# Controls on expenditure

The aim of this policy is to ensure that expenditure is only incurred where it is:

* in pursuance of Fair Frome’s charitable purposes
* an effective use of Fair Frome’s resources
* in compliance with any requirements relating to funding.

Staff need to be aware that Fair Frome is committed to expenditure when an order is placed, or contract is signed, not when the payment is made, so it is vital that orders are made responsibly, and within the approved budget and authority levels.

Any spending beyond the budget must be authorised in accordance with the delegated authorities.

## Procurement, estimates and tendering

In order to ensure value for money for significant purchases, research should be carried out on the goods or services in question and a relevant specification drawn up. Written quotes should then be obtained, or the contract put out for tender, dependent on value as follows:

|  |  |
| --- | --- |
| Value of Purchase£ | Action Required (minimum) |
| From £1,000 to £5,000 | One written quote |
| From £5,001 to £7,500 | Two written quotes |
| From £7,501 to £25,000 | Three written quotes |
| From £25,001 | Formal tender published online and circulated widely |

Where two or three written quotes are specified, but a specialist item or service is required for which it is not possible to obtain more than one quote within a reasonable amount of time, a business case must be made and signed off by the trustees.

Where the supplier chosen is not the cheapest, the reasons for this choice must be documented.

### Tender process

1. Agree specification for the service or product and the requirements of the supplier including quality issues
2. Advertise as widely as possible through local networks and contacts, place opportunity on Fair Frome web site, allowing a minimum of three weeks for responses
3. Ensure the advertisement gives clear information about how to apply
4. Send out the specification to interested parties with full information of how to submit a tender
5. Evaluate responses on the basis of the specification by a panel of at least two, preferably three people
6. Shortlist if necessary
7. Invite shortlisted supplies for interview/presentation where required – for specific products and some services the purchase can be made on the basis of the quote, however for other services such as consultancy, it is desirable to interview potential suppliers. For some high value products or services it may be worth considering inviting a shortlist of suppliers to make a presentation.
8. Take up references if appropriate
9. Award to supplier issuing appropriate contract checked by legal advisor

## Purchase orders and invoices

### Purchase orders

Fair Frome acknowledges that the use of purchase orders is best practice; however, given the size of our organisation and the type of expenditure incurred, (e.g. food; urgent items) we agree not to use them for the time being.

Individuals authorising a purchase are confirming whether:

* the expenditure is in line with budget
* there are funds to purchase it
* it is within their authority to make the purchase.

It is the responsibility of the person requesting the purchase to check whether this is the case.

No one should authorise any transaction from which they, their partner or a relative will personally benefit, for example their expense claims.

Staff must not authorise payments to (or that benefit) someone senior to them.

### Invoices for payment

All invoices will be authorised in line with the delegated authorities.

All invoices should be kept and recorded by a member of staff, or volunteer bookkeeper.

The person who requested the goods or services is responsible for checking the quality of what has been received and that it matches what was ordered, and that the invoice/payment agrees to this and is accurate.

Once an invoice has been authorised, suppliers will be paid according to their payment terms, or if no terms stated within 30 days.