

AUTHORITY LIMITS

1. PURPOSE

1.1 To ensure the correct authorisation of expenditure by detailing the authorised persons and financial limits laid down within the Charity.

2. SCOPE

2.1 All Managers and Directors within the Administration and Fundraising operations of Motability and its subsidiaries.

2.2 Authority for the approval of grant expenditure is detailed in the Grants Procurement Policy.

3. POLICY STATEMENT

3.1 As a Registered Charity, Motability has to operate stringent controls on its expenditure. This policy names those Managers and Directors who have authority to purchase goods and services and/or to make payments on the Charity's behalf. There are no circumstances under which a deviation from these authority limits can take place.

3.2 In the absence of a relevant Director, the Finance Director or the Executive Director can authorise the expenditure.

3.3 The "Within Budget" limits apply to levels and types of expenditure as approved within the annual budget. Expenditure not included in the annual budget must be authorised, in the first instance, by the Executive Director or the Finance Director.

3.4 It is Motability's policy that no employee is allowed to authorise their own expenses nor authorise payments to themselves, notwithstanding that their expenses may have been countersigned by an authorised signatory.

3.5 No bank accounts or finance facilities can be opened without express authority

4. AUTHORITY FOR APPROVING FINANCIAL COMMITMENTS AND SUPPLIER INVOICES

4.1 Managers and Directors can authorise revenue and capital expenditure within the authority area (s) under their budgetary control subject to the limits detailed in [Appendix I](#).

4.2 Cost Centre Managers and the corresponding cost centres are shown in [Appendix II](#).

4.3 The procedure for purchasing and invoicing approval is contained within the Purchasing, Procurement and Invoicing Policy.

5. AUTHORITY FOR APPROVING RENTALS, LEASES AND EQUIPMENT HIRE EXCEEDING 12 MONTHS

- 5.1 Such expenditure will normally be treated as revenue expenditure.
- 5.2 The authority level required to enter into such agreements has to take into account the length of the agreement and can be calculated as follows:
- Car Leases-annualised cost X length of lease in years
- Property Leases-annualised cost X length of lease in years
- Equipment Hire-annualised cost X length of agreement in years
- Maintenance Contracts-annualised cost X length of agreement in years
- 5.3 Equipment hire includes all forms of Finance Agreements including operating lease, contract hire, hire purchase, finance leases, contract purchase, rentals etc.
- 5.4 Any agreements for the provision of vehicles allocated to individual members of staff will be subject to the eligibility criteria in the Company Car Policy.

6. AUTHORITY FOR APPROVING PAYMENTS

- 6.1 Governors, Managers and Directors authorised to make payments on behalf of the Charity are shown in Appendix III and cover separately Administration, Fundraising and Motability Enterprises Ltd.
- 6.2 All BACS and cheque payment items will be signed by two signatories as follows: -

Individual Item Limit

Cheques

BACS

£2,500 or less

two signatures from any list

two signatures from any list

£2,501 - £25,000

one from list B and one from list C

one from list B and one from list C

£25,001-£100,000

one from list A and one from list B

one from list B and one from list C

£100,000 or over

two from list A

one from list A and one from any list

6.3 The lower BACS authority limits relate to the additional internal control provided by the secure authentication system.

6.4 Suppliers of goods and services will normally be paid by BACS direct into their bank account or by cheque.

6.5 The authorising signatory will review the payments being proposed and check details to supporting invoices and other documentation as necessary.

6.6 Each BACS payment run (with the exception of Payroll, which is produced by the payroll provider) is transmitted via a secure remote authentication device held by the finance management team.

Each Payroll BACS run and PAYE and Pension BACS runs will be authorised by the Finance Director and either the Financial Controller or the Management Accountant. In the Finance Director's absence, the Executive Director will sign in their place.

7. AUTHORITY FOR APPROVING BUSINESS EXPENSES

7.1 Business expenses will only be reimbursed in accordance with the terms of the Business Expenses Policy.

7.2 Expenditure may only be approved by the Manager or Director responsible for the relevant department/directorate. If the expense claim is over the authorisation limit of the appropriate Manager or Director, then it must be approved by a Director with the necessary authority limit as shown below.

Expenses Incurred By

Authority Limits

£250

£1,000

£1,000

Above £1,000

Job Groups 1-3

Cost Centre Manager

-

Director

Finance/ Executive Director

Offsite Specialists

-

Cost Centre Manager

Other Specialists & Job Group 4

-

-

Directors

-

-

-

8. AUTHORITY FOR APPROVING PAYROLL CHANGES

8.1 Payrolls are prepared monthly by the external Payroll Provider and checked by the Financial Controller and Finance Supervisor before the Payroll, PAYE and Pension BACS runs are authorised as detailed in section 6 above.

8.2 The annual pay award is agreed by Directors and authorised by Governors as part of the annual budget process. The process is administered and checked by the Finance Department and HR.

The pay award instructions to the payroll provider are prepared by the Finance Department and signed by both the Finance Director and the General Manager, Human Resources.

8.3 Any other changes to an employee's annual salary rate must be actioned as noted in the table below.

Payroll Change

Initiated & Signed By

Countersigned By

Terms & Conditions:

- Job title
- Hours worked
- One-off payments
- Unpaid leave

Human Resources

Cost Centre Manager/Director

Other Payments:

- Sick pay

Cost Centre Manager/Director

Human Resources

- Overtime

Cost Centre Manager/Director

Not Applicable

Attendance Forms

Cost Centre Manager/Director

Human Resources

9. AUTHORITY FOR CHANGES IN BANKING ARRANGEMENTS, FACILITIES AND FUND TRANSFERS

9.1 Changes to banking arrangements must be authorised in accordance with the table below:

Banking Change

Signed By

Countersigned By

Open New Account or Finance Facility

Finance Director

Audit Committee Chairman

Transfers between existing accounts <£500,000

Financial Controller /

Management Accountant

/ Finance Director

Any other List A, B or C Signatory

Transfers between existing accounts >£500,000

Financial Controller

Or

Management Accountant

Finance Director or in their absence any other List A or B Signatory

Place Term Deposits < 3 months

Financial Controller /

Management Accountant

/ Finance Director

Any other List A, B or C Signatory

Place Term Deposits > 3 months

Financial Controller

Or

Management Accountant

Finance Director or in their absence any other List A or B Signatory

9.2 Changes to authorised bank signatories are set out in Policy 'Changes to Signatory Lists'.

10. RESPONSIBILITIES

10.1 The Finance Department has the responsibility for ensuring the maintenance, regular review and updating of this policy. Revisions, amendments or alterations to the policy can only be implemented following consideration and approval by the Directors.

APPENDIX I

AUTHORITY LIMITS FOR APPROVING INDIVIDUAL FINANCIAL COMMITMENTS AND SUPPLIER INVOICES

	Within Budget	Outside Budget
Executive Director	£100,000	£50,000
Finance Director	£100,000	£50,000
Oversight and Strategy Director	£25,000	Nil
Grants and Technical Director	£25,000	Nil
Fundraising Director	£25,000	Nil
Human Resources	£25,000	Nil
Cost Centre Managers	2,500	Nil

Notes:

1. Any item of single expenditure greater than £100,000 and within budget must be approved and minuted in advance by the Board of Governors.
2. Any item of single expenditure greater than £50,000 and outside budget must be approved and minuted in advance by the Board of Governors.
3. Single items of expenditure which are related to the same delivery of goods/services must be consolidated before applying the relevant authority limits.

Updated 2 October 2009