

MORAY COUNCIL



AUTHORISATION POLICY

Owner of Policy	Chief Financial Officer
Author	Deborah O'Shea
Date of Review	May 2023
Date of previous version	23 January 2019
Policy Approved	
Next Review Date	December 2023

INDEX

Item	Subject	Pages
1.	Authorisation - The Financial Regulations	1
2.	Levels of Responsibility	2 - 4
3.	Principles of the Authorisation Policy	5 - 6
4.	Practices and Procedures of the Authorisation Policy	6 - 7
5.	Processing of Pre-Authorised Payments	7 - 8
6.	Monitoring	8

1. AUTHORISATION - THE FINANCIAL REGULATIONS

1.1 There are a number of important principles to understand for any member of staff involved in committing expenditure on behalf of the Council.

- Councillors set Revenue Budgets and the Capital Plan **at a high level.**, ~~the inclusion of items within them constitutes authority for~~ The appropriate Chief Officer **is authorised** to incur expenditure **under the budgets for which they are responsible** in the year concerned, subject to:
 - the Council's Governance documents including the Scheme of Delegation, Scheme of Administration, Standing Orders and Financial Regulations,
 - any prior reporting requirements of the appropriate Committee **and**
 - ~~other than specific exceptions in the Scheme of Delegation, the amounts approved must not be exceeded.~~
- The Chief Financial Officer is responsible for ensuring that the Chief Officers are aware of the **Revenue** Budgets and Capital Projects approved by the Council for which they are responsible. ~~This responsibility covers budget monitoring, ensuring overspends do not occur, ensuring budgets are applied in accordance with Committee direction, and notifying the appropriate Committee of any amounts not required.~~ **Chief Officers are responsible for budget monitoring reports to the appropriate service committee. They are also responsible for reporting projected overspends and any other additional budgetary requirements arising** during the year.
- ~~Each member of the Corporate Management Team~~ **Chief Officers are** also responsible for ensuring that individual Officers **identified as** Budget Managers are advised of the **Revenue** Budget and Capital Plan projects for which they are responsible.
- **The Chief Financial Officer and the Chief Financial Officer of the Moray Integrated Joint Board (MIJB) will maintain a list of named individuals of NHS Grampian employees who are appointed as officers of the Council for the specifically described purpose of delivering integrated services. Any breach or non-compliance may result in the individual being removed from the appointment as officer of the Council and may result in a disciplinary action in line with the policies of NHS Grampian.**
- Authorisation arrangements need to guard against mismanagement and confusion and key aspects of such arrangements are:
 - no more than one person is responsible for a single budget amount;
 - each person responsible for a budget understands their responsibilities for that budget.

- all budget managers shall be required to confirm their awareness of and adherence to this Policy, the Financial Regulations, **Grant Policy** and Procurement Procedures by certification of a declaration to that effect, either at three yearly intervals or, for newly appointed managers, on completion of their budget manager training.
- If any budget manager is unsure of their responsibilities, they should contact the Accountancy Section for clarification and if needed, request refresher training.
- Deliberate failure to observe the Financial Regulations may lead to disciplinary action being taken against the Officer responsible up to and including dismissal.

2. LEVELS OF RESPONSIBILITY

2.1 To implement this policy, levels of responsibility have been defined as follows:

Corporate Management Team

This is the top tier within the Council, which is responsible for the strategic management / direction of the Council's resources.

Chief Officers

This includes the Chief Executive, **Depute Chief Executives** ~~Corporate Directors~~ and any other senior official of the Council (and includes the Chief Officer and Chief Finance Officer of the Moray Integration Joint Board) identified in Appendix 1 of the Financial Regulations, which mainly relate to Heads of Service. [Reference Documents](#)

Section 95 Officer

The Chief Financial Officer has been designated as "the section 95 officer" and is responsible for advising the Council on financial matters. It shall be the duty of the Chief Financial Officer to ensure that Chief Officers maintain adequate financial and accounting arrangements. Chief Officers must comply with all guidance on accounting and related matters issued by the Chief Financial Officer and no accounting arrangements shall be introduced, discontinued or amended without the prior agreement of the Chief Financial Officer.

Budget Holder

This level can be a second, or third tier officer, who has been delegated the responsibility for one, or a number of areas across their service. This person is responsible for overseeing the budgets identified to them and is able to authorise against the budgets. The Budget Holder would not normally be actively managing the budget on a day to day basis.

Budget Manager

This level is the front line Service Manager, who is assigned the direct operational responsibility for actively managing the service on a day to day basis

In Absence Authoriser

Arrangements must be made to allow a service to function effectively in the absence of the Budget Manager. An “In absence” authoriser is required for this purpose. This would normally be a depute or assistant; a peer familiar with a service area; or the line manager of the Budget Manager.

Location Signatory

In some services, the day to day operation can be undertaken at a physical location far removed from the Budget Manager. In these circumstances it may be necessary to implement procedures to allow staff to authorise expenditure within pre-defined areas. To ensure the principles of the Authorisation Policy are adhered to, any arrangements of this nature will only be implemented with the express agreement of the Chief Financial Officer.

Procurement Levels of Responsibility

Heads of Service will determine the officers who will be involved with procurement for their services and the appropriate levels of responsibility for these individuals. The Procurement team deliver a training programme for the training for these individuals (see below).

Only officers trained and identified to levels 3 or 4 will be allowed to procure on behalf of the Council, without appropriate support and authorisation.

For high risk and procurements above ~~EU~~^{the} Limits (for current levels see para 2.4.1 & 2.5.1 of the procurement procedures), support from the Procurement team should be sought and provided. The level of support to be provided would be determined by the risk, value, and experience of the officer and will be agreed at the start of the process. The Procurement Team can be contacted on 01343 563137 - request for support form (para 4.1.1 of the procurement procedures) Procurement procedures can be found here

[Procurement](#)

Different Levels

Level 1 – Procurement Admin

Aimed at officers responsible for processing and receipting goods and services, or who require a greater understanding of the procurement issues and have a high level of involvement in the process, particularly administration of the public contract Scotland portal (advertising of contract opportunities).

Level 2 – Competent

Previously used to train support for qualified and authorised officers, however the level is not supported by the current procurement training programme.

Level 3 – Qualified

A five module training course for officers who will procure/contract manage on behalf of the Council but who are not Budget Managers; they can approve the work of a Competent Procurer (level 2) and may assume the role of Lead Officer where appropriate.

Level 4 – Authorised

The same course is provided for officers who will procure/contract manage on behalf of the Council and are Budget Managers with responsibility for a defined service area. As for level 3, they can approve the work of a non-qualified officer and will assume the role of Lead Officer where appropriate. In addition level 4 officers can sign and commit the council to contracts.

The definition of a contract is “the ability to enter into the formal tendering process”. This is outlined in the Procurement Procedures and para 2.4.1 gives specific details of the minimum requirements to be followed for transaction over the limits stated within the Financial Regulations.

Level 5 – Head of Service

Responsible for the management of the procurement function for a defined service.

Level 6 – CMT

~~With regular procurement reports to inform council performance,~~ **As the senior tier of management with corporate responsibility,** CMT ensure that the procurement function is effectively managed across all Council departments.

Lead Officer

Certain officers will assume the role of “Lead Officer” where they represent and take the responsibility for the Council in the matters pertaining to an assigned commodity. They will lead procurement issues for the service delivery i.e. specification, evaluation, contract award and management. They will work with the Procurement Team to provide management information to support individual procurement strategies. They will lead the marketing and implementation of any awarded contracts and support the development of national and sectoral contracts (Scotland Excel and Scottish Procurement)

- 2.2 Chief Officers and Budget Holders can charge expenditure against a Budget Managers budget, but in accordance with good working practice, must notify the Budget Manager. Similar communication is also essential between the In

Absence Authorisers, Location Signatories and the Budget Manager to ensure effective management of the Budget resources.

- 2.3 Staff should not be allowed to take on any authorisation responsibility without appropriate training being provided and understanding the Council's Financial Regulations and Procurement Procedures.

3. PRINCIPLES OF THE AUTHORISATION POLICY

3.1 Structure

The Authorisation Structure reflects the Organisational Structure of The Moray Council and adopts some basic principles of financial control as follows:

3.2 Authorisation

“Authorisation” is the authority to effect a transaction, which results in expenditure on behalf of the Council. It follows that if a payment is being authorised it must be from a specific budget and only the person responsible for that budget should therefore authorise the payment. If this principle is ignored, there is a much higher risk of a budget being exceeded.

Wherever possible, authorisation should be completed electronically via the defined authorisation structure held within the Council’s Financial Management system (FMS).

However it is recognised that, at present, this is not always possible for all transactions, refunds, store system transactions etc. To pass an item for payment outwith the FMS system or enter into any financial commitment, a full signature is required to give a clear demonstration of the authority of the signatory. Initialisation photocopies or ~~digital signatures~~ are not an acceptable level of proof. When signing an item as authorisation for payment, Managers should also annotate their FMS User number, to assist payments staff in checking authorisation levels.

As an alternative to full signature, an e-mail from the person who is authorising is also acceptable. The e-mail must be from the authorisers council e-mail address.

3.3 Areas of Expenditure

The Authorisation Policy applies to all controllable areas within a Budget Manager’s budget, which is the collection of all income and control of all costs, excluding Capital Financing Charges; CSS Charges; Shared Accommodation and any other costs which are “allocated” from a central budget. The policy will include the authorisation of staffing commitments – both in the appointment of staff and in the authorisation of additional hours worked and staff expenses.

3.4 Financial Commitment

The rules contained within this Policy apply to all methods by which the Council commits expenditure:

- Orders via the Payments section (requisition)
- Orders via stores systems/works orders/kitchen orders
- Orders **or immediate purchase** via Purchasing Cards
- Contracts
- Staffing via notification of appointment forms/ timesheets
- Travel and Subsistence via employee claim forms

Each of these methods involves a variety of administrative processes and officers, including ordering from Internal Suppliers, e.g. Ashgrove, print room etc. Regardless of the process used, a Budget Manager must ensure that they are authorising the ordering etc, at the point in time where a financial commitment is entered into. For example a Budget Manager does not have to collate record, estimate and prepare an order for stationery from a supplier – these tasks can be undertaken by other staff. The Budget Manager must ensure that the Admin and Clerical staff are aware of any changes to Financial Regulations and Procurement Procedures or authorise through the FMS system

4. PRACTICES AND PROCEDURES OF THE AUTHORISATION POLICY

4.1 Record of Responsibilities

In order to maintain appropriate and accurate records of authorisation responsibilities, the Accountancy Section will maintain a database of all staff affected by this Policy. This information will be collected from staff by completing a “Financial User Application Form”. This form will collate ALL the information necessary pertaining to each individual user, whether they are an authoriser, or simply a financial system user.

It is essential that this information is kept up to date. Accordingly this form will be issued to all relevant New Starts and Terminations in consultation with the Line Manager.

All departments are required to notify the Accountancy Section immediately that there is a change in responsibilities, in order to keep the system up to date. Any delays in this notification will affect the Budget Managers’ ability to order goods and services as this information has to be replicated in the FMS System where on line authorisation takes place **and also in iTrent and the employee portal.**

4.2 Review of Documentation

Only approved forms (available from the Finance pages of the Council intranet) should be used.

All financial forms will be reviewed as existing stocks diminish, to ensure full compliance with the principles of the Authorisation Policy, including the need

for additional fields to hold the User Number. The policy will equally apply to any procedures involving electronic transfer of financial information.

4.3 Use of Purchasing Cards

In itself, the issue of a purchasing card to a member of staff does not represent delegation of authority to purchase, as authorisation for a transaction is still required from a Budget Manager for all transactions over the value of £10. Given the limitations placed on the appropriate use of purchasing cards a de-minimus of £10 has been established to reduce the administrative burden for the authorisation of low value transactions. However, a full transaction listing from the purchasing card system will be circulated to Heads of Service quarterly to ensure that there is a subsequent transparency for all card holder spend.

Authorisation for transactions over £10 is carried out online by the Budget Manager upon receipt of an email advising that they have transactions awaiting approval.

To be fully effective Budget Managers should carefully define the individual parameters attached to each card. These parameters can be tailored to the specific needs of the service and the user. For example, single transaction and monthly spend limits can be specified and the range of supply type where a card will be accepted can also be restricted. Because cards are issued to named individuals, their personal responsibility is clear. Consequences, including discipline in the event of inappropriate use are covered in the Purchasing Card Manual. [Purchasing Card Guidelines](#)

4.4 Internal Transactions

The appropriate authorisation must be received at the point an order is raised which will then result in an internal recharge being placed. This will be either by signature for paper orders or electronic password for e-mail or intranet form orders

5. PROCESSING OF PRE-AUTHORISED PAYMENTS

5.1 The Authorisation Policy defines an “authoriser” as the person responsible for the delegated budget, however it is recognised that on occasions officers will be charged with effecting expenditure under codes not directly their responsibility. For example, a Legal Officer completing a property transaction approved at committee; a Property Officer carrying out works on the authorised departmental instruction and an ICT Officer purchasing equipment to fulfil an internally authorised order. In accordance with good working practice, the Budget Manager must be notified.

5.2 It is necessary in these cases to trace the formal authorisation to the originating document, internal order, committee report, etc. When signing the document reference should be made to this authority by way of committee minute number, job costing number, order number, etc. This will allow Payments staff to process the transaction without referral to the actual budget manager and give Internal Audit a trail to follow.

5.3 The Officer signing expenditure documents must be clear that they have originating authority in the first instance but we do not expect that officer to formally confirm the authority of the person placing the order or signing the contract, this is the role of Financial Services.

6. MONITORING

6.1 Once the responsibilities have been defined and the documentation completed for each individual authoriser, this information will be collated and held within a database. This will give Financial Services staff and Auditors the ability to cross check any document received. Any expenditure processed outwith the Policy will be reported back to the individual and their Line Manager.