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| **Authorisations Limits: Income & Expenditure** | | | | | | |
| **Sponsor:** | | Corporate Director – Business Services | | | | |
| **Owner:** | | Financial Controller | | | | |
| **Date Approved:** | | February 2023 | | | | |
| **Date for Review:** | | December 2025 | | | | |
| **Distribution:** | | Internal and Non-Confidential | | | | |
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| 1. **Purpose** | | | | | | |
| Trustees and employees are authorised to enter into legally binding contracts, commit expenditure (e.g. through the creation of a purchase order) and authorise invoices on behalf of Barnardo’s and its subsidiary companies. This policy sets out the delegated limits up to which Trustees and employees can enter into such arrangements and the levels of approval / authorisation required. | | | | | | |
| 1. **Scope** | | | | | | |
| Barnardo’s enters into contracts both to deliver services (as a service provider) as well as to purchase goods and services (as a purchaser or commissioner). This policy applies to both forms of contracts. In addition, Procurement policies and rules cover all aspects of purchasing and must be followed.  This policy applies to all Trustees, employees, agency workers, contractors, volunteers and partners of Barnardo’s. Contractors and temporary staff may only commit and / or authorise expenditure if a Corporate Leadership Team (CLT) member has provided delegated authority in writing for them to do so.  Bank transfers, authorising multiple payments such as payroll or supplier payments as part of the financial processing are outside the scope of this policy. | | | | | | |
| 1. **Roles and Responsibilities** | | | | | | |
| All Managers are directly responsible for implementing the Policy within their operational areas and for adherence by staff they line manage.  It is the responsibility of all relevant staff, agency workers, contractors and volunteers, as applicable, to comply with this Policy and engage in any relevant training at appropriate intervals.  Changes to authorisation limits up to £1 million may be approved by the Corporate Leadership Team. Revisions to all limits in excess of £1 million must be approved by the Board of Trustees. Minor changes outside of the above definition can be approved by the sponsor. | | | | | | |
| 1. **Policy** | | | | | | |
| **4.1 General:**  Trustees and employees are authorised to enter into legally binding contracts as per this policy on behalf of Barnardo’s and its subsidiary companies[[1]](#footnote-2). Employees must have the necessary authorisation to commit or incur expenditure as detailed in the tables below before entering into a contract – authorisation should typically be in the form of an approved purchase order (for expenditure) or alternative recorded approval (for income).  When committing to any income or expenditure arrangement, all colleagues must adhere to the Barnardo’s value of responsible stewardship. If in doubt of whether further approval is required seek guidance from your CLG member or senior Finance leaders.  **4.2 Expenditure:**  The table below sets out the applicable limits and authorisation required for expenditure. Expenditure refers to the total costs associated with delivering a product, service or in the case of capital programmes to complete the works, including VAT. The costs should not be divided into smaller value transactions to evade approval at the right level.  In most cases expenditure will be committed through a purchase order to cover the costs of the product / service. Other types of commitment will include a contractual agreement, a business case or an individual invoice (in the small number of cases a PO is not required).   |  |  | | --- | --- | | **Expenditure Amount (£)\*** | **Authorisation Required** | | Over £5,000,000 | Board of Trustees | | £1,000,001 - £5,000,000 | Audit & Finance Committee | | £500,001 - £1,000,000 | Chief Executive Officer | | £250,001 - £500,000 | Corporate Director Business Services (CFO), Foundation Grants Board (FGB) | | £100,001 - £250,000 | Corporate Leadership Team (CLT) Member | | £50,001 - £100,000 | Corporate Leadership Group (CLG) Member, Financial Controller, Head of Property | | £10,001 - £50,000\*\* | Senior Leaders Group (SLG) Member  (e.g., Assistant Director, Senior Manager, Head) | | £0 - £10,000\*\* | Budget Holder (Cost Centre owner) |   \*The limits for expenditure also apply to fundraising income contracts/agreements other than circumstances whereby the fundraised income is directly related to delivering specific children’s services, in which case this is in substance a children’s services contract and should follow section 4.3, ensuring approval in both fundraising and the relevant delivery team (e.g. children’s services).  For other contractual income (i.e. Children’s Services commissioned contracts) see section 4.3.  \*\* Temporarily, budget holders who are also Senior Leaders Group Members in many cases, can authorise Purchase orders up to £20,000. We are working to bring the £50,000 layer into our D365 system. In meantime orders above £20,000 go to the CLG Member.  **Additional Considerations - Expenditure:**   * Where contracts are to be signed to deliver a product or service, this must be done and approved at the appropriate level prior to work commencing. * Authorisation to commit the charity to spend, is not an approval to evade the procurement process, which is especially important for high value contracts and for new suppliers. Please see the procurement policy for the applicable process. * Where the supplier is a contractor, temporary worker or similar, the ‘buyer’ (the person in Barnardo’s responsible for securing their services) must ensure appropriate checks have taken place to ensure the worker is safe and we are following applicable laws and regulations (see section 5). * The Foundation Grants Board (FGB) has delegated responsibility to allocate monies from the Foundation up to the CEO approval level. All allocations to the Foundation are subject to CLT approval. * Stock write-off (including obsolete/missing stock) up to £50,000 can be made by CLG member with notification to Head of Finance. Write offs over £50,000 must be approved by the Corporate Director of Business Services (CFO) and not be broken down. The total cumulative write off in any one financial year should be approved by Head of Finance/Finance Controller and where over £100,000 approved by the CFO. * The above also applies to the write-off of fixed assets (excluding property disposal which is covered by 4.4 below). * In both cases alternative viable options (e.g. resale) should be considered prior to write off.   **4.3 Income**  The table below sets out the applicable limits and authorisation required for entering into an agreement to receive income for a product or services (not for sale of property). We consider here the total value of the income agreement (over its life, i.e. number of years of the contract) and the annual value. These limits apply to entering into a formal agreement to receive income at a future date and therefore the approval limits do not apply to the receipt of income in all of our normal business practices, like the sale of donated goods in a Barnardo’s shop or the receipt of donations through a community fundraiser. Fundraising income agreements are covered by the limits in section 4.2 above and therefore the table below is not applicable.   |  |  |  | | --- | --- | --- | | **Income (£)\* - Annual Value** | **Income (£)\* - Total Value** | **Authorisation Required\*** (NB. ‘and’ requires joint sign off, ‘or’ means one of roles listed) | | Over £3,000,000 | Over £9,000,000 | Chief Executive Officer and Corporate Director of Business Services (CFO) | | £1,000,001 - £3,000,000 | £3,000,001 - £9,000,000 | Corporate Director (any) and Corporate Director of Business Services (CFO) | | £250,001 - £1,000,000 | £750,001 - £3,000,000 | Director (or Head in London only) of Children’s Services and Director of Commercial & Business Development and Head of Finance | | £50,001 - £250,000 | £150,001 - £750,000 | Director (or Head in London only) of Children’s Services and Head of Business Development or Assistant Director Business Development and Head of Finance or Assistant Director of Finance\*\* | | £0 - £50,000 | £0 - £150,000 | Head of Business Development or Assistant Director of Children’s Services and Assistant Director of Finance or Head of Finance |   **\***Estimated income is sufficient if the actual income to be received is not clear at the time of entering the agreement (i.e. it may be dependent on Barnardo’s performance of the service).  \*\*Heads of Services to directly approve a minimum of 1 in 10 contracts over a financial year within the threshold level of ‘£50,001 - £250,000 annual value or £150,001 - £750,000 total value’.  **Additional Considerations - Income:**   * A business case brief is completed for all bids that provides an audit trail that all key risks have been considered. Specific risk factors will be kept under review via the Audit & Finance Committee quarterly reporting procedure. * Financial approval does not negate the requirement to consider other risks associated with Barnardo’s delivering the agreed products or services (e.g. reputational, our ability to deliver, financial risk sharing), if in doubt, seek guidance from your CLG member. * Unlike a deed or sealed document, the law itself does not stipulate how tenders are signed – key is that the signatory has their organisation’s authority to do so. This policy provides that authority up to the specified limits. * Delivery of services should not commence until agreements have been signed, at the appropriate level, with the third party. * Where income is generated directly to be spent in Children’s Services, the contract for income (and delivery of the expenditure) must be jointly approved by the CLG and/or CLT (depending on value) member responsible for both the income (fundraised) and the expenditure (Children’s Services). * Income from sale of land and buildings (‘property’) is subject to separate requirements under the Charities Act 2011 and is therefore excluded from the above (see further details below). * Any decision to write off income / debt, must be made by a Director / CLG member as a minimum and Head of Finance must be notified of all write offs (with joint approval over £5,000). If the write off is above £10,000 it must be approved by the Corporate Director of Business Services (CFO). Any individual debt write-off over £100,000 must be approved by Audit and Finance Committee.   **4.4 Land and Buildings (‘Property’)**  When selling or leasing charity property, the trustees are required by sections 117 - 121 of the Charities Act 2011[[2]](#footnote-3) to consider the required reports, decide that they are satisfied that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained by the charity, and certify in the documents effecting the disposition that they have done so. Similar provisions exist in relation to any mortgage of land held by or in trust for a charity.  Any two of the following may execute assurances or other deeds or instruments on behalf of the charity trustees and give the required certificate pursuant to the Charities Act 2011 in relation to property of any value:   * Chair of Trustee Board * Deputy Chair * Honorary Treasurer * Chair of the Audit and Finance Committee  |  |  |  | | --- | --- | --- | | **Transaction** | **Value (£)** | **Approval Required** | | Property Purchase | Over £5,000,000 | Board of Trustees | | Property Disposal | Over £1,500,000 | Board of Trustees | | Property Purchase | £0 - £5,000,000 | Audit and Finance Committee | | Property Disposal | £0 - £1,500,000 | Two of the above appointed Trustees |   **4.5 Litigation**  Technically all litigation is reserved to the Board but delegated to Honorary Officers provided that (i) matters of 'particular significance or risk' are referred to the Board (ii) the use of such power is reported to the Board at the next opportunity. The tables below set out the applicable limits and authorisation to be applied for general and legacy specific litigations.  **General: Approval of entry into, defence and settlement of litigation**   |  |  |  |  | | --- | --- | --- | --- | | **Reputational Risk** | **AND/ OR** | **Potential Loss** | **Approval Required** | | Medium or above | Over £250,000 | Board Honorary Officers | | Low | £50,000-£250,000 | Corporate Director Business Services | | Low | Under £50,000 | Company Secretary & Head of Legal |   **Legacies**   |  |  |  |  | | --- | --- | --- | --- | | **Reputational Risk** | **AND/ OR** | **Potential Loss of income** | **Approval Required** | | Medium or above | Over £250,000 | Board Honorary Officers | | Low | £100,001 - £250,000 | Corporate Director Business Services | | Low | £25,000- £100,000 | Company Secretary/Head of Legal or Financial Controller\*[[3]](#footnote-4) | | Low |  | Under £25,000 | Legacy Operations Manager\*[[4]](#footnote-5) |   **4.6 Ex Gratia payments**  Ex Gratia payments are payments that are subject to a moral obligation rather than a legal obligation, or justifiable as being in the Charity’s best interests, see Charity Commission guidance [CC7](https://www.gov.uk/government/publications/ex-gratia-payments-by-charities-cc7)  **Approval of ex gratia payments** (subject to implementation of the Charities Act 2022[[5]](#footnote-6))   |  |  | | --- | --- | | **Value of ex-gratia payment** | **Approval** | | Over £20,000 | Board Honorary Officers (for referral to the Charity Commission) | | £10,000 to £20,000 | Corporate Director Business Services | | £1,500 to £10,000 | Company Secretary/Head of Legal or Financial Controller | | Up to £1,500 | Legacy Operations Manager |   **Approval of ex gratia payments** (prior to the implementation of the relevant provisions of the Charities Act 2022)   |  |  | | --- | --- | | **Value of ex-gratia payment** | **Approval** | | Over £1,500 | Board Honorary Officers (for referral to the Charity Commission) | | £500 to £1,500 | Corporate Director Business Services | | Up to £500 | Legacy Operations Manager (for legacy matters); Company Secretary/Head of Legal for non-legacy matters. |   **Refusal of ex-gratia requests**   * For legacy matters: Legacy Operations Manager (based on insufficient grounds to present a moral argument). * For non-legacy matters: Company Secretary & Head of Legal * For all matters: Company Secretary & Head of Legal (if the decision to refuse is challenged by the applicant).   **4.7 Authority to sign specific legal documents**   * The signature of deeds or the use of Company seal[[6]](#footnote-7), requires the following signatories:   A) two Trustees or one Trustee and the Company Secretary; OR  B) any two of the following authorised signatories: (i) any member of the Corporate Leadership Team[[7]](#footnote-8); (ii) the Director of Business Development; or (iii) The Company Secretary   * The receipt of and processing of legacies: related legal documents and approvals by the   Company Secretary and the Legacy Operations Manager | | | | | | |
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| 1. **Associated Legislation, Guidance, References and Documents** | | | | | | |
| The requirements in this policy should be considered alongside the requirements of other Barnardo’s policies and procedures, in particular the following:   * Matters Reserved to the Board of Trustees * Responsible Procurement Policy * [Anti-Bribery and Corruption Policy](https://inside.barnardos.org.uk/sites/default/files/2022-04/Anti%20Bribery%20%20Corruption%20Policy%202022.pdf) * [Anti-Fraud Policy](https://inside.barnardos.org.uk/sites/default/files/2022-04/Anti%20Fraud%20Policy%202022.pdf) * [Conflicts of Interest Policy](https://inside.barnardos.org.uk/sites/default/files/2022-03/Conflicts%20of%20Interest%20Policy.pdf) * [Gifts and Hospitality Policy](https://inside.barnardos.org.uk/sites/default/files/2022-04/Gifts%20and%20Hospitality%20Policy%202022.pdf) * [Expenses Policy](https://inside.barnardos.org.uk/sites/default/files/2022-04/Expenses%20Policy%20-%20updated%20April%202022.pdf) * [External Consultants Questionnaire (ECQ) and related procedures](https://inside.barnardos.org.uk/sites/default/files/2022-04/Expenses%20Policy%20-%20updated%20April%202022.pdf) * Other Finance policies and procedures | | | | | | |
| 1. **Risk Assessment** | | | | | | |
| The Policy Owner, with assistance from relevant individuals will undertake a detailed risk assessment of Barnardo’s authorisation limits at least every three years, using this to inform required changes to this policy, any associated processes and procedures or training / awareness-raising as required. | | | | | | |
| 1. **Compliance and Oversight** | | | | | | |
| In addition to the compliance and oversight arrangements set out under Roles and Responsibilities, the following applies:   * The Policy Owner will ensure that management information demonstrating adherence to and compliance with this Policy is produced and provided to relevant parties as required. The most appropriate format and frequency of such management information will be determined by the Policy Owner in conjunction with those relevant parties. * The Audit and Assurance team will periodically and independently review adherence to and compliance with this Policy and associated procedures and processes across the Charity in line with their approved audit and inspection plans. | | | | | | |
| 1. **Document History** | | | | | | |
| **Version** | **Date** | **Author** | **Status** | | **Approval (by / when)** | **Comments** |
| 1.0 | August 2015 | Director of Finance | Draft | |  | Initial drafting of the policy and CLT review |
| 2.0 | 12 November 2015 | Director of Finance | Draft | |  | Governance Committee review of the draft policy |
| 3.0 | 21 January 2016 | Director of Finance | Approval | | Board of Trustees / January 2016 | Policy approved by Board of Trustees |
| 3.1 | September 2019 | Risk & Compliance Manager | Updated draft | |  | Policy review and consultation with Finance and Procurement |
| 3.2 | October 2019 | Head of Finance, Accounting and Shared Services, Head of Procurement, Risk & Compliance Manager | Updated draft | |  | Updated following comments from Corporate Director – Business Services, CAIU and Corporate Director – Children’s Services: Operations |
| 3.3 | October 2019 | Head of Finance, Accounting and Shared Services, Head of Procurement, Risk & Compliance Manager | Approved | | Corporate Leadership Team / October 2019 | Approved by CLT |
| 3.4 | May 2022 | Finance Controller, Head of Planning and Commercials | Updated | |  | Refreshed (non-material changes for CLT approval). |
| 3.5 | Nov 2022 | Financial Controller, Director of Business Services | Updated | | CLT Dec 22 | Simplified. Additional delegations brought in |
| 3.6 | Feb 2023 | Financial Controller, Director of Business Services | Updated | | Board of Trustees  Feb 23 | Write-offs and extra clarifications added |
| 3.7 | Feb 2024 | Financial Controller, Director of Business Services | Updated | |  | Updated with clarifications around contract approvals (income) |

1. Subject to the Trustees (via the Audit and Finance Committee) approval of any funding arrangements by the Charity to the Subsidiary Companies. [↑](#footnote-ref-2)
2. As updated by the Charities Act 2022 [↑](#footnote-ref-3)
3. Subject to following external legal advice [↑](#footnote-ref-4)
4. Subject to following external legal advice [↑](#footnote-ref-5)
5. Sections 15 & 16, currently under further consideration by UK Government [↑](#footnote-ref-6)
6. Note- the current PoA also cover signature of “any instruments for the acceptance of a grant”, so this needs to be removed to align with section 4.3 [↑](#footnote-ref-7)
7. Current 2020 PoA needs to be updated to reflect current CLT post holders. [↑](#footnote-ref-8)