

	TITLE: Delegated Procurement Authority & Finance Approvals TPP112	OWNER: Director of Finance	LAST MODIFIED: 29th January 2007	PAGE: 1 of 6
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1. Purpose

- 1.1 To define Translink's internal controls relating to procurement activities.
- 1.2 To ensure that procurement authority is delegated to personnel at a level that assists in the control of contractual commitments within Translink.

2. METHOD

2.1 Delegation of Procurement Authority

- 2.1.1 The delegation of procurement authority allows the procurement of goods and services to be undertaken at the most appropriate level in the organisation, striking a balance between freedom of action of the "user" and the need to retain adequate control over the procurement process, the need for which will be dependent upon the nature of the requirement and the anticipated total value of the commitment.

- 2.1.2 NITHCo Group Board Meeting 11th June 2003 Board Minute No 673(i):

"Delegated Authority to sign agreements

Following representations by the Acting Chief Executive, the Board approved revised arrangements for the delegation of powers to sign agreements and bind the company. It was agreed that contracts and legal agreements may be signed, on behalf of the Board, by a Board member (ordinarily the Chief Executive of Translink) and one other member of the Translink Executive Group, except in cases requiring the use of the Company Seal, where the present requirements for signing a Deed (two Directors or one Director and Secretary) would remain unchanged."

In future this is likely to change to become more practical and it may be that the Director of Finance and the Sponsoring Executive must both sign all contracts or that authority to sign is delegated depending on the value of the contract.

2.2 Financial Levels of Authority

- 2.2.1 This procedure defines the agreed levels of financial authority that apply to the holders of Delegated Procurement Authority.
- 2.2.2 Delegated financial authority is provided via the Agresso workflow rules. Detailed Translink Delegated Approval tables are being developed by NITHCo Director of Corporate Affairs.
- 2.2.3 The categories of expenditure are defined as:

- Consultancy: Over £75k EX VAT DFP approval is required.
Over £10k and up to £75k EX VAT DRD Board approval is required.
- IT: Business case approval required for values:
Over £75k - £500k EX VAT to be approved by DRD
Over £500k EX VAT DFP approval is required.

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- Asset Disposal: Over £250k EX VAT DRD approval is required.
- Claims (see TPP113 for further details)– financial approval levels:

CATEGORY	DESCRIPTION	AUTHORITY
Special Payments: Extra-Contractual	(a) where the amount is less than £100,000.	NITHC and DRD
	(b) individual amounts of £100,000 or more.	DFP
Ex-Gratia Payments to Contractors:	(a) where the amount is less than £100,000.	NITHC and DRD
	(b) individual amounts of £100,000 or more.	DFP

Note: In line with the Financial Memorandum – Final version 28/07/06 any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of DRD and DFP.

All other categories of expenditure are defined as:

- Expenditure over £1 Million EX VAT must be approved and monitored by DFP.
- Expenditure Capital (Capex) and Revenue (Revex) over £100k EX VAT requires NITHCo Board approval.
- Capex expenditure over £10k EX VAT and under £100k EX VAT requires Translink Executive Team approval and usually an Economic Appraisal is conducted.
- Capex expenditure under £10k EX VAT usually requires a short form appraisal and can be approved by those the necessary approval levels on Agresso.
- Revex expenditure over £10k EX VAT and under £100k EX VAT requires the Translink Sponsoring executive approval.
- Revex expenditure under £10k EX VAT requires Agresso delegated financial approvals.



2.2.4 Financial requirements through the procurement cycle:

Identification of need	Place Advertising & run PQQ stage	Issue of ITT	Contract Award
<p>Consultancy</p> <p>Over £10k ex vat requires prior DRD Financial Approval <u>no further steps to be taken without approval</u> ^{1st}.</p> <p>Over £75k ex vat requires prior DFP Financial Approval <u>no further steps to be taken without approval</u> ^{1st}.</p>	<p>Only if full approval has been received and evidenced in writing from the Director of Finance</p>	<p>Progress if full approval has been received and evidenced in writing.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed to Tender”</p>	<p>Tender report must be written and submitted to the Executive Team.</p> <p>Full approval from the DRD must be provided before the contract can be placed. If the requirement is for consultancy and over £75k ex vat the <u>DFP</u> must approve contract placement also.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed with” and then the preferred supplier’s name.</p>
<p>IT</p> <p>Over £75k - £500k EX VAT business case to be approved by DRD</p> <p>Over £500k EX VAT DFP approval is required.</p>	<p>Only if full approval has been received and evidenced in writing from the Director of Finance</p>	<p>Progress if full approval has been received and evidenced in writing.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed to Tender”</p>	<p>Tender report must be written and submitted to the Executive Team. Full approval from the DRD must be provided before the contract can be placed.</p> <p>If the requirement is for over £500k ex vat the <u>DFP</u> must approve contract placement also.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed with” and then the preferred supplier’s name.</p>
<p>Other Requirements</p> <p>Requirement should be listed on Finance list for matters of approval.</p>	<p>Request for financial approval should be progressing.</p>	<p>Only if full approval has been received to proceed with Tender action and evidenced in writing from the Director of Finance.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed to Tender”</p>	<p>Tender report must be written and submitted to the Executive Team.</p> <p>Full approval from the Executive Team must be provided before the contract can be placed.</p> <p>If the requirement is over £100k ex vat the NITHCo Board must approve contract placement.</p> <p>This is usually obtained via the “Translink Record of Approvals Executive Meetings” paper issued by the Director of Finance stating “Proceed with” and then the preferred supplier’s name.</p>



- All requirements over £10k require an Economic Appraisal.
- A DRD letter of offer must be received and evidenced on the file for all requirements over £100k Ex Vat but may be provided for items under this value also.

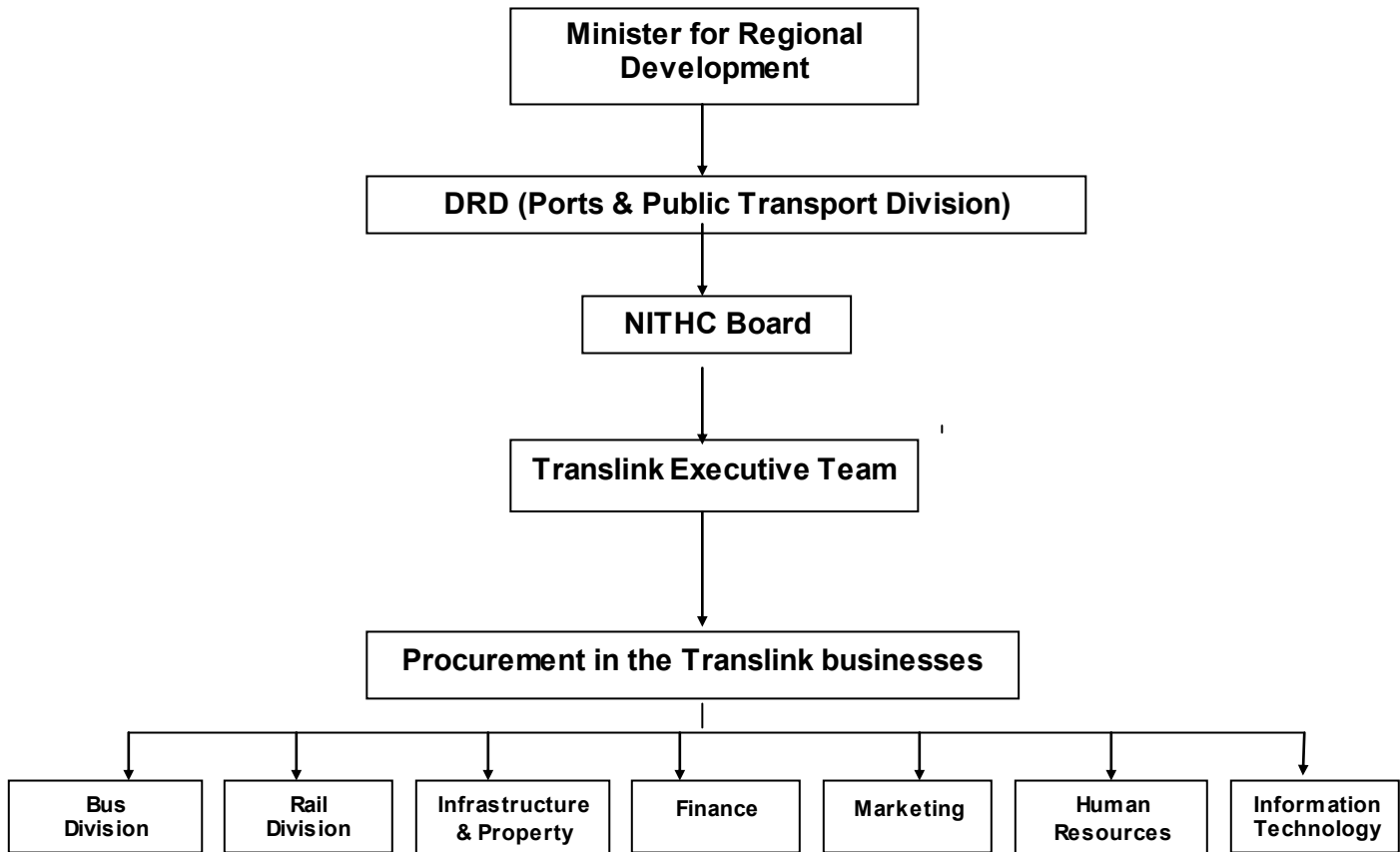
2.2.5 Within each category of expenditure, financial limits should be set for the following activities based on the value of the total commitment:

- Approval of Justification of need
- Approval to make requisition (issue PO/contract)
- Approval to sign contract
- Approval to pay invoice
- Approval to authorise project variations
- Approval to extend commitment

2.2.6 The Director of Finance has the authority to set and amend the limits of Financial Levels.

2.2.7 The Director of Finance will ensure that the agreed limits are communicated to all holders of Delegated Procurement Authority.

2.3 Delegation of Procurement



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2.3.1 NITHCo Board

The NITHCo Board has delegated the responsibility for all procurement to Translink.

The NITHCo Board reviews and authorises procurement proposals and contracts over a value of £100,000 EX VAT. It also reviews and determines policy, efficiency and effectiveness of procurement and materials management activities, standards of propriety and approves levels of delegated procurement authority.

2.3.2 Executive Team

2.3.2.1 Within the Executive Team the Director of Finance is appointed to delegate procurement authority to named individuals within Translink, enabling them to authorise commitments with external contractors up to specified limits for each commitment without reference to a higher authority.

2.3.2.2 Delegated Procurement Authority is vested in individuals within the company. Authority to commit expenditure on behalf of Translink is given formally to the individual in writing. The authority is not automatically “inherited” with a job, or taken by an individual to another post.

2.3.2.3 Where Delegated Procurement Authority has been delegated by the Director of Finance, this may not be sub-delegated without the prior consent of the Director of Finance. The Director of Finance will only delegate procurement authority to individuals who are able to demonstrate:

- The appropriate degree of professionalism in procurement and materials management.
- A commitment to implement and adhere to Translink’s procurement Policy and Standards.
- Appropriate controls over the process for which they are responsible are developed and implemented.

2.3.2.4 If the value of a purchase is likely to exceed that specified for the holder of Delegated Procurement Authority, an application must be made to either the holder’s line manager or the Translink Purchasing Manager, for the purchase to be managed by an appropriately authorised officer.

2.3.2.5 A job holder should not commit to contract or purchase low value goods without delegated procurement authority being provided to them.

2.3.3 Segregation of Responsibilities

2.3.3.1 Delegated Procurement Authorities should be exercised within a framework of sound effective controls, whereby no single individual has exclusive authority and control over any significant transaction or group of transactions. Consequently, it is essential that the three main areas of delegated authority are clearly segregated:

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- **Expenditure Authority**

Authority to approve expenditure from approved budgets.

- **Procurement Authority**

Authority to approve entering into contractual commitments with third party suppliers or contractors to supply goods or services

- **Payment Authority**

Authority to approve invoices for payment

2.3.4 Controls

2.3.4.1 Delegated Procurement approvals to individuals within Translink shall be subject to regular reviews by the individual's line manager or a Director based on a sample of purchase commitments and will also be subject to periodic audit by Translink's internal auditors.

3. Related Documents

3.1	Procedure(s) TPP113 TPP115	Claims from contractors Document Control
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