



Natural Resources Wales

Board Meeting

19 March 2013

Paper Title	Financial Scheme of Delegation
Paper Reference:	Paper 4 (13/13)
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Purpose of Paper:	Decision/Discussion - Present to the Board the Financial Scheme of Delegation
Decision Required:	For the Board to approve the Financial Scheme of Delegation and endorse the approach presented
Impact:	From Day 1, Natural Resources Wales (NRW) will strive for a culture of collective responsibility for all financial matters. To drive this forward there needs to be strong financial leadership and a well defined financial governance framework. As a public body funded by the public purse, NRW will place responsibility on management and staff to ensure value for money and financial regularity at all times. The Scheme establishes delegated responsibilities for financial decisions.

Issue

1. Natural Resources Wales (NRW) must ensure that there is a sound financial governance framework in place for Day 1 to underpin activities that are critical to the success of the business. The Financial Scheme of Delegation (FSoD) is a key component of this framework - it governs how we spend money. It details the mandatory rules we must follow when spending NRW money making sure we do it prudently and maintain financial regularity. The Scheme is an essential mechanism in achieving efficiency, leadership, accountability and transparency in the way NRW makes decisions. It covers the whole range of financial activities of the organisation and is applicable to the Board and all NRW staff.

Summary

2. The Scheme ensures that all financial activities of the NRW are delegated to an agreed level of authority or specific post holder in line with those delegated financial powers contained in the Financial Memorandum (annex to the Welsh

Government Framework Document). It allows the Board and Executive Team to delegate decision making responsibility for all financial matters. It is based on risk profile and scaled appropriately and defines the circumstances where approval may be referred to Welsh Government. The Scheme has an important role in helping the public understand the way our decisions are made on how we spend money.

3. The detailed FSoD document that requires approval is attached as an annex to this paper.
4. The FSoD will be a NRW Board approved document and as such, changes to limits will require their approval.

Background

5. The delegated powers are set across four levels:
 - Level 1 reserves the highest level decisions to the Chief Executive and NRW Board;
 - Level 2 are those responsibilities delegated to Executive Directors (Tier 1 Management Structure);
 - Level 3 are those responsibilities delegated to Leadership Group Managers (Tier 2 Management Structure); and,
 - Beyond level 3 are those responsibilities delegated to operational and local teams.
6. The Scheme ensures clear separation of duty at three distinct levels.
 - Justification for commencing a project;
 - Approval to spend – signing off the budget; and
 - Commitment to spend - letting of contracts and placing of purchase orders.
7. Where appropriate, the three legacy Schemes have been harmonised - particularly around procurement and the tendering thresholds. Limitations around organisational re-design and technology prevented NRW having a single Scheme for Day 1; however, it is the ambition of NRW to work towards a single Scheme in the early years of operating.

Next Steps

8. Following Board approval, the Financial Scheme of Delegation will be introduced to NRW staff. Appropriate means of communication will be used to target audiences; from direct contact to shared forums (for example the Essential Guides).
9. Beyond level 3, the Scheme will continue to evolve as the organisation develops and a new finance system is built. A regular and systematic review of the Scheme will therefore be necessary with consideration and approval of significant changes by the Board.

Risks

10. Future revisions to the scheme will need to happen in parallel with ongoing organisational design; otherwise key components of the delegation approach may be missed.

11. As NRW becomes less reliant on legacy body systems and documentation, the approach to embedding delegations in this guidance needs to be recognised and addressed.
12. NRW will have a single FSoD, albeit at an operational level, it will describe the three legacy schemes. This may leave itself open to interpretation and result in a slightly different approach to decisions making. The Scheme will however address the 'high spend / high risk' end of the spectrum by having a single set of limits for Tier 1 and Tier 2 management structure. There will also be constraints around workflow and access to legacy systems. The new finance system will address this, and in the short term, alternative ways of working will be described in the Essential Guide series.

Financial Implications

13. The FSoD is a key governance mechanism directing effective financial responsibility through the assignment of certain responsibilities to Directorates. Any financial decisions reserved to the Board and delegated to the Executive Team will be built in to the Scheme.

Communications

14. Together with the Non-Financial Scheme of Delegation, the Financial Scheme of Delegation forms part of the overall Corporate Governance Framework and will be made available on the website
15. The FSoD will be published via the Essentials Guide and introduced via leadership team briefings.
16. It is essential that those in leadership positions fully understand their level of delegated authority and can support staff to provide effective transparency in decision making and enable them to do their jobs.