

Financial authority – budget: Chapter 5 of the finance manual.

5.1 The delegated budgeting system

RoS operates a system of delegated budgeting which means that each department is responsible for its own budget.

This makes sense as they know best about the department's plans for the future.

Each director is responsible for their own area, with the keeper ultimately responsible.

Want to know the [statutory basis](#) for this?

5.2 Authority levels

Directors are able to delegate financial authority to appropriate members of their teams. The details of these delegations are held by the Financial accounting team.

Authority levels are linked to seniority and the following levels apply (note that the values include VAT):

Keeper/Operations Director and Accountable Officer	£1,000,000 and over
Other executive management team	up to £1,000,000
C1 and C2	up to £500,000
SEO equivalents	up to £100,000
HEO equivalents	up to £60,000
EO equivalents	up to £30,000

The financial authority limits for business case approval for each body are:

RoS Board	£1,000,000 and over
Executive Management Team	up to £1,000,000
Business Portfolio Board	up to £500,000

Note that these authority levels apply to the total value of linked individual expenditure so that if an activity requires multiple payments to be complete then authority for the total payment is required before commencing the activity.

Indemnity/compensation payments in excess of £10,000 are reported on a monthly basis to the policy and practice group. The keeper's authorisation is obtained prior to making any offers or

payments in excess of £30,000, or smaller amounts in cases which give rise to potential legal or reputational issues. The following limits apply for indemnity/compensation payments:

Keeper/Accountable Officer	£200,000 and over
Other executive management team	up to £200,000
C1 and C2	up to £100,000
SEO equivalents	up to £60,000
HEO equivalents	up to £30,000
EO equivalents	up to £10,000

The monthly payroll is authorised at Director level and the investment of RoS cash reserves with National Loans Fund is authorised by the keeper or accountable officer.

5.3 Forming contracts with suppliers

Only Procurement personnel are authorised to form contracts with suppliers, except for specific arrangements made for some minor expenditure through the use of Government Procurement Cards (GPCs). Further information can be found in the [Procurement Manual](#).

5.4 The budget process

The Corporate Plan is completed in January with three updates as follows:

- Q1 - July
- Q2 - October
- Q3 – December

Templates are sent to Budget Liaison Officers (BLOs) to complete with details of their proposed expenditure. Need help completing a return? [Guidance for completing your quarterly return](#).

Budgets are then compiled by a team from Finance. The draft budget is presented to the Executive Management Team (EMT) for approval. In the event that a budget cannot be agreed that meets these criteria, the issue would revert to the Board for a view on priorities.

The budget is monitored on a monthly basis, with reports issued to budget holders including invoices received and outstanding purchase orders. The budget holders investigate any variances, and provide relevant commentary on variances above 10%. The Head of Finance presents the monthly report to the EMT.

Occasionally in-quarter adjustments are made for additional expenditure, where the proposed expenditure would exceed £1,000,000 or impact on our ability to meet our financial targets. These require board approval.

5.4.1 Business cases

As part of the budgeting process, directors should identify possible expenditure which would require a business case. Guidance for business cases is set out in [Chapter 6](#).