

Expenditure Policy (Curia)

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(Version 1.0)

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Author:	Financial Controller
Diocese of Portsmouth owner:	Financial Controller
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For action by:	All
Policy statement:	<p>This policy relates to curia expenditure only.</p> <p>This expenditure Policy will safeguard the assets of the charity, allow for the collection of adequate data to support in decision making and ensure the Diocese receives value for money and can demonstrate probity in procurement decisions.</p> <p>This policy splits the process of incurring expenditure into six stages (Identification of need, Supplier selection, Ordering, Receipt of goods or services, Approving payment and Payment).</p> <p>The policy specifies tasks and processes that must be completed at each stage of the purchasing process.</p>
Responsibility for dissemination to new staff:	Finance Policies and documents will be made available on the Intranet.
Mechanisms for dissemination:	This policy will be available on the Department of Administration drive within the network.

Training implications:	Policy will be highlighted to all staff during induction .
Resource implications	Policy will specify which staff members will be able to incur expenditure.
Further details and additional copies available from:	Please Contact the Financial Department (Accounts@portsmouthdiocese.org.uk) for further information on this policy.
Consultation process	The Finance department have developed this process, to meet current authority limits and future systems requirements.
Approved by:	Finance Committee
Date approved:	February 2021

Website upload:

Website	
Keywords:	<i>Expenditure, Purchase, Order, Payment</i>

Amendments summary:

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1				
2				
3				
4				
5				

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Include details of when the document was last reviewed:

Version Number	Review Date	Name of Reviewer	Ratification Process	Notes
1.0	Jan 2021			

EXPENDITURE POLICY (CURIA)

SUMMARY OF KEY POINTS TO NOTE

This policy relates to Curia expenditure only.

This expenditure Policy will safeguard the assets of the charity, allow for the collection of adequate data to support in decision making and ensure the Diocese receives value for money and can demonstrate probity in procurement decisions.

This policy splits the process of incurring expenditure into six stages (Identification of need, Supplier selection, Ordering, Receipt of goods or services, Approving payment and Payment).

The policy specifies tasks and processes that must be completed at each stage of the expenditure process.



INCOME POLICY (CURIA)

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EXPENDITURE POLICY (CURIA)

1. INTRODUCTION AND PURPOSE

- 1.1 This expenditure Policy will safeguard the assets of the charity, allow for the collection of adequate data to support in decision making and ensure the Diocese receives value for money and can demonstrate probity in procurement decisions.
- 1.2 This policy relates to Curia expenditure only.

2. SCOPE

- 2.1. The Expenditure Policy must be followed for all Curia expenditure including capital and Schools Building Fund expenditure.

3. ROLES AND RESPONSIBILITIES

- 3.1 Heads of Vicariate, Tribunal, Chancery and the COO (to be called budget holders in this document) have ultimate responsibility for all expenditure within their areas of control.
- 3.2 Budget holders can delegate authority to place orders or approve payments to named individuals. Budget holders are responsible for ensuring only appropriate clergy or members of staff have delegated authority to incur expenditure within their area of responsibility.
- 3.3 Budget holders must be vigilant and act to manage expenditure within their area of control. Actions should include;
 - Monitoring which members of staff hold delegated authority to incur expenditure within their area of control and ensuring only appropriate members of staff have delegated authority
 - Reviewing monthly management accounts to ensure expenditure does not vary materially from the authorised budget.
- 3.4 **Authority to Commit Diocesan Resources**
- 3.5 Clergy and staff do not have authority to spend money on any plans that fall outside of those planned for in the budget or to exceed the amounts quoted in the budget.
- 3.6 Therefore the authority to commit diocesan resources falls under two headings, authorisation of budgeted expenditure and authorisation of unbudgeted expenditure.
- 3.7 **Budgeted Expenditure**
Authorising Budgeted Expenditure up to £2,000
- 3.8 Budget holders can approve expenditure up to the value of £2,000 personally.
- 3.9 Budget holders can delegate authority to approve expenditure to named individuals.
- 3.10 The budget holder will set a maximum value of transaction that each named individual can authorise. The maximum value can be tailored for each named individual and can be set between £1 and £2,000.



- 3.11 The maximum value of transaction that named individuals can authorise should be set at an appropriate level given the annual budget for the program and the typical size of transactions in that program.
- 3.12 To formally delegate authority to named individuals a Delegation of Expenditure Authority Form needs to be completed for each program. An example of a completed Delegation of Expenditure Authority Form is included as Appendix A to this document. Only named individuals included on the Delegation of Expenditure Authority form are permitted to approve expenditure for a program.
- 3.13 Completed Delegation of Expenditure Authority forms will be stored by the finance department.
- 3.14 The Finance Department must be notified immediately of any changes to the authorities to commit to expenditure.
- 3.15 Authorising Budgeted Expenditure £2,000 - £10,000
- 3.16 Trustees have stipulated that no transaction in excess of £2,000 can be approved by a single approver.
- 3.17 The Budget holder and the named individual must **both** approve transactions between £2,000 and £10,000.
- 3.18 Authorising Budgeted Expenditure £10,000 and £50,000
- 3.19 After the approvals in 3.17 have been received, the transactions must also be approved by the COO or Director of Finance.
- 3.20 Authorising Budgeted Expenditure in excess of £50,000
- 3.21 After the approvals in 3.19 have been received, the transactions must also be approved by the Board of Trustees.

Unbudgeted Expenditure

- 3.22 Clergy and staff do not have authority to spend money on activities that fall outside of those approved in the budget. Before clergy and staff can commit to any expenditure on a new activity a business case must be submitted to trustees for approval.
- 3.23 Budget holders do not have authority to exceed the amounts quoted in the budget but can transfer limited amounts between programs or budget lines.
- 3.24 Virement is the process of transferring money between two budget lines. Budget holders are permitted to vire up to £10,000 between programs or budget lines.
- 3.25 The table below provides detail of the people or groups that are to approve unbudgeted expenditure before commitments can be made.

Transaction/Contract Value	Approval of Order of Unbudgeted Costs	
	New cost part of ongoing programme approved by trustees & cost can be incorporated into budget through virement	New cost part of new programme, not yet approved by trustees, or cost will cause total programme budget to be exceeded
£0-£2,000	Budget Holder	COO
£2,000-£10,000	Budget holder and person with delegated authority	Board of Trustees
£10,000-£50,000	Board of Trustees	
In excess of £50,000		

Non-typical Approvals

3.26 Capital expenditure and Schools Building Funds expenditure each have non-typical approval processes.

Approval of Capital Expenditure

3.27 Capital Expenditure of up to £50,000 is approved by the Capital Committee.

Schools Building Fund

3.28 When funds are received towards the maintenance of schools the funds must be spent on schools building costs. Therefore the approval of income is the tacit approval of the related expenditure.

3.29 When approving School's Building Fund transactions trustee focus should be on considering the receipt of grants. Special provisions for the approval of School's Building Fund income is described in detail in the Income Policy (Curia).

3.30 Schools building funds costs can be approved by the Education Vicariate Committee.

3.31 All projects approved by Education Vicariate Committee in excess of £50,000 must be reported to the FAR.

4. PROCESS

4.1 The process for ordering goods and services and thereby incurring costs for the diocese is described in this section.

4.2 The table below provides a high-level overview of the process of spending diocesan money, from identification of need through to payment.

4.3 Below the table, the remainder of this section expands on the detail in the table.



Process for commencing and completing any expenditure transaction

		Stage 2 - Supplier Selection				Stage 3 - Ordering/contracting		Stage 4 - Receive Goods and Services	Stage 5 - Approving Payment	Stage 6 - Payment
		Supplier Selection Procedure <i>(See Supplier Selection Procedure document for detailed guidance)</i>	Approval of Supplier Choice <i>(to be evidenced if submitting Purchase Order Request)</i>	Approval of Order of Budgeted Costs	Approval of Order of Unbudgeted Costs					
Transaction/Contract Value					New cost part of ongoing programme approved by trustees & cost can be incorporated into budget through virement	New cost part of new programme, not yet approved by trustees, or cost will cause total programme budget to be exceeded				
£0-£2,000	Stage 1 - Identification of need	No need to formally evidence the work done when choosing a supplier, but purchaser must ensure the Diocese is receiving value for money	Budget Holder or person with delegated authority	Budget Holder or person with delegated authority No Purchase Order necessary	Budget Holder No Purchase Order necessary	COO Purchase Order required before order placed	Budget Holder or person with delegated authority	Stage 6 - Payment		
£2,000-£10,000		Provide evidence that purchaser has reviewed at least three different purchase options to ensure value for money	Budget holder and person with delegated authority	Budget holder and person with delegated authority No Purchase Order necessary	Budget holder and person with delegated authority No Purchase Order necessary	Board of Trustees Purchase Order required before order placed	Budget Holder or person with delegated authority			
£10,000-£50,000		Complete a formal tender process	Budget Holder, and COO or FD	Budget Holder and COO or FD Purchase Order required before order placed	Board of Trustees Purchase Order required before order placed		Budget holder			
In excess of £50,000			Board of Trustees	Board of Trustees Purchase Order required before order placed			Budget holder			



Stage 1 - Identification of Need

- 4.4 The procurement process commences with clergy and staff identifying a need.
- 4.5 All expenditure must be solely for the needs of the diocese.

Stage 2 - Supplier Selection Procedure

- 4.6 Clergy and staff are required to complete the supplier selection procedure when selecting a supplier.
- 4.7 Refer to the Supplier Selection Procedure document for details on this procedure.

Stage 3 – Ordering and Contracting

Ordering

- 4.8 Clergy and staff need to be aware that expenditure is incurred when an order is placed not when the invoice is received, or payment is authorised.
- 4.9 The ordering of goods and services is the most important stage of the expenditure process.
- 4.10 Review, oversight and approval by budget holders or trustees provides the greatest benefit if completed before orders are placed. Therefore, the diocese's Expenditure Policy focuses oversight and approval on this stage of the expenditure process.
- 4.11 The diocese uses the purchase order process to establish the requirement for budget holders or trustees review and approval before orders can be placed.

Purchase Orders

- 4.12 For any order in excess of £10,000 or all orders for unbudgeted items, clergy and staff must obtain a purchase order before an order can be placed
- 4.13 A purchase order is a document issued by the diocese to be presented to suppliers. This document is a formal order of goods and services officially prepared and presented by the diocese.
- 4.14 Purchase orders are beneficial because;
 - 4.14.1 Purchase orders are a basic contract, having a purchase order affords the diocese increased legal protection.
 - 4.14.2 The purchase order clearly defines the specification of the goods or services being ordered. It has been shown that purchase orders increase the likelihood that purchasers expectations are met.
 - 4.14.3 Purchase orders support forecasting of cash flows as they are a clear indication of expected costs.
 - 4.14.4 Purchase orders formalise the approval of ordering and contracting before orders can be placed. This strengthens controls over expenditure.
- 4.15 The table below sets out requirements for obtaining a purchase order.

Requesting a Purchase Order			
Transaction/Contract Value	Approval of Order of Budgeted Costs	Approval of Order of Unbudgeted Costs	
		New cost part of ongoing programme approved by trustees & cost can be incorporated into budget through virement	New cost part of new programme, not yet approved by trustees, or cost will cause total programme budget to be exceeded
£0-£2,000	No Purchase Order necessary	No Purchase Order necessary	Purchase Order required
£2,000-£10,000			
£10,000-£50,000	Purchase Order required	Purchase Order required	
In excess of £50,000			

4.16

4.17 The Purchase Order request Form (appendix B) should be submitted to finance and a purchase order will be sent to the requestor within two days.

4.18 The purchase order request form should be completed and emailed to accounts@portsmouthdiocese.org.uk. The email trail should demonstrate approval by the prerequisite team members (the required level of approval is set out in section 3 above).

4.19 When submitting the Purchase Order Request form requestors must attach documents showing that the Supplier Selection Procedure has been followed and the choice of supplier has received the required level of approval.

4.20 The Purchase Order should be provided to suppliers when placing the order and suppliers must be asked to include the Purchase Order Number on the invoice when they present it for payment.

Stage 4 - Receiving Goods and Services

4.21 The department/team responsible for the ordering is also responsible for checking goods and services received meet the specification required, conform to the order placed and for the resolution of any problems. Note: Invoices for incomplete or unsatisfactory goods or services should **not be paid**.

Stage 5 – Submitting Invoices for Approval

4.22 Suppliers should be instructed to send all invoices to the finance department when they submit invoices for payment.

4.23 If purchasers receive invoices direct from suppliers, purchasers should immediately forward them to the finance department.

4.24 Invoices should be sent to **accounts@portsmouthdiocese.org.uk**

4.25 The finance department will log and process invoices before emailing them to the budget holder or the nominated project lead for approval.

4.26 An email confirming approval that is received from the diocesan email address of the budget holder or named individual will be deemed to be approval of payment.

4.27 When approving the invoice, the approver must provide the budget code that they would like the cost to be applied to.



- 4.28 To reduce the risk of fraud only valid invoices or signed contracts will be processed for payment. Proforma invoices will not be paid and simple emails requesting payment will not be paid.

Stage 6 - Payment

- 4.29 Payments will be made by BACS. There will be a weekly payment run.
- 4.30 Approved invoices received by 5 PM Tuesday will be included in that week's payment run.
- 4.31 The systems have been established to allow the diocese to process and pay invoices within 30 days, which is the standard terms on purchase invoices.
- 4.32 Delays in submitting or approving invoices may lead to delays in payment to suppliers.
- 4.33 If non-standard terms have been agreed the approver must inform the finance department.

Receipt of Bank Details for Payment

- 4.34 Bank details will only be accepted if they are printed on the approved invoice or are provided on headed paper signed by a senior member of staff at the supplier.
- 4.35 When a supplier informs the diocese of a change in bank details the change will be investigated.

Credit Card Policy

- 4.36 A Separate Credit card policy prescribes systems for operating diocesan credit cards.
- 4.37 Payment by credit card is more vulnerable than payment via BACS so it should be avoided where possible and purchasers should make arrangements to pay via BACS.
- 4.38 When this is not possible credit card usage should be the exception, where the norm cannot be followed, due to medium (e.g. some online purchases) or priority.

5. TRAINING

- 5.1 Circulation of this policy and availability of the Purchasing forms are key. Once new Systems are acquired a separate training initiative will be developed to launch the new system.

6. MONITORING THE EFFECTIVENESS OF THE POLICY

- 6.1 Purchase Requisitions, Orders, Invoices and Payments will be open to Audit annually by the External Auditors and on an adhoc basis by HMRC.
- 6.2 The primary role of this external audit is to report on the Charities financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.
- 6.3 HMRC have the ability for the same and to impose Fines, Interest, and penalties where non-compliance to HMRC rules is established.



6.4 Budget Holders will be able to review costs incurred on a regular basis against their departments and advise of any unexpected transactions.

7. REVIEW

7.1 This document may be reviewed at any time at the request of either the staff or management, or in response to changes in legislation, but will automatically be reviewed after twelve months and thereafter on a biennial basis

7.2 The signatures below certify that this document has been reviewed and accepted demonstrating that the signatories are aware of all requirements contained herein and are committed to ensuring their provision.

	Name	Signature	Position	Date
Prepared by	Keith Harvey		Financial Controller	Jan 2021
Reviewed by	Mark Van Wijk		Director of Finance and IT	Jan 2021
Reviewed by	Heather Hauschild		Chief Operating Officer	Jan 2021
Reviewed by			Finance Audit and Risk Committee	Jan 2021
Reviewed by	Karena Fulford		Head of People	Jan 2021
Reviewed by			Senior Leadership Team	Jan 2021
Approved by			Trustees	

7.3 Amendment Record

7.4 This document is reviewed to ensure its continuing relevance to the systems and processes that it describes. A record of contextual additions or omissions is given below.

7.5

Page No.	Context	Revision	Date

8. REFERENCES AND LINKS TO OTHER DOCUMENTS

Appendices

A Delegation of Expenditure Authority Form

B Purchase Order Request Form



Appendix A Delegated Authority Form





Diocese Delegated Authority Form

This form recognises the approval of delegated spend authority at a departmental level. Expenditure can be approved in line with Diocese Purchasing procedures and policies, once delegated here.

Select Dept in Yellow Box

Vicariate	Education		
Department	CASO	CASO	CASO
	Enter Initials Below		
	Manager	Substitute	Substitute
All spend up to £2,000			
All Spend up to £1,500			
All Spend up to £1,000			
All Spend up to £500			
Expenses Only up to £500			
Signatures	Sign	Print	
Manager			
Substitutue			
Substitutue			

Expenditure, £2,000 to £10,000 can be approved by Obtaining 2 signatures from the above department list

Expenditure over £10,000 requires the additional approval of the FD or the Moderator of Curia or Bishop

Approved

Delegated Authority is hereby given to the above signaturories in line with Dicese of Portsmouth regulations

	Sign	Print
COO		
FD		

Appendix B Purchase Order request / Purchase Requisition

Bringing people closer to Jesus Christ through His Church
Catholic Diocese of Portsmouth



Diocese Procurement / Purchase Requisition

Ref / Order no.			
Requested By Print (Capitals)			
Signed			
Date			
Cost of Purchase (Including VAT)			
Parish / department			
Parish / Dept Approver Print (Capitals)			
Signed			
Payment terms 30 days from receipt of goods or Services	Yes	No	
If No, Please confirm Terms, Discount etc			
Expenditure Type (nominal Code)			
Product or Supply to be Purchased			
Paste Link to Supplier / Item Please include this link in the email sent with this requisition.			
Cost of Purchase (Including VAT)			
Quantity to be Purchased			
Total Cost including VAT and Delivery			
Reason for Purchase			
Alternative methods of payment are impractical			
Online Purchase			
Urgency of Purchase			
Other			
Delivery Required by (Date)			
Delivery Location : Address / Post Code			
Goods or Services Received as Ord	Yes	No	
Date Received			
Approved by	Initials		
	Signature		

