South East Coast Ambulance Service NHS
NHS Foundation Trust

FINANCE PROCESS

AUTHORITY TO INCUR EXPENDITURE (FP1)

This document should be made available to all staff employed by the South East Coast Ambulance Service NHS Foundation Trust. It sets out the guidance for all staff about authority to incur expenditure and related financial matters.

This document is an appendix to the Trust's Standing Financial Instructions and Scheme of Delegation.

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1. INTRODUCTION

1.1 The Trust's procedures for incurring expenditure are contained within Standing Orders (SO) and Standing Financial Instructions (SFI). Copies of these policies are available on the Trust's intranet.

1.2 This process provides specific advice on the level of financial authority delegated to managers and other staff by the Chief Executive or Director of Finance, to enable staff to discharge their duties.

1.3 Managers should contact their Finance Business Partner or the Associate Director of Finance for advice on any matter relating to this Process. Any decision on interpretation shall be made by the Director of Finance.

1.4 Any changes to the approved budget (virements) must be approved in accordance with the Budget Virement Process (FP 2), a copy of which can be found on the Trust intranet.

2. LEVEL OF AUTHORITY

2.1 Authority to incur expenditure is set at levels considered appropriate to the responsibilities of the relevant budget holder, group or committee considering the potential impact of decisions on the financial standing of the trust.

2.2 This Process and the associated authority limits should be reviewed annually in line with the requirement to review SFIs and Scheme of Delegation.

3. GENERAL PRINCIPLES

3.1 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.

b) The responsibility for financial management and control should be clearly covered in personal development reviews and objectives of budget holders/budget managers.

c) All staff are required to uphold the principles & policies stated in the Trust's SFI's, SOs and associated financial processes.

d) When requested, managers must provide an explanation for incurring expenditure and provide any supporting documents.

e) A manager may not authorise any expenditure where he/she is a beneficiary. All such expenditure needs to be referred to his/her line manager or director for authorisation.

f) The Director of Finance may object, with written justification, to the appointment or continuation of a specific individual as a budget manager or may attach further conditions to the discharge of an individual's financial authority.

4. REVENUE EXPENDITURE (WITHIN BUDGET)

4.1 Any expenditure covered in this section must be within the framework of an approved budget. It is the responsibility of the budget holder/budget manager to ensure that there is enough budget to cover the value of the goods or services being ordered.

4.2 Approval for the purchase of goods & services within an approved budget shall be subject to the following limits.

	Value in £
Budget Holder/ Manager Band 8B and 8C	Up to £20,000
Budget Holder/Manager Band 8D	Up to £25,000
Associate Director of Finance	Up to £50,000
Executive Director	Up to £50,000
Chief Executive or Director of Finance	Over £50,000

4.3 These limits are prescribed within, and automatically applied by, the SBS system, which is the primary tool for authorising expenditure.

4.4 These limits relate to the whole life cost (WLC) (see 5.2 below).

4.5 These limits exclude VAT, reflecting the way requisitions in SBS are raised.

4.6 These limits will be monitored and may be reviewed as required.

4.7 The thresholds for quotes and tenders must be complied with; these limits are detailed in appendix 1 of the Trust's Standing Financial Instructions (SFIs)

4.8 Budget holders/budget managers should seek advice from to the Head of Procurement if in doubt.

4.9 In exercising this authority, the budget holder/manager is expected to authorise the Purchase Order Request. This should be raised through the SBS system.

5. CAPITAL AND NON-BUDGETED REVENUE EXPENDITURE

5.1 All capital and non-budgeted revenue expenditure must be supported by an approved Business Case or Business Brief (if total capital cost is less than £100k or total operating expenses are less than £50k). The table below shows the approval limits for business cases. Refer to the Business Cases – Submission and Approval Process (FP 3) for further information.

	Total Capital Approval Value	**Total Unbudgeted Operating Expenses Approval Value**	**Notes**
Associate Director of Finance	Up to £10,000	Up to £10,000	New Limit, managed through Budget Virement Process
Executive Director of Finance and Corporate Services	Up to £100,000	Up to £100,000	New Limit
CEO (authority exercised through Executive Management Board (EMB)) *	Up to £1,500,000	Up to £750,000	Increased from £300,000
Trust Board	Over £1,500,000	Over £750,000	Increased from £300,000

In exceptional circumstances by Trust Board Chair's Action and Two Executive Directors	Over £1,500,000	Over £750,000	With two Directors and Chair, notify to the Board at next available meeting.

*Acting CEO will assume role during CEO absence.

5.2 These limits relate to the 'Whole Life Costs' (WLCs), including non-recoverable VAT, of the proposal. WLC is equal to the total capital spend plus unbudgeted operating costs and savings over the life of the project (notionally five years where costs are recurrent)

5.3 All capital expenditure that is financed by leasing (excluding staff lease cars) must be supported by a business case and submitted to the BCG and EMB for approval.

5.4 In urgent circumstances, the Director of Finance may authorise capital expenditure up to a value of £100,000 but this must be reported to the next meeting of the BCG for ratification.

5.6 Following approval, expenditure is monitored by the Project Accountant and if the WLC is anticipated to be 10% or £100k over the approved amount, further approval must be sought from the BCG and EMB via the submission of a revised business case.