

REGULATION 4: AUTHORISATION LIMITS

Incurring expenditure relates to any process, which places a commitment on the Council to commit or spend its monetary resources. These processes include authorising orders, invoices or any type of reimbursement. They do not relate to the administrative activities supporting these processes e.g. setting up an electronic order.

- 4.1 **Nature of Spend:** Expenditure should only be incurred in relation to the business of FBC and procurement channels should not be used for personal use under any circumstance.
- 4.2 **Budget Provision:** Expenditure can only be incurred within the revenue and capital budgets approved by the Council.
- 4.3 **Capital Expenditure:** Only expenditure that meets the capitalisation rules can be charged against a capital scheme.
- 4.4 **Budget Holder Agreement:** When authorising expenditure, the authoriser should be confident that the budget holder has confirmed that the expenditure can be posted against their budget. The authoriser should take reasonable steps to be able to demonstrate this confirmation if challenged.

Exemptions from the need for budget holder confirmation are:

- Internal recharges
 - Employee related costs
 - Energy costs
 - Vehicle costs
 - Insurance premiums and excesses
 - Leasing costs
 - Capital financing costs
 - Bank charges
 - Bad debt provisions
 - ICT software and hardware costs
 - Non negotiable expenditure e.g. external audit fees
 - Accounting transactions and corrections
 - Anything else procured centrally or expenditure on a consolidated invoice.
- 4.5 **Authorisers:** Orders and payments which involve the spending of council funds must be authorised by an employee of the Council, whose powers to incur expenditure are in accordance with the limits set out in Appendix 1, and who has been nominated as an authoriser by their Head of Service.

- 4.6 Employees must not authorise any payments which are above these limits unless written approval to do so has been given by the employee's director and Statutory Chief Finance Officer.
- 4.7 **Emergency Responses:** In the event of the Council being involved in an emergency response, such that a control centre has been established, additional powers of authorisation are allowed in accordance with [Financial Regulation Support Document 29](#).
- ~~4.8 **Signing on Behalf of Other Approved Bodies:** No employee can authorise expenditure on behalf of a body other than Fareham Borough Council, unless the body has been approved in accordance with Financial Regulation 21 and this power is confirmed in a written document or agreement with the body concerned. This document should convey the limitations on this power.~~
- 4.94.8 **Personal Benefit:** No employee can authorise payments to themselves, or to related bodies/individuals where they have a personal interest. Any exceptions to this must be agreed by the Statutory Chief Finance Officer.

Appendix 1 - Current Authorisation Limits

			Level 1	Level 2	Level 3	Other
	Covers	Additional Rules	Member of CXMT	Head of Service	Other staff nominated by their Head of Service or Director	Finance Team Authoriser
Budget Expenditure	Electronic authorisation on efinancials, Orchard or Technology Forge Manual authorisation of order forms, yellow stickers or payment vouchers/certificate	Any payment over £500,000 must be counter signed by the Statutory Chief Finance Officer who cannot also be the first signatory.	£500,000	£75,000	£5,000 <u>£10,000</u>	Not applicable
Petty Cash	Cash Advances Reimbursement Float Top Up	Any payment over £200 must be counter signed by the Statutory Chief Finance Officer who cannot also be the first signatory.	£200	£100	£50	Not applicable
GPC Cards	Advance payments In person payments Telephone payments Internet orders	Limits are the upper limit for single transactions. Actual limits for single and monthly transactions are set out in individual Procurement Card agreements.	Up to £5,000	Up to £2,000	Up to £1,000	Not applicable
Financial Management	Manual signatures on financial instruments (e.g. CHAPS, BACS, Cheques) Life Assurance Claims Precepts to other precepting authorities Routine transfers to Government Departments (e.g. Inland Revenue, NNDR) Pension payments Authorisation of sundry debtor refunds	Any cheque, or supporting document for BACS/CHAPS over £50,000 must be physically signed by an authorised person. Any payment over £1,500,000 must be counter signed by another authorised person. Any payment over £3,000,000 must be counter signed by the Statutory Chief Finance Officer who cannot also be the first signatory.	Not applicable	Not applicable	Not applicable	£1,500,000
Employee Staff Expenses	Payments to employees staff made through the electronic expenses system: Mileage, Overtime, Hourly Salary, Standby, Eye care, Subsistence, Parking, Public transport.	Any claim where the employee's manager is not available can be authorised by a <u>S</u>super <u>U</u>ser.	A post holder can authorise any claim of an employee whose post reports to theirs in the management structure. <u>A claim submitted by a Director can only be authorised by another Director or a Super User. A claim submitted by the Chief Executive Officer can only be authorised by another Statutory Officer.</u> This is controlled electronically by the system. Claims should not be submitted and authorised by the same person.			

Pay Advances		Any payment over £500 must be counter signed by the Statutory Chief Finance Officer who cannot also be the first signatory.	£500	£200	Not applicable	Not applicable
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Notes to Appendix 1

1. These limits relate to NET expenditure (net of VAT).
2. The authorisation rules in relation to income are laid out in Financial Regulation 19.
3. The authorisation rules in relation to changes in staff remunerations are laid out in the Pay Policy.
4. The rules in relation to signing agreements are laid out in Contract Procedure Rules and the Constitution
5. Some posts are designated as Heads of Services in relation to this policy where there is not a direct Head of Service available in the management structure. These posts must be approved as such by the Director of the department.
6. A manual signature must be provided for all post holders who are nominated to be able to authorise any expenditure.

Posts Referred to in the Authorisation Limits (Section to be moved to the document setting out “Posts fulfilling the Roles in Financial Regulations”)

Finance Team Authorisers	<u>Employee Staff Expenses Super Users</u>
Director of Finance and Resources	Management and Financial Accounting Manager
Management and Financial Accounting Manager	Finance Strategy and Development Manager
Finance Strategy and Development Manager	Head of Audit and Assurance
Chief Management Accountant	<i>If above not available:</i>
Corporate Accountant	Director of Finance and Resources
	<u>Head of Personnel and IT</u>
	Director of Regulatory and Democratic Services