

**NZBS Delegation Policy approved by  
Minister of Health 17 January 2012**

<b>New Zealand Blood Service</b>	<b>Manual</b>	Corporate Policy Manual
	<b>Doc No.</b>	
<b>Policy for the Delegation of functions and powers (Authorities) to the Chief Executive Officer</b>	<b>Issue Date</b>	August 2011
	<b>Review Date</b>	August 2012
	<b>Written By</b>	Chief Executive Officer
	<b>Approved</b>	Board
	<b>Approved</b>	Minister of Health

## 1. Introduction

- 1.1. The New Zealand Blood Service (NZBS) is a Crown entity established on 1 July 1998 to provide the people of New Zealand with safe, appropriate and timely access to blood and tissue products and related services to meet their health needs. NZBS takes the responsibility for the development of an integrated national blood transfusion process from the collection of blood from volunteer donors to the transfusion of blood products within the hospital environment - a 'vein to vein' transfusion service.

This policy specifies delegations to the Chief Executive Officer (CEO) from the Board as outlined in Appendix 1 – Schedule of Delegations.

The ability of the CEO to authorise certain financial transactions or perform other functions or powers is limited by the criteria set out in this document.

It is emphasised that with the delegation of authority there is a delegation of accountability, and a requirement to act in a responsible manner.

- 1.2. Clause 24 of Schedule 6 to the NZPHD Act requires the NZBS Board (the Board) to:
- a) formulate a policy for the exercise of its powers of delegation;
  - b) keep the policy under review, and amend or replace the policy as it considers appropriate;
  - c) make the policy formulated, and any amendments to or replacements of the policy, publicly available.
- 1.3. In accordance with clause 24 of Schedule 6 to the NZPHD Act, this delegation policy and any subsequent amendment, or replacement will not come into force unless it has been approved by the Minister of Health.

## 2. Objectives

- 2.1. The objectives of this policy are to ensure that Delegations are implemented and used in a way that ensures:
- a) NZBS is able to be managed effectively and efficiently;
  - b) the Board is able to meet its statutory and other obligations, including public accountability;
  - c) NZBS operates in accordance with its current Statement of Intent.

## 3. Delegation

- 3.1. The Board will delegate to the CEO the power to make decisions on management matters, and the powers and functions as specified in Appendix 1 – Schedule of Delegations.
- 3.2. Authority to exceed the overall NZBS Annual Plan budget may not be delegated and any such changes to the NZBS Annual Plan budget requires Board approval.

- 3.3. This delegation policy complies with clause 24 of Schedule 6 to the NZPHD Act and is made by resolution of the NZBS's Board. The policy is effected through written notice to the CEO in accordance with section 73 of the Crown Entities Act (attached as Appendix A to this policy is the Instrument of Delegation template). The delegation limitations are specified below.

#### **4. Principles of Delegation**

##### ***Delegations***

- 4.1. The CEO and sub-delegates must act in good faith, and in a manner that maintains the reputation of NZBS.
- 4.2. Board approval is required for any action or transaction exceeding the limits delegated to the CEO.
- 4.3. All delegated authorities are exercised on the Board's behalf and must be exercised in accordance with relevant NZBS policies and procedures.
- 4.4. All delegations can be withdrawn or reduced at any time by formal Board resolution. Any changes to the delegations made to the CEO require Board approval.
- 4.5. All new ventures and changes of policy or practice that are likely to significantly affect outputs or change access to a product or service provided by NZBS requires Board approval.
- 4.6. Board approval is required for any proposal that might attract significant adverse publicity or can with reasonable foresight be predicted to result in legal action against NZBS.
- 4.7. The Board will not delegate to any person the authority to raise capital or to specifically borrow money by any means whatsoever, including options, swaps, or any other off-balance sheet items. NZBS may not raise a loan except in accordance with requirements of the Public Finance Act 1989 and Crown Entities Act 2004, in accordance with the *Treasury Policy* and with the consent of the Ministers of Health and Finance.

##### ***General***

- 4.8. The CEO must ensure actions and approvals are consistent with all applicable statutes, regulations and Ministerial directions, are prudent and meet expectations of public service ethics and the State Sector Standards of Integrity and Conduct.
- 4.9. The CEO must ensure that the NZBS acts in a financially responsible manner, in a way that prudently manages NZBS assets and liabilities, and in a way that endeavours to ensure NZBS' long-term financial viability (section 51 of the Crown Entities Act).
- 4.10. In accordance with section 74(1)(b)(ii) of the Crown Entities Act the CEO may, via the development of a further internal sub-delegation policy, sub-delegate his or her delegated statutory functions and powers to NZBS's fixed term or permanent employees. Any sub-delegation policy must be approved in writing by the Board and not be in conflict with any of the policies within this delegation policy. Any delegation to staff members is subject to those staff members agreeing to comply with any specified delegation limitations.
- 4.11. When taking leave, the CEO must make arrangements for his/her responsibilities, including the exercise of delegated authority, to be carried out during any period of leave or during any absence from work.

## ***Operational Management***

### **4.12. Annual Plan**

The Annual Plan is an internal document prepared on an annual basis from the Statement of Intent and is the operational plan for achieving Year 1 targets contained in the Statement of Intent. The Annual Plan is the annual operating plan for NZBS, and is reviewed and endorsed by the Board. Included in the Annual Plan is the budget or financial plan for the coming financial year. The Annual Plan also includes the annual Capital Expenditure (Capex) Plan.

The Annual Plan Operating Budget and Capital Expenditure (Capex) Plan are approved by the NZBS Board prior to the commencement of the new Financial Year.

The CEO reports performance against annual budgets and the Annual Plan at least quarterly to the Board.

Executive Managers, Senior Managers and Team Leaders cannot exceed the limits of their Annual Plan budgets without the express authority of the CEO.

### **4.13. Exceeding Annual Budgets**

Expenditure in excess of the overall limits specified in the annual plan budget for an individual area of the NZBS business can be authorised only with the prior approval of the CEO, through substitution between areas. Unless such approval has been obtained Executive and Senior Managers are required to keep within their annual operating budgets.

Authority to exceed the overall NZBS Annual Plan budget is not delegated and any such changes require Board approval.

### **4.14. Conflict of Interest**

Where the Board has delegated any of its functions, duties or powers, the delegate must consider whether or not he or she has a conflict of interest before performing a function or duty, or exercising a power so delegated.

If the person has, or will have any such conflict of interest, he or she must give the Board through the CEO a statement in good faith disclosing the existing conflict together with any conflict of interest that is likely to arise in the future. Any such statement will be recorded in the Interests Register, which is held by the CFO.

Except with the prior written approval of the Board, no employee may perform a delegated function or duty, or exercise a delegated power in relation to a transaction where he or she is interested in that transaction or has a conflict of interest.

The CEO must register, and implement an appropriate strategy to ensure public interest is protected in relation to any potential conflict of interest.

### **4.15. In addition, the CEO must:**

- a) operate within Board determined parameters for financial risk;
- b) use NZBS funds, and enter into contracts, and accept other liabilities solely for the purpose of furthering Board-approved purposes and priorities as defined in the Statement of Intent.

**APPENDIX 1 - Schedule of Delegations**

***Human Resources***

*Employment Conditions and Remuneration*

<b>Authority To:</b>	<b>Delegated To:</b>	<b>In Consultation with:</b>
Appoint Direct Reports to the CEO	CEO	NZBS Board
Appoint National Managers	CEO	National HR Manager and appropriate Executive Manager
Appoint non-medical staff within their direct reporting line and within their budget with salary packages over \$100,000.	CEO	National Manager HR
Appoint medical staff within their direct reporting line and within their budget with salary packages over \$200,000.	CEO	National Medical Director and National Manager HR
Approve salary increases for staff on Individual Agreements (where a Collective Agreement does not exist) and increases for staff on Collective Agreements, where the increase is outside of the standard provisions in that Collective Agreement.	CEO	Ministry of Health for overall parameters Executive Manager and National HR Manager
Approve other benefits in addition to salary (e.g. Superannuation, removal expenses, etc.)	CEO	National Manager HR
Approve discretionary one off taxable lump sum payment within overall NZBS budget	CEO	National Manager HR and Executive Manager

*Leave*

<b>Authority To:</b>	<b>Delegated To:</b>	<b><i>In Consultation with:</i></b>
Approve paid discretionary leave over 5 days	CEO	National Manager HR
Approve cashing up of annual leave (in compliance with legislation)	CEO	National Manager HR and CFO

*Travel*

<b>Authority To:</b>	<b>Delegated To:</b>	<b>Limits/Restrictions:</b>
Approve all overseas destinations other than Australia	CEO	All overseas travel must be approved prior to any reservations being made  CEO travel outside NZ is to be approved by the Board
Approve personal travel done with business travel	CEO	Prior approval required
Reimburse excess baggage costs	CEO	Prior approval required

<b>Authority To:</b>	<b>Delegated To:</b>	<b>In Consultation with:</b>
Suspend staff without pay	CEO	National Manager HR

*Note: All actions taken in relation to discipline of staff should be in accordance with the Discipline and Dismissal Policy.*

*Other Human Resources Policies*

<b>Authority to:</b>	<b>Delegated to:</b>	<b>In Consultation with:</b>
Approve medical staff undertaking private practice	CEO	National Medical Director
Approve secondary employment	CEO	National Manager HR
Offer redundancy or early retirement	CEO	National Manager HR
Approve payment of retiring gratuities	CEO	National Manager HR
Reimburse cost of alcohol when entertaining business associates of NZBS	CEO	Prior approval required

**Supplies and Services**

4.16. What is Operating Expenditure?

Operating expenditure includes expenditures which are shown in the approved NZBS Annual Plan and which in general represent items with a consumption period of less than a year.

Operational Expenditure includes equipment maintenance and computer software maintenance contracts but does not include asset acquisition by lease. This part of the policy relates to expenditure other than that incurred under the Human Resources section of this policy.

4.17. Specific Provisions

Contracts for the supply of goods and services, pricing arrangements, or any similar commercial commitments, must be undertaken in accordance with the approved NZBS Annual Plan and Budget.

Any change in Contract to the supply of goods and services, pricing arrangements, or any similar commercial commitments must be undertaken in consultation with the National Manager Procurement and CFO.

4.18. Tenders

All purchases or Contracts of greater than \$100,000 (unless made under an existing valid Contract) must go to tender unless the dispensation of the CEO or NZBS Board has been obtained. This in no way limits the opportunity or advisability of tendering for items under \$100,000 in compliance with "Procurement guidance for public entities" (June 2008) from the Office of the Auditor General.

*Note: Equipment being purchased as part of a multi-year fleet replacement programme within the NZBS standardisation process is exempt; on the understanding that the original supplier selection included a tender process.*

**Delegated Authority Matrix – Operating Expenditure Outside Annual Plan Budget**

Authority to:	Delegated to:	Other Requirements:
Order or Purchase outside Annual Plan Budget  <b><i>In all cases other than in a declared national State of Emergency substitution is required.</i></b>  If substitution is not possible, the following delegations apply:		
Between \$25,000 - \$150,000	CEO	
Over \$150,000	No delegation – requires submission to NZBS Board before action by CEO	
Order or Purchase outside Annual Plan Budget during a declared national State of Emergency  Any necessary order or purchase required as a result of a declared national State of Emergency and for which substitution is not possible may be authorised as follows:		
over \$150,000	Requires approval of NZBS Board Chairman before action by CEO	NOTE: The NZBS Board is to be notified of any expenditure under this category at the earliest possible opportunity.
up to \$150,000	CEO	

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***Delegated Authority Matrix – Operating Expenditure Within Annual Plan Budget***

<b>Authority To:</b>	<b>Delegated To:</b>	<b>Other Requirements:</b>
Negotiate and Sign Contracts: Negotiate and sign Contracts on a local or national basis within Annual Plan Budget for the purchase of Supplies or Services:		NOTE: In all cases authorisation of the intended process for renewal or negotiation and signature of new Contracts must be obtained from the National Manager Procurement prior to initiation of negotiations.
Over \$1,000,000 per annum	No delegation – requires submission to NZBS Board before action by CEO	Any contracts less than the Board delegated threshold, but which may have wider ramifications for the NZBS business will at the discretion of the CEO be brought to the Board's attention prior to execution.
Over \$750,000 per annum over a term of 3 years or more	No delegation – requires submission to NZBS Board before action by CEO	
Up to \$1,000,000 per annum	Negotiation: Executive Managers together with CFO, or if CFO is the relevant Executive Manager, CFO together with another Executive Manager.  Signature: CEO	CEO to be notified prior to commencement of all Contract negotiations exceeding \$100,000 per annum.  Requirement for Tender
Up to \$750,000 per annum over a term of up to 3 years	Negotiation: Executive Managers together with CFO, or if CFO is the relevant Executive Manager, CFO together with another Executive Manager.  Signature: CEO	Contracts valued between \$100,000 and \$750,000 on an annualised basis must go to tender, unless dispensation of the CEO has been obtained. Contracts valued at over \$750,000 on an annualised basis must go to tender, unless dispensation of the NZBS Board has been obtained.
Order or Purchase Under Existing Contracts: Authorise individual purchase orders/or invoices within Annual Plan Budget, where a Contract exists over \$250,000.	CEO	
Order or Purchase Where No Contract Exists: Authorise individual purchase orders or invoices within Annual Plan Budget, where no Contract exists over \$25,000.	CEO	

**NZBS Delegation Policy approved by  
Minister of Health 17 January 2012**

Authority To:	Delegated To:	Other Requirements:
<p>Negotiate and Sign Leases: Negotiate and sign leases (eg. for property or motor vehicles) within Annual Plan Budget:</p> <p><b>Note: Under legislation all Deeds (including Deeds of Lease) must be signed by two members of the NZBS Board or by the CEO and CFO if they are appointed as attorneys by the Board.</b></p> <p><b>Note: Clause 28 of Schedule 6 to the NZPHD Act limits granting leases of land.</b></p>		<p>NOTES: In all cases authorisation of the intended process for renewal or negotiation and signature of new leases must be obtained from the National Manager Procurement prior to initiation of negotiations. If ultimate ownership of the lease item may result (i.e. a Finance Lease), the CFO must review the lease to ensure that NZBS is operating within its legislative and accounting requirements.</p>
<p>Over \$1,000,000 per annum</p>	<p>Negotiation: Executive Managers in conjunction with CFO and CEO may negotiate the contract; HOWEVER acceptance is subject to NZBS Board approval.</p> <p>Signature: CEO (after Board approval)</p> <p>Note: All Deeds of Lease require signature by two NZBS Board members or by the CEO and CFO if they are appointed as attorneys by the Board.</p>	<p>Leases (other than for existing property) valued at greater than \$100,000 on an annualised basis must go to tender unless dispensation obtained from CEO. CFO to be notified of all leases exceeding \$100,000 per annum. Alternative products and suppliers must be evaluated or market value/rate assessments must be made where possible prior to commencing or renewing leases. For leases valued in excess of \$10,000 alternatives must be evaluated with a business case</p>
<p>over \$750,000 per annum over a term of 3 years or more</p>	<p>Negotiation: Executive Managers in conjunction with CFO and CEO may negotiate the contract; HOWEVER acceptance is subject to NZBS Board approval.</p> <p>Signature: CEO (after Board approval)</p> <p>Note: All Deeds of Lease require signature by two NZBS Board members or by the CEO and CFO if they are appointed as attorneys by the Board.</p>	
<p>up to \$1,000,000 per annum</p>	<p>Negotiation: Executive Managers in conjunction with CFO, or if CFO is relevant Executive Manager, CFO in conjunction with another Executive Manager.</p>	

**NZBS Delegation Policy approved by  
Minister of Health 17 January 2012**

Authority To:	Delegated To:	Other Requirements:
	Signature: CEO  Note: All Deeds of Lease require signature by two NZBS Board members or by the CEO and CFO if they are appointed as attorneys by the Board.	
up to \$750,000 per annum over a term of up to 3 years	Negotiation: Executive Managers in conjunction with CFO, or if CFO is relevant Executive Manager, CFO in conjunction with another Executive Manager.  Signature: CEO  Note: All Deeds of Lease require signature by two NZBS Board members or by the CEO and CFO if they are appointed as attorneys by the Board.	
Use Consultants and Contractors on short term contracts within Annual Plan Budget up to \$200,000 per annum.	CEO	Contracts over \$100,000 require consultation with CEO and CFO Board approval required for contracts in excess of \$200,000

**Capital Expenditure**

4.19. What is Capital Expenditure?

Capital Expenditure, in general, represents expenditure having an economic life in excess of one year and over \$2,000 per item. It includes expenditure which is shown in the Capex section of the Annual Plan and Budget. Some common examples are clinical and office equipment, furniture, motor vehicles and computer hardware and software.

Expenditure under \$2,000 is generally classed as being operating expenditure, even when they come within the above definition. Approving managers still have the discretion to classify purchases under \$2,000 as a capital item if recording of the item in the Fixed Asset register is warranted.

It can sometimes be difficult to differentiate between maintenance expenditure, (which is a charge to the operating expense budget), and capital expenditure. In general an item of expenditure is a maintenance item and not a capital item if it is a repair which maintains or restores original productive capacity but not if it results in an improved productive capacity or increases the expected useful life of the item.

If there is doubt in this regard, the CFO must be consulted for a decision.

4.20. Capex Approval

All Capital Expenditure proposals over \$10,000 are required to be supported by a business case. The Guidelines for a business case are set out in the Capital Expenditure Policy

**NZBS Delegation Policy approved by  
Minister of Health 17 January 2012**

All Capex submissions must be approved by the relevant Executive Manager prior to submission for approval to:

- the CFO for items less than \$50,000 in value; and
- the CEO for items greater than \$50,000 in value.

All Capital Expenditure proposals in the range of \$2,000 to \$10,000 are required to be supported by a Minor Capital Expenditure Proposal.

The National Managers of Technical Services, Human Resources, Information Services, Donor Services, Logistics, Marketing and Quality Systems must approve all operations equipment within their areas.

Further requirements relating to the Minor Capital Expenditure Proposal and Business Case documents are contained in the Capital Expenditure Policy.

4.21. Leases and Rentals

Leases and rentals including motor vehicle leases are to be treated in the same way as capital expenditure for Delegated Authority purposes.

***Delegated Authority – Capital Expenditure***

See the Capital Expenditure Policy for particular requirements relating to all Capital Expenditure.

Authority To:	Delegated To:	Other Requirements:
Approve Capital Expenditure within Annual Plan and sign the applicable purchase order or contract up to \$350,000.	CEO	CFO authorisation also required on items over \$25,000  Note: Business Case and consultation with appropriate National Manager required for all capital expenditure proposals over \$10,000
Approve expenditure outside of Annual Plan with no substitution to comply with the New Zealand Public Health & Disability Act 2000 up to \$100,000.	CEO	CFO to be consulted
Approve expenditure outside the Annual Plan with substitution to meet urgent Health and Safety requirements up to \$100,000.	CEO in consultation with National Manager HR and Manager responsible for items substituted.	Substitution required.
Approve sale, scrapping, write-off or other disposal of fixed assets over \$15,000.	CEO	

***Other Matters***

4.22. Execution of Deeds and Contracts

As required by section 127 of the Crown Entities Act 2004, deeds can only be executed by two NZBS Board members, or jointly by the CEO and CFO if appointed as attorneys by the Board to sign deeds on its behalf.

Written contracts are to be signed according to the delegated authorities for Operating and Capital Expenditure plans above.

4.23. NZBS Credit Cards and P-Cards

The only NZBS employees eligible to hold an NZBS credit card in their names are the CEO and National Medical Director, in accordance with the Policy for use of Company Credit Cards. Each credit card has a maximum \$20,000 limit.

The CEO reviews, approves and signs the monthly credit card reconciliation for the National Medical Director. The NZBS Board Chairman reviews, approves and signs the monthly credit card reconciliation for the CEO.

The CEO approves the issue of any P-Cards which are used in compliance with the P-Card Policy. Monthly on-line reconciliation is required, with provision of receipts and/or invoices for all expenditure and review and approval by the One-Up manager.

P-Card credit is limited to \$2,000 per card with the exception of the card held by the NZBS Travel and Purchasing Co-ordinator which has a credit limit of \$70,000 to enable effective management of travel bookings, particularly bulk bookings associated with conference/meeting travel. The Travel and Purchasing Co-ordinator's P-Card reconciliation is approved by the One-Up Manager and counter-signed by the CFO.

4.24. Press Releases

Press releases are public statements where NZBS can be committed to actions, obligations or costs and are therefore included in the Policy on Delegated Authorities.

In all cases public statements are to be approved in advance of release by the CEO excepting in cases of emergency, where approval may be gained after the first release and before further releases if necessary.

The Board should be advised of any press releases as deemed appropriate by the CEO in compliance with the Media Policy.

4.25. Opening Bank Accounts

Authority to open and operate new bank accounts requires the written approval of two NZBS Board members in accordance with the Treasury Policy and section 158 of the Crown Entities Act 2004.

Authority to appoint bank signatories is delegated to the CEO as an authorised officer. The appointment of specified managers as signatories is as approved by the CFO and CEO.

4.26. Bad Debts

Only the CEO has authority to write off bad debts over \$10,000.

CEO to seek Board approval to write off any bad debts greater than \$50,000.

4.27. Borrowing or Raising Capital

No delegation exists to specifically borrow money by any means whatsoever, including options, swaps, or any other off-balance sheet items or to raise capital except in accordance with the Treasury Policy (Document Number 100P026) where authorised to do so or as endorsed by the Board and subsequently by Ministerial approval received in accordance with the Crown Entities Act 2004.

4.28. Appointment of External Treasury Management Advisor

The NZBS Board will approve the appointment of the external Treasury Advisor, who will be a member of the NZBS Treasury Management Committee.

**Appendix A**

**INSTRUMENT OF DELEGATION**

Applicable to: Chief Executive Officer

Issued by: New Zealand Blood Service Board

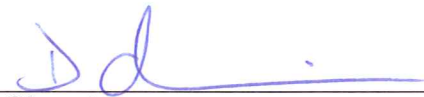
**TO:** The Chief Executive Officer, New Zealand Blood Service

**DELEGATION**

- (1) The powers, duties and functions as described in the Delegations Policy are delegated by the board of the New Zealand Blood Service to you pursuant to section 73(1)(b) of the Crown Entities Act 2004.
- (2) You have read and understood the contents of the delegations policy and agree to comply with this instrument of delegation.

**DATED** 29 March 2012

**SIGNED** for the New Zealand Blood Service by:



Signature

David Chamberlain - Chairman

**SIGNED** by



Signature

Fiona Ritsma – Chief Executive Officer