|  |  |
| --- | --- |
| *Chandos & Dent’s Almshouses* | *Financial Authorisation Policy* |
| *Owner* | *Finance*  |
| *Author* | *Martin Blackwell* |
| *Created or last revision* | *06/11/23* |
| *Review Date* | *06/11/25* |

1. **Background**

Trustees are jointly and severally liable for loss of or misappropriation of Trust assets and property.

In accordance with recommendations of the Charity Commission and to help safeguard the assets of the Trust, it is necessary to limit the authority of any one Trustee or subcommittee, and to help ensure that material financial and non-financial matters are properly authorised and managed from the outset through to payment.

1. **Budgets**

The Trustees will agree an annual budget by a resolution at a properly convened trustees meeting passed by a simple majority of Trustees present. The budget will set limits on the Trust’s annual spend for the following financial year (January to December) broken down by headings as deemed appropriate. The budget should be set at the Autumn Trustees’ Meeting and no later than 30 November.

A rolling 5 year budget will be maintained using all available data and estimations.

1. **Major Projects**

If the Trust is undertaking a major project or commitment, whether phased or not, then the Treasurer must be notified of the intended proposal with a budget cost and must be regularly updated. In addition a project proposal accepted by a resolution at a properly convened Trustees meeting passed by a simple majority of Trustees present, will contain details of the budgetary limits for that complete project or commitment (this could expedite project spending which might otherwise be constrained by the purchasing commitment limits set out in section 4). This proposal will contain a budget estimate, quotations (where necessary) and a cashflow plan.

1. **Purchasing Commitments**

In order to protect the Trust, any meeting with an external supplier or other third party which might lead to, or be construed to be, a financial commitment should be attended by at least two Trustees. No Trustee should commit the Trust to anything other than minor expenditure verbally.

In order to facilitate the smooth running of the Trust whilst maintaining effective financial transparency and control, the procedure to commit the Trust to a liability (which might be by making an immediate payment) will vary according to the size and nature of the transaction as described in the table below.

|  |  |  |
| --- | --- | --- |
|  | **Minor** | **Major** |
| Project building work  | As defined in the project proposal and agreed by a majority of Trustees at a full Trustee meeting. | As defined in the project proposal and agreed by a majority of Trustees at a full Trustee meeting. |
| Maintenance building work within the annual budget | Less than £1,000 | More than £1000  |
| Maintenance building work outside the annual budget\* | Less than £500 | More than £500  |
| Other purchases & commitments within the annual budget | Less than £100 | More than £100  |
| Other purchases & commitments outside the annual budget | None | All |
| Entering into or terminating a contract with a third party or varying its terms | Contract value of less than £1000 in total or £1000 per annum | Otherwise |
| Opening or closing a bank account |  | All |

Where applicable, a written resolution signed by all/a simple majority of trustees may be used where this policy requires approval of a matter in a full trustee meeting.

\* *The buildings sub-committee may commit to an unbudgeted spend of up to £10,000 immediately if* ***work is urgently required to prevent injury to beneficiaries or third parties*** *but this must be communicated to all Trustees and the Treasurer within 24 hours and this would only apply to making the premises safe and secure. Any further work must be authorised through the standard procedures. The Chairman or in his absence (or if a member of the Buildings Committee) the Deputy Chairman or in his absence (or if a member of the Buildings Committee) the Treasurer or in his absence any other Trustee who is not a member of the Buildings Committee would have to agree in writing to an urgent spend exceeding this amount before this could be committed.*

Where an authorised cost limit will be exceeded by more than £150 the Treasurer and the Chairman must be informed immediately by email through the relevant subcommittee head, together with an estimate of the cost overrun.

All cost overruns are to be reported at the next subcommittee meeting and the Trust meeting, with a full explanation as to the reasons for such overrun. No cost overrun will be sanctioned until the original proposal duly amended is re-submitted for approval to the trustees by circulating email or actual meeting.

**The limits of authorisation in the table above can only be amended by a resolution passed at a properly convened Trustees meeting with no more than two Trustees dissenting**. No commitments can be made by any Trustee in respect of a project until the project proposal, which will include definitions of **minor and major** commitments for that project, has been agreed at a properly convened Trustees meeting passed with no more than two Trustees dissenting.

To expedite decision making, provision is made for the Trustees to approve certain decisions by email. For these purposes, a decision is deemed to be approved by email if, after seven days of the proposed decision being circulated to all Trustees, a simple majority of the number of Trustees (not just the Trustees replying) send an email (copied to all Trustees and the Treasurer) giving their approval. A decision regarding financial commitment can only be made by the Trustees if it is accompanied by an estimate of the likely cost. The Treasurer must be advised as soon as possible if the estimated likely cost deviates from the initial estimate.

|  |
| --- |
| **Minor commitments** can be authorised by a single Trustee although they should inform all members of their sub-committee and the Treasurer immediately thereafter. The Treasurer will report on all new minor unbudgeted commitments made at each meeting of the Finance and Admin sub-committee. |
|  |
| **Major commitments** can only be authorised by either a resolution passed at a properly convened sub-committee meeting or by a written resolution of the Trustees. The Treasurer and Head of the relevant Sub-Committee will report on all new major unbudgeted commitments made at each meeting of the Finance and Admin sub-committee. |
|  |

Any commitment likely to exceed £3,000 must first be agreed in principle by the Trustees (the Treasurer being advised) before being confirmed by the Trustees once three independent quotations have been obtained together with a recommendation of which supplier to use. The need for three quotations can be overridden if it has been agreed at an earlier Trustee meeting that a specific contractor can be employed for all work of a specific nature for an entire financial year. Such an agreement must be re-endorsed annually. If three independent quotations cannot be obtained, then the commitment will require approval by a simple majority of Trustees at the next full Trustee meeting or by a circulation resolution which gives reasons for the lack of quotations.

1. **Other commitments having a potential financial impact on the Trust**

5.1 The welfare sub-committee can appoint and vary the terms of a Beneficiary but the termination of a Letter of Appointment can only be agreed by a resolution at a properly convened Trustees meeting passed by a simple majority of Trustees present

5.2 Decisions regarding any other transactions which potentially impact the assets of the Trust must be agreed by a resolution at a properly convened Trustees meeting passed by a simple majority of Trustees present. These decisions include, but are not limited to:

* the acquisition or disposal of any land or creation of any lease mortgage or other interest
* the recruitment or termination of any Trustee or Officer
* the appointment or removal of any professional advisors
* the appointment or removal of any contractors
* the writing off of any bad debt.
1. **Authorisation of Payments**

The Treasurer will authorise payments required by one Trustee provided that the payment was within budget or the commitment to that payment was agreed by the Trustees and notified to the Treasurer. Expense payments to Trustees will normally be by electronic transfer.

1. **Breach of Policy**

If a Trustee becomes aware of any breach of this policy, then they must report the issue in writing to the Treasurer and the Chairman. If no action is demonstrably taken then the matter must be reported in writing to the Chair of the Advisory Committee as soon as practicable as well as the auditor/independent examiner of the Trust.