Incurring & Authorising Expenditure Procedure

Procedure Reference:		F02b	
Related Policy:		F02	
Effective date:	August 2024	Review date:	August 2027
Approved by P&PRG:		July 2024	
Owner:	Tom Leftley	Job Title:	Head of Finance

To be issued to: (check as needed)

☐ Board of Management	☐ OD
☐ All Staff	☐ Compliance
☒ ET/SLT	☐ All Care & Support
☒ Head Office Managers	☒ C&S Managers (RM,OM, CSM)
☒ Head Office Staff	☐ C&S Staff
☒ Finance	☐ Contractors
☐ Housing	☐ Agency Staff
☐ Asset	☐ Unite the Union
☐ ICT	☐ Employee Voices Group
	☐ Other: _____

Method of Delivery (check as needed)

☒ Learn Pro	☐Policy Owner to Notify (e.g. Contractors)
☐ Board Portal	☐ Other: _____
☐ Line Manager to Share (e.g. Agencies)	_____

Stakeholder Consultation Completed (check as needed)

☐ Board of Management	☐ OD
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☐ Head Office Staff	☐ C&S Staff
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	☐ Other: _____

Version Control

Date	Owner	Version	Reason for Change
January 2009	Head of Finance	1.0	New procedure
May 2016	Head of Finance	2.0	Procedure due for renewal
August 2020	Stuart Green	2.1	Transfer to new format, rename, and Procedure due for renewal
June 2024	Tom Leftley	3.0	Cyclical review

Summary of Changes

Section	Change
1.0 Introduction	Removed reference to "Recruitment and selection procedure [HR01]" as this procedure does not need to be read in conjunction with it.
2.0 Learning & Development Requirements	New Section, added: "All relevant staff and Board members will review and sign off this procedure on Learn Pro. The Finance department will support and guide staff in incurring, reviewing, and authorising expenditure, including ensuring appropriate supporting documentation and guidance notes are in place."
3.0 Budget Holders	New section. Moved definition of budget holders into this section. It was previously included within "checking payments". Removed reference to physical checking of invoices as no longer relevant.
4.0 Incurring and Authorising Expenditure	No material changes
4.1 Authority to Incur Expenditure	Removed the following wording as duplicates existing wording included in section of procedure: "At each stage in the process the member of staff involved will ensure that: • They have the authority to undertake the task; • They have the necessary information to enable them to carry out the task; • The expenditure is covered by the current approved budget."
4.2 Checking and Authorising Invoices	Removed reference to physical signatures, signing invoices and invoice authorisation slips, and finance holding sample signatures, as this process no longer exists. Removed the following paragraph as covered already within procedure: "Where an invoice is not related to an official order, quote, or tender amount, checking of invoices will normally include a check of the calculations. For maintenance invoices from term contractors,

Section	Change
	sample calculation checks will be carried out from time to time, as determined by the Senior Maintenance Officer or other relevant member of the team."
4.3 Making Payments	Removed granular detail from this section, covering: - The process Finance department goes through to review and approve weekly BACS payments - RBS's Bankline platform, and how Finance department authorise payments - How invoices which are paid outside of the BACS system are recorded and matched on the purchase ledger
5.0 New Suppliers and/or Changes to Supplier Details	Merged "New Suppliers" and "Changes to Supplier Details" section from previous procedure.
Appendix 1 Payment Methods	Introduced a table which lists the six payment methods available to Ark employees, noting frequency and description/generally accepted use for each payment method. This covers the detail removed from section 4.3, and the deletion of the F02c procedure "Expenditure by Cash, Cheques and Credit Cards"

Incurring & Authorising Expenditure Procedure

Contents

1.0 Introduction

The purpose of this procedure, and the policy which supports it, 'Procurement' [F02], is to set out our arrangements for ensuring that all expenditure has been correctly incurred and authorised, in accordance with the current levels of delegated authority and relevant procedures.

This procedure should be read in conjunction with the following policies and procedures:

- Standing Orders [G06], in particular the delegated levels of authority;
- Procurement policy [F02];
- Procuring Contracts procedure [F02a]; and
- Scheme of Financial Delegation [F04].

2.0 Learning & Development Requirements

The Finance department will support and guide staff in incurring, reviewing, and authorising expenditure, including ensuring appropriate supporting documentation and guidance notes are in place.

3.0 Budget Holders

Budget holders are defined as:

- The ET or LT member of staff responsible for the budget for their area of the business;
- A member of staff with delegated authority from the budget holder to check and authorise expenditure on their behalf, up to the authorisation limits set out in Ark's 'Scheme of Financial Delegation' [F04].

4.0 Incurring and Authorising Expenditure

There are three stages in the process of incurring and authorising expenditure:

1. Incurring the commitment to spend, e.g. placing an order, accepting a quotation or tender, issuing a staff appointment letter;
2. Checking a request for payment, e.g. an invoice, contract valuation certificate, rent refund pro-forma, or monthly salary input details, before payment is made; and
3. Authorising payment.

4.1 Authority to Incur Expenditure

Authority to incur expenditure and authorise payments is, apart from a few exceptions, delegated by the Board of Management to the Chief Executive and through the Chief Executive to designated staff.

Any Ark employee can obtain quotations from suppliers. However, before any commitment to spend is agreed, staff must ensure that they have, or have obtained, authorisation to incur expenditure in line with the financial limits set out in Ark's 'Scheme of Financial Delegation' [F04].

Staff should also ensure departmental expenditure is within approved budget levels.

Where costs are not included in the current budget, expenditure can only be incurred on the authority of the Executive Team, Board of Management or Chair, as detailed in Ark's 'Scheme of Financial Delegation' [F04].

When authorising any expenditure, it is the responsibility of the individual signing any order or invoice to be accountable for that expenditure by confirming that the expenditure is legitimate, justified, and conforms to existing policies and procedures.

4.2 Checking and Authorising Invoices

Payments to suppliers will be in line with our normal payment terms, as set out in Ark's Financial Regulations [F01].

Except for salary payments to members of staff, budget holders will receive an electronic copy of the invoice, sent from the Purchase Ledger ("P/L") mailbox. The invoice should be checked and a return email to the P/L mailbox should be sent noting approval to pay.

The member of staff checking (and approving) the invoice will, where required, add the relevant expense code(s) to the email.

Where discrepancies between the original order and invoice, or any inaccuracies in the calculations etc. have been identified, these will be investigated with the supplier by the member of staff incurring the expenditure. Where required, an explanation of any discrepancy will be attached to the invoice.

Where the relevant member of staff is not available, approval may be authorised by a more senior member of staff within the same department, up to their authorisation limit, or by a member of the ET or LT.

A member of staff must not co-authorise a payment payable to themselves.

4.3 Making Payments

Ark has a range of payment methods, as set out in Appendix 1.

Arks' preferred method of payment is via BACS, as this is the most cost effective and efficient method, but we recognise that there are circumstances where other methods of payment are required.

5.0 New Suppliers and/or Changes to Supplier Details

The Finance department maintain a register of supplier details on the finance system. If staff require a new supplier to be added, this should be requested via the appropriate form.

Suppliers should submit any change in details, such as bank account or remittance email address, directly to the P/L mailbox.

These details will be independently reviewed and updated by the relevant members of the Finance department.

6.0 Implementation and Review

6.1 Implementation

The Head of Finance is responsible for ensuring this procedure is followed by all relevant members of staff involved in the process for incurring and authorising expenditure. They will be supported in this duty by the wider Finance team, and through the internal and external audit process.

6.2 Review

The Head of Finance will ensure that this procedure is reviewed at least every three years.

Appendix 1 Payment Methods

Payment Type	Frequency	Description
BACS	Weekly	Payments for the majority of invoices received will be made on a weekly basis, via BACS. A payment run will be generated in the Finance system, based on invoice due date, producing a list of invoices to be paid, which have been appropriately checked and authorised by budget holders.
Bank Transfer (CHAPS or Faster Payment)	Ad-hoc (Payments can be same or next day)	This method of payment covers a range of circumstances, including: - one-off payments to suppliers not added to the finance system; - where payment is required before delivery of goods or service; - where there is an urgent requirement to pay a supplier outside of the usual BACS cycle (the invoice should still be processed and approved through the purchase ledger); - customer refunds (such as over-paid rent); and - payments to employees outside of the usual salary payment cycle (the employee payment should still be processed and approved through the payroll system).
Standing Orders & Direct Debits	Monthly	This method of payment generally covers two scenarios: - where a supplier lists it as their preferred method of payment (generally related to utilities); and - where Ark has a commitment to regular expenditure via a lease or contract, generally for the letting of properties to Ark (where no regular invoice is presented to Ark). These methods of payments will be agreed by the Head of Finance on a case-by-case basis. Where invoices continue to be received by Ark, the relevant authorisation and checking of invoices process should still be followed.
Credit Card	Ad-hoc	A credit card should be used where suppliers do not offer payment via invoice, such as for hotel or travel expenses linked to Ark activity, furniture packages, or HMO payments to Local Authorities.
Cheque	Ad-hoc	This method of payment is generally only used when requested by customers.
Petty Cash	Ad-hoc	This method of payment should only be used when all others have been exhausted, and should be for low value expenditure, such as re-imbursing customers for travel expenses.