



Financial Control Framework – Scheme of Authorisation & Approval

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Department	Strategic Finance
Author	Director Strategic of Finance
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Data Protection	The impact of Data Protection has been assessed when considering our people and our customers
Equalities	The equality of opportunities for our people and customers has been considered in devising this policy.
Sustainability	N/A
Proof Read By	Director of Business Support and Transformation
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Approved by	SMT
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Audience – Training and Awareness Method	The regulation document will be briefed to our Senior Management Team and Operation Management Team as well as our Finance Business Partners providing training to our Budget Holders
Effective Date	12 October 2023
Internal References – Policies & Procedures (Located on Intranet)	Financial Regulation Documents Scheme of Delegation Procurement Policy Procurement Plan Bad Debt Provision and Write-Off's
External References	

1. Policy Purpose

- 1.1 Hanover is committed to achieving the highest standards of openness, probity and accountability and recognises the importance of this as it works to maintain its reputation and that of the wider housing sector.
- 1.2 This Board is responsible for the monitoring and controlling of the finances of Hanover and the levels of authority that have been delegated are set out in **Appendix 1-5**.
- 1.3 As detailed in the Scheme of Delegation the Director of Strategic Finance has responsibility for ensuring that the Board is kept properly informed of financial matters and that the Financial Control Framework is embedded and being adhered to across Hanover. A key part of that is ensuring that the Scheme of Authorisation and Approval is being followed.

2. Scheme of Authorisation & Approval

- 2.1 The Financial Control Framework and specifically the Scheme of Authorisation and Approval defines the levels of authority required to operate effectively whilst ensuring sufficient controls and segregations are in place. The Board approves the authorisation levels for the roles as detailed in **Appendices 1-5** It is the responsibility of Directors and Heads of Service to ensure that their teams are fully aware of their own authority and limits.
- 2.2 There are four key stages of approval for invoiced transactions:

Stages of Approval	Actions	Notes
Stage 1	Raising an order	In line with the authority levels detailed in Appendix 1. If within your approval limit, then straight to stage 3
Stage 2	Approving an order	When orders are required to be raised above the individual raising the orders approval limits. The same person does not process Stages 1 & 2
Stage 3	Authorising an invoice	Should the invoice match the order and not require any variation no approval is required. Any variation should be undertaken by a manager.
Stage 4	Paying an invoice	As detailed in Appendix 4

- 2.3 It is important that there is clear segregation within departments and within individual roles and no one person can be involved in the authorisation process at all four stages. **There must be clear segregation between stage one and stages two which is prior to the commitment of any expenditure.**
- 2.4 Official orders shall be in a form approved by the Director of Strategic Finance and should be signed only by authorised officers as laid out in the detailed procedures and within the Procurement Policy, Procurement Plan and the limits set out in **Appendix 1**.

- 2.5 Hanover has two types of order in operation a Purchase Order and a Works Order. Only on Head of Service approval will a direct invoice be authorised and only in circumstances when the other two types of order are not suitable.

Order Type	Order Use	Notes
Works Order	All repairs, maintenance, works and utility costs	All orders in relation to works carried out on our properties
Purchase Order	All overhead and service costs.	All non-works related costs
No order (Direct Invoice)	A direct invoice is used with no prior order being raised.	Where a works order and purchase order are not suitable and when authorised by a Head of Service or a Director

- 2.6 Official orders shall be issued in accordance with the detailed financial procedures and the repairs procedures.
- 2.7 **Appendix 3** Provides the authorisation levels for approving new contracts through our procurement policy and plan.

3. Payments

- 3.1 The normal payment method for money due from Hanover is:

Payment Method	Payment Type
BACS	Payroll Purchase Ledger Payments Development Payments
Faster Payments	Payments that cannot be made by BACS
CHAPS	Development Payments

- 3.2 Hanover does not make payments by Cheque or by cash.
- 3.3 Those authorised to issue orders are responsible for reviewing, verifying, and certifying the related invoices and similarly for any other payment or accounts arising from their department.
- 3.4 The authorisation of an invoice will ensure that:
- the work, goods, or services to which the invoice relates have been received, actioned, or carried out.
 - the prices, calculations, discounts, allowances, and tax are all correct.
 - all expenditure has been properly incurred and is within budget.
 - the invoice has not previously been passed for payment and is a proper liability of Hanover.
- 3.5 The authorisation of an invoice can have two routes to the payment stage at Hanover:

- if the invoice received perfectly matches the work or purchase order within the systems (for works, goods, or services to) and the goods or service have been received or actioned, then the invoice automatically progresses to the payment stage.
- if the invoice does not perfectly match the works order or purchase order a matching process need to be undertaken before progressing to the payment stage.

3.6 The authorising of invoices will follow the process as set out in the financial procedures.

4. Credit Cards / Purchasing Cards

4.1 With less use of cash, it is appropriate that another route is available to purchase minor items or purchase goods.

4.2 The use of credit cards is for non standard items or situations where it is not appropriate to use normal procurement routes.

4.3 Whilst credit cards by their nature are issued to individual employees, they can only be used for expenditure relating to Hanover and must not be used for personal expenditure.

4.4 Credit card limits will be set within the overall Hanover limit. With a monthly cap on spend of £20,000 set by the credit card provider and will be reviewed annually. **Appendix 4** outlines the limits in relating to the individual card holders.

4.5 The Director of Strategic Finance will be responsible for managing the Credit Card and undertaking the annual review of limits.

4.6 Outstanding sums will be settled monthly by Direct Debit and the accounts will be reconciled monthly by the Transactional Finance Manager and approved by the Head of Finance.

4.7 All employees provided with a credit card will sign a mandate which outlines their responsibilities in relation to the credit card.

5. Petty Cash & Postage

5.1 Hanover does not hold petty cash floats in the offices or at the developments. In 2019 Government Purchasing Cards (GPC's) were introduced to replace the physical cash floats previously held.

5.2 There are 127 GPCs in operation and these cards are now used instead of cash. All cards have a limit of £500 and are used for the purposes of making miscellaneous purchases at the developments where other forms of payments and invoicing is not available.

5.3 All transaction should be properly authorised in advance and the subsequent receipts are uploaded to a portal to be approved by their manager by the monthly deadline. Any failure to adhere to meet the deadline may result in Hanover suspending the developments GPC's .

5.4 The Head of Finance approves the monthly reconciliation of the GPC's accounts. Payment in relation to the cards are taken monthly by Direct Debit.

5.5 The use of a franking machine shall be restricted to those employees approved by the Head of Governance & Transformation. Any increase in the machine's float shall be authorised by the Director of Strategic Finance.

6. Writing Off of Irrecoverable Items & Bad Debt Provision

6.1 As soon as debts have been established as irrecoverable Hanover will action write offs at the earliest opportunity in order not to distort the current rent arrears, care income and other bad debts position.

6.2 All debt will be collected and considered for write-off as set out in our Arrears Policy. The Director of Strategic Finance or Chief Executive must approve all proposed write offs in advance of any write off being actioned. Any write off's individually in excess of £10,000 must be approved by the Board. All Write- Off's and an explanation on the make-up of the Bad Debt Provision will be reported to the APR on an annual basis as outlined in the SHR's recommended practice.

6.3 Write-offs in other areas of Hanover such as Assets and Telecare are not common and require the approval of the Head of Finance up to £1,000 and the Director of Strategic Finance up to £10,000. Board must approve all write-offs over £10,000.

6.4 All financial records in relation to write off's must be maintained by the Finance Department with all write offs reported to the Audit, Performance & Risk Committee annually. The provision for doubtful debts will be reviewed on an annual basis and updated as laid out in the policy. All balances over £1,000 will be assessed for inclusion in the provision.

7. Document Approval

7.1 As well as the financial approvals there are a number of important documents, regulatory returns and other governance returns that require approval.

7.2 **Appendix 5** sets out the authorisation and approval route for our key documents.

8. Monitoring

8.1 The Director of Strategic Finance will be responsible for ensuring the Scheme of Authorisation and Approval is implemented and adhered to across Hanover, supported by the ELT and the Finance Team.

8.2 The Director of Strategic Finance will ensure that write-offs are actioned regularly at least twice per year and in line with the policy. The Bad Debt Provision will be reviewed annually in line with the policy and the external auditors.

9. Review

9.1 The Scheme of Authorisation and Approval will be reviewed every three years or earlier as required.

Commitments and Budgeted Expenditure

Appendix 1

This table sets out the authorisation for budgeted spend. Budget spend should only be approved for the authorisers' own budget with the exception of ELT. Approval of any contractual obligation must be in place before any spend as set out in Appendix 3. Approval of Non-Budget spend is set out in Appendix 2. The table covers stages 1 to 3 in the approval process with Appendix 4 covering Stage 4.

Job Title	Budget Authority Levels/Revenue expenditure	Capital	Development	Budget Holder
Executive Leadership Team				
Chief Executive	£500,000	£500,000	£1,000,000	Y
Director of Strategic Finance	£500,000	£500,000	£1,000,000	Y
Director of Business Support & Transformation	£200,000	£200,000		Y
Director of Asset Management	£200,000	£200,000	£500,000	Y
Director of Customer Services	£200,000	£200,000		Y
Assets				
Head of Asset Management	£50,000	£50,000	£100,000	Y
Planned Maintenance Manager	£30,000	£30,000		Y
Building Services Manager	£30,000	£30,000		Y
Reactive Repairs & Voids Manager	£30,000	£10,000		Y
Contract Officer	£10,000			
Building Services Officer	£10,000			
Repairs Supervisor	£5,000			
Repairs & Voids Officer	£5,000			
Repairs Advisor	£500			
Health and Safety Manager	£20,000			Y
Customer Safety Assistant	£500			
Customer Safety Co-Ordinator	£500			
Development				
Project Manager	£30,000			Y
Projects Officer	£20,000			
Clerk of Works	£5,000			
Factoring				
Factoring Manager	£30,000			Y
Housing Officer	£3,000			
Enhanced Housing Services				
Head of Enhanced Services	£50,000			Y
Operations Manager	£5,000			
Housing Officer	£3,000			
Sheltered Housing Manager	£500			
Care Services				
Head of Care Services	£50,000			Y
Operations Manager	£5,000			
Very Sheltered Managers	£2,000			
Customer Services				
Customer Experience Manager	£20,000			Y
Business Development Manager	£5,000			
Telecare				
Telecare Manager	£20,000			Y
Telecare Supervisor	£5,000			
Business Support & Transformation				
Head of Governance & Transformation	£50,000			Y
Head of HR & Organisation Development	£50,000			Y
Senior OS Administrator	£500			
Communications				
Communications Manager	£20,000			Y
Human Resources & Organisational Development				
OD Manager	£20,000			
HR Business Partners	£5,000			
Finance				
Head of Finance	£50,000			Y
Strategic Finance Manager	£20,000			
Risk & Assurance Manager	£10,000			
Finance Business Partners	£5,000			
ICT				
ICT Manager	£50,000	£50,000		Y
Operations Supervisor	£10,000	£10,000		
ICT Analysts	£5,000			
ICT Trainer	£5,000			
Procurement				
Business Improvement Manager	£10,000			Y
Procurement Manager	£10,000			

Commitment to Non-Budgeted Expenditure

Appendix 2

This table sets out the authorisation for spend which was not included in the original Budget approved by Board or where a reserve budget was set subject to reservation on such items e.g. development programme, new projects. A single tender justification form must be used when the spend is not Budgeted for and must be counter signed by the Director of Strategic Finance as confirmation that is within the overall budget capacity in relation to banking covenants.

Job Title	Authority Levels/Revenue expenditure	Capital	Development	Emergency Spend
Board & Committee				
Board	>£50,000	>£50,000	>£50,000	>£250,000
Chair				£50,000-£250,000
Executive Leadership Team				
Chief Executive *	£50,000	£50,000	£50,000	£100,000
Director of Strategic Finance*				£100,000
Director of Customer Services				£20,000
Director of Asset Management				£20,000
Director of Business Improvement & Transformation				£20,000

* The Chief Executive & Director of Strategic Finance can approve emergency spend up to £100k but must notify the Chair of spend over £50k

Contractual Obligations

Appendix 3

This table sets out the authorisation levels for approving new contracts through our procurement policy. The value of the contract is for the full life on the contract. These levels cover both capital and revenue contracts.

Job Title	Authorisation Levels for Contract Value (Full Life, Not Annual Spend)
Board & Committee	
Board*	>£1,000,000
Executive Management Team	
Chief Executive	£1,000,000
Director of Customer Services	£500,000
Director of Asset Management	£500,000
Director of Strategic Finance	£1,000,000
Director of Business Support & Transformation	£500,000
Procurement	
Business Improvement Manager	£50,000
Procurement	
Budget holder	limits as per App 1*
All contracts entered into must adhere to the Financial Regulation and Procurement Policy and Plan.	
Once Board have authorised procurement, the Chief Executive or the Director of Strategic Finance can be delegated to sign contracted documents as necessary	
* Budget holders are limited to revenue budget limits in App 1.	

Banking Arrangments & Payment Authorisation

Appendix 4

This table sets out the authorisation of payments of authorised spend as per Appendices 1&2 of the Authorisation & Authority Levels. Payments should not be authorised by those who have authorised the expenditure to ensure clear segregation of duties as set out in section of the Financial Regulation.

Payment Type	Limit	Authorisation
Bank		
Payroll BACS	£1,250,000	Director of Finance or Head of Finance
Supplier Payments BACS	£1,500,000	Director of Finance or Head of Finance or Strategic Finance Manager
Faster Payments	£25,000	Strategic Finance Manager
	£50,000	Head of Finance
	£150,000	Director of Finance
CHAPS payments	£3,000,000	Two signatures of which one must be Director of Finance
Petty Cash (GPC One Cards)	Max £500	Per service
Credit Card Payments (Overall monthly spend limit of £20,000)	£4,000	Chief Executive
	£4,000	Director of Strategic Finance
	£6,000	Director of Customer Services
	£4,000	Director of Asset Management
	£4,000	Head of Governance & Transformation
	£4,000	Head of Enhanced
	£4,000	Head of Care
Transfer of funds between Hanover Bank Accounts	up to £1.5m	Transactional Finance Manager
	Over £1.5m	Strategic Finance Manager, Head of Finance and Director of Strategic Finance
Funds on deposit	Up to £1m	Head of Finance
	Up to £3m	Director of Strategic Finance
	Over £3m	As approved by the Board as part of the Treasury Management Strategy
Cash holding limits		
On Hanover premises	£1,000	during business hours
In transit	£1,000	
Held out with business hours	£1,000	locked in a safe
Banking Arrangements	Limit	
Main Banker - NatWest		
Type of Bank Accounts Held	no overdraft	Investment account
	no overdraft	Current Accounts
Weekly maximum BACS transactions	£2,750,000	Reviewed Annually
Online Banking	£150,000	Faster payments
CHAPS payments	£5,000,000	Funds on deposit per Treasury Policy
Credit Cards	£20,000	Per month to be reviewed annually

Document Approval

Appendix 5

This table sets out the authorisation levels for approving new contracts through our procurement policy. The value of the contract is for the full

Key Document	Authorised Approver
Purchasing Contracts	
Contracts - Resulting from procurement activity	In line with the Budget Approval & Procurement Approval routes in Appendix 1 & 3
Orders - Resulting from Procurement activity	In line with the Procurement Approval routes in Appendix 4
Single Tender Justification	Chief Executive or Director of Strategic Finance in line with the policy
Lease Agreements	
Lease for Hanover Properties	Head of Care or Head of Enhanced
Lease for Office premises	In line with the Budget Approval & Procurement Approval routes in Appendix 1 & 3
Sales Contracts	
Housing Support Contracts	Director of Customer Services or Chief Executive
Contracts - With Commissioners (Local Authorities, Telecare Customers ETC)	Director of Customer Services or Chief Executive
Letter of variation to Contracts (as above)	Director of Customer Services or Chief Executive
Grant Awards	
HAG Funding	Director of Asset Management (or DoSF, CEO once Board has approved project)
Stage 3 Adaptations	Director of Asset Management, Director of Strategic Finance or Chief Executive
Revenue Funding	As per approved limits in Appendix 1
Regulatory Returns & Other Key Governance Returns	
Annual Financial Return (SHR)	Director of Strategic Finance (based on already approved Financial Statements)
Five Year Financial Projections (SHR)	Director of Strategic Finance (once Board / Committee has approved)
Loan Portfolio Return	Director of Strategic Finance (once Board / Committee has approved)
Annual FCA	Company Secretary (based on already approved Financial Statements)
Annual OSCR	Company Secretary (based on already approved Financial Statements)
Annual Assurance Statement	Director of Business Support & Transformation (once Board / Committee has approved)
Annual Return on Charter	Director of Business Support & Transformation (once Board / Committee has approved)
Other Key Documents	
Strategic Plan	Board
Business Plan	Board
Bank Mandates	Chair, Vice Chair, Audit, Risk & Performance Committee Chair, Chief Executive, Director of Strategic Finance and Director of Customer Services
Credit Card - Changes or Additions	Director of Finance within approved limits in Appendix 4
Annual Accounts	Chair, Audit, Risk & Performance Committee Chair, Company Secretary
Wayleave Agreement	Any Director
Disposals	Director of Asset Management once Board has approved
Insurance Renewal	In line with the Procurement Approval routes in Appendix 4 and Director of Finance on an annual basis whilst in contract.
Loan Documentation	Chairman of behalf of the Board, or Chief Executive or Director of Strategic Finance if delegated authority is provided.
<p>All contracts entered into must adhere to the Financial Regulation and Procurement Policy and Plan. Once Board have authorised procurement, the Chief Executive or the Director of Strategic Finance can be delegated to sign contracted documents as necessary</p>	