



FINANCE POLICY & PROCEDURE (FPP No. 5)

GUIDE FOR MANAGERS AND STAFF ON THE AUTHORITY TO INCUR EXPENDITURE & RELATED FINANCIAL MATTERS

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South Central Ambulance Service NHS Foundation Trust

FINANCE POLICY NO. 5 GUIDE FOR MANAGERS AND STAFF ON THE AUTHORITY TO INCUR EXPENDITURE & RELATED FINANCIAL MATTERS

This document should be made available to all staff employed by the South Central Ambulance NHS Foundation Trust. It sets out the guidance for all staff on the subject of authority to incur expenditure and related financial matters.

This document is supplemental and subordinate to the South Central Ambulance NHS Foundation Trust Standing Orders and Standing Financial Instructions and does not supersede the governance provided by them either in part or in whole. This document should be read in conjunction with Financial Policy No 3 on Tendering and Quotations.

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South Central Ambulance Service NHS Foundation Trust

Guide for managers and staff on the authority to incur expenditure and related financial matters.

Introduction

- 1) The Trust procedures for incurring expenditure are contained within the Trust's Standing Orders and Standing Financial Instructions (SFI). Copies of these policies are available on the trust's intranet.
- 2) This policy provides specific advice on the authorities delegated to managers and other staff, by the chief executive or finance director, to enable staff to discharge their duties.
- 3) Budget holders should contact any of the assistant finance directors for advice where they identify that the intended delegation is inappropriate or unworkable or might lead to a conflict of interest. Any decision on interpretation shall be made by the Director of Finance.
- 4) The policy document will apply to spend against the annual budget approved by the Trust for the relevant financial year.
- 5) Any changes to the approved budget (virements) must be approved by the Board and documented in the Virements Appendix of the Board report. These approved changes will be communicated to the affected budget holders and managers in writing. Virement approval will be required for material forecast changes of income or expenditure. Variations are deemed to be material if they are the higher than are above the levels set out below in the financial year.

Annual budgeted income/expenditure (£'s)	Materiality for Virement (£'s)
> £10,000,000	£250,000
£5,000,000 to £10,000,000	£150,000
£1,000,000 to £5,000,000	£100,000
< £1,000,000	£50,000

- 6) The Virement submitted to the Board for approval should include the following:
 - a) Analysis for the change in budget and the underlying reasons;
 - b) Financial effect of the change including phasing;
 - c) Action plan to effect change if appropriate (for example to bring an overspend under control)
 - d) Recommendation.

Level of Authority

- 7) The level at which authorities are set should be appropriate to the responsibilities of the budget holders and the impact of his/her potential decisions on the financial standing of the trust.
- 8) The authority limits should be reviewed every two years in line with the review of this policy. (Note: The policy will be reviewed after one year in the first instance).

General principles

- 9) In allocating financial authority to individual staff the following general principles should be followed:
 - a) The line executive director/or budget holder has primary responsibility for nominating managers to be budget managers in assisting them to manage their budgets effectively. **All references to budget holders below equally apply to budget managers.**
 - b) The responsibility for financial management and control should be clearly covered in budget holders/budget managers' personal development reviews and objectives.
 - c) All budget holders and budget managers and staff are required to uphold the principles & policies stated in the SFI's and related SCAS financial policies.
 - d) In common with all managers, a budget holder/manager must abide by the principles set in the Code of Conduct for NHS Managers.
 - e) When requested, budget holders/managers must provide an explanation for incurring expenditure and provide any supporting documents.
 - f) Staff must also provide specimen signatures; copies of which will be distributed to selected staff within the trust as well as the payroll providers and internal audit as appropriate.
 - g) A budget holder/manager may not authorise any expenditure where he/she is a beneficiary other than for nominal amounts. All such expenditure needs to be referred to his/her line manager or director for authorisation.
 - h) The finance director may object, with written justification, to an individual being appointed (or continue to act) as a budget manager or may attach further conditions to the discharge of financial authority.

Revenue Expenditure

- 10) Any expenditure must be within the framework of an approved budget. It is the budget holder/manager's responsibility to ensure that there is sufficient budget to cover the value of the goods or services being ordered.
- 11) Approval for the purchase of goods & services shall be subject to the following limits.

	Value in £	Notes
Budget Holder/ Manager	£0 to £15,000	A number of authority levels within this category
Divisional Operations Directors	£0 to £25,000	
Executive Director	Up to £50,000	
Director of Finance	Up to £100,000	
Chief Executive	Up to £500,000	Except £50,000 for own cost centre
Trust Board	Over £500,000	Subject to Board decision

These are hard coded into the Proactis E-Procurement system which is the primary tool for authorising expenditure.

Note: These limits relate to the whole life cost. For example if it is for a contract for £6,000 for each of five years, the whole life cost is £30,000 and therefore needs to be signed off by an Executive Director. These limits will be monitored and may be reviewed as required. Where the annual cost or whole life costs exceed EU thresholds, such EU tenders must be sought. Budget holders/managers should refer to the Trust's Assistant Director of Contracts & Commercial Development or Head of Procurement if in doubt. Current thresholds (from January 2018) are Supplies and Services £118,6133 (€144,000) and Works £4,551,413 (€5,548,000). These thresholds are net of VAT. Thresholds are revised every two years, so the threshold above will be due for revision in January 2020.

- 12) In exercising this authority, the budget holder /manager is normally expected to authorise the Purchase Order Request or the supplier invoice. This is normally raised through the Proactis E-Procurement system.
- 13) Where the value of the supplier's invoice is more than 5% higher than the Purchase Order then the invoice needs to be countersigned (in normal circumstances this will be through presenting the Purchase Order for re-authorisation in Proactis) by the originating budget manager or his/her line director depending upon the new value of the invoice. A clear explanation for the reason for the additional cost should be documented

(electronically on Proactis) or by exception on the supplier invoice if the Purchase order has not been raised through Proactis.

- 14) Where an authorised purchase order agrees both quantitatively and qualitatively with a Goods Received Note (GRN) and/or has been receipted electronically for the provision of services, then the supplier invoice will be matched with the receipted Purchase Order and no further authorisation is required for payment of that invoice to occur.

Travel, Subsistence & Hospitality

- 15) All travel and subsistence expenditure which is exceptional/extraordinary should be agreed, in principle, with the line manager before the commencement of the journey. Claims should be made in line with the Trust's Travel & Subsistence Policy or Agenda for Change conditions using the appropriate claim form which will be paid through the Payroll.

Activity	Limits	Authorised by
Travel & subsistence claims	Up to £1,000	Budget managers
	Over £1,000	Line director
Hospitality	All expenditure	Line director

- 16) The level of authority reflects the sensitivity of such expenditure to public scrutiny and the need to demonstrate that the expense was necessary and appropriate. The relevant manager is expected to be able to provide an explanation for authorising such expenditure.

Staffing & Payroll Processing

- 17) All increases to the funded establishment (WTE's), of the Trust, must be authorised by the executive team and duly recorded in the minutes of the meeting. Executive directors may transfer staff between directorates/departments. All such changes must be within the approved budget and organisational structure.

Activity	Limits	Authorised by
New appointments & replacements	None	Director of Finance
Changes to salary, grade, entitlements, etc. resulting in a cost increase	None	Director of Finance

Changes to salary, grade, entitlements, etc. resulting no cost increase	None	Executive or divisional director
Single claims within entitlement e.g. overtime, meal break, etc.	Value under £1,500	Line manager
	Over £1,500	Next level of line management or line director
Contract of employment and subsequent variations		Divisional HR Manager and above.
Terminations	None	Executive or divisional director

- 18) Payroll claims covering, for instance, salary, overtime, on-call allowances, temporary acting-up allowance, meal breaks, etc. should be made in line with the entitlements determined by the terms and condition of Agenda for Change. Claims made on the required form, should normally be authorised by the line manager or equivalent.
- 19) All appointments, terminations and changes to the terms and condition of directors and staff not on Agenda for Change conditions should be approved by the Remuneration Committee.
- 20) All other salary payments and claims, particularly those outside the Agenda for Change terms and conditions (for example, consultants or other short term appointments), are to be authorised by the executive or divisional director. All instances, over £5,000/annum, should be reported to the Remuneration Committee.
- 21) All requests for temporary staff should be authorised in line with the limits for the purchase of goods and services.
- 22) Any request to employ consultants should be approved by the relevant Executive Director. Spend on consultants in excess of £25k must be approved by the Board.

Request to provide services on credit

- 23) All requests to provide services (e.g. public event cover, commercial training, etc.) on credit to a NHS body or third party should be authorised in line with the following limits.

Activities where credit is offered	Limits	Authorised by
Where a formal SLA/Contract exists	Within terms of SLA but subject to on-going review	Staff nominated by budget manager
Additional charges or activities outside contract	Up to 10 % of annual contract value	Budget manager
One-off activities/new customers	Payment in advance until track record established	
All other instances		Finance director or nominated deputy

- 24) It is imperative that the budget manager takes the lead in assessing the credit standing of the customer for the avoidance of potential bad debts. NHS bodies do not require a credit check. All requests for the provision of services, from customers, should be in writing preferable via a purchase order or equivalent document.
- 25) All services where the customer pays in advance (i.e. no credit offered) may be authorised by staff nominated by budget manager.

Termination Costs

- 26) Any redundancy or non-contractual payments related to termination must be approved by the Remuneration and Nominations Committee.

Capital Expenditure

- 27) All capital expenditure is authorised by the Fixed Asset Management & Strategy Group (FAMSG) or the Board. Expenditure, on a single project, over £500,000 must be authorised by the Board. All capital expenditure, whether a capital scheme or an individual item of capital expenditure, must be supported by a business case and a capital cash flow forecast.
- 28) All fixed asset expenditure that is financed by leasing (excluding staff lease cars) must be supported by a business case and submitted to the FAMSG for approval. This includes both new and renewable leases, but not existing lease extensions. However extending leases should only be undertaken in exceptional circumstances and approval should be sought in all cases from the Director of Finance if these are greater than £5,000
- 29) In an emergency, a director may authorise capital expenditure up to a value of £10,000 but this must be reported to the next meeting of FAMSG for ratification.
In an emergency, any orders above £10,000 must be signed by the Director of Finance.

- 30) Once approved by the Board or FAMSG Purchase Orders for Capital expenditure are subject to the following limits:

	Value in £	Notes
Assistant Director of Finance/Chief Accountant	Up to £50,000	
Director of Finance	£50,001 to £250,000	
Chief Executive	Over £250,000	

- 31) Following approval expenditure is monitored by Financial Control and if expenditure is anticipated to be 10% or greater over the approved amount, further approval must be sought from the FAMSG and a revised business case submitted.

Finance staff

- 32) To enable Finance staff to discharge their duties specific authorities and limits are delegated to named individuals, which should be confirmed in writing e.g. payment of suppliers or PAYE/NI or VAT, credit notes, etc.

Delegating authorities

- 33) Where a budget holder/manager considers it appropriate, these authorities may also be delegated to other appropriately qualified managers provided that the Director of Finance is notified in writing and the line director approves the nomination.

- 34) The budget holder/manager will remain accountable for the actions of the delegate.

Approving of Contracts

- 35) Where expenditure is to be incurred in relation to a Service Level Agreement or a legal contract, the budget holder/manager must ensure that the SLA or contract is subject to review by the Trust's Procurement Manager, before signature. Where appropriate, formal advice will be sought from the Trust's solicitors in order to safeguard the Trust's interests.

Equality Statement

- 36) The Trust is committed to promoting positive measures that eliminate all forms of unlawful or unfair discrimination on the grounds of age, marital status, disability, race, nationality, gender, religion, sexual orientation, gender reassignment, ethnic or national origin, beliefs, domestic circumstances, social and employment status, political affiliation or trade union membership, HIV status or any other basis not justified by law or relevant to the requirements of the post.

- 37) By committing to a policy encouraging equality of opportunity and diversity, the Trust values differences between members of the community and within its existing workforce, and actively seeks to benefit from their differing skills, knowledge, and experiences in order to provide an exemplary healthcare service. The Trust is committed to promoting equality and diversity best practice both within the workforce and in any other area where it has influence.
- 38) The Trust will therefore take every possible step to ensure that this procedure is applied fairly to all employees regardless of race, ethnic or national origin, colour or nationality; gender (including marital status); age; disability; sexual orientation; religion or belief; length of service, whether full or part-time or employed under a permanent or a fixed-term contract or any other irrelevant factor.
- 39) Where there are barriers to understanding e.g. an employee has difficulty in reading or writing or where English is not their first language additional support will be put in place wherever necessary to ensure that the process to be followed is understood and that the employee is not disadvantaged at any stage in the procedure. Further information on the support available can be sought from the Human Resource Department.