

P: FINANCIAL PROCEDURES

This policy sets out the key financial procedures to be followed within CA Plus. The procedures have been agreed by the committee and are designed to ensure the accuracy and completeness of financial records as well as minimise the risk of material error or fraud. Failure to follow them may raise a disciplinary issue.

If, for any reason, the procedures are not followed, the circumstances surrounding this must be reported to the Chief Executive and Committee at the earliest opportunity.

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1. General Financial Objectives

- 1.1. A number of basic principles lie at the heart of the financial systems and procedures of CA Plus.
- 1.2. Core activities should be financed by income streams that are as secure as possible.
- 1.3. New activities must be appropriately financed, before they commence. All applications for project or on-going funding must be approved by the Chief Executive and the Chair or Vice Chair (Finance).
- 1.4. A balance must be maintained between short term (three years or less) projects and overall activity so that CA Plus does not come to rely on short-term projects to finance its core activity.
- 1.5. The Trustees may commit reserves to certain projects - as 'start up' finance for example - while respecting the reserves policy.
- 1.6. As far as possible, any fees charged should not prevent groups most in need from accessing CA Plus services.

2. Pricing, invoicing & debt control

- 2.1. All prices for services must be approved by the Chief Executive or Treasurer.
- 2.2. Generally, it is the responsibility of the staff member conducting the work to ensure that an appropriate invoice is raised.
- 2.3. All invoices will be raised in the QuickBooks system. The Chief Executive may authorise specific staff to raise invoices.
- 2.4. Prior to sending to the client, all payroll invoices should be checked by another member of the team.
- 2.5. As payments are received, this shall be entered onto the QuickBooks system at least weekly and prior to reconciliation of accounts.
- 2.6. For accounting invoices, the Chief Executive will not sign the final accounts unless payment has been received.
- 2.7. Each week the Customer Services Co-ordinator will receive automatically a debtors report to review those over 60 days, contacting late payers as appropriate, and reporting to the Chief Executive if further action is required.
- 2.8. The Chief Executive can issue instructions, at any time, to cease any or all other services till the debt is cleared.

- 2.9. The Chief Executive will seek approval from the finance sub-committee for writing off any bad debts.
- 2.10. Payroll clients will be asked to set up a regular standing order to spread the payments over the year. Each quarter they will receive a statement showing the balance on their own account. The Customer Services Co-ordinator will review the level of the standing order periodically.

3. Incoming Resources

- 3.1. All income will be banked (see 3.7)
- 3.2. Post is opened and date stamped, usually by the Administrator.
- 3.3. All customer payments received in the office (ie not online) will be recorded on a sequentially numbered Deposit Sheet within QuickBooks, with relevant documentation stapled to the back.
- 3.4. Income received in the office is either banked by the Administrator on the day it is received or by the end of the normal working week. Any cheque over £1,000 must be banked, if possible, on the day it is received.
- 3.5. For invoices, paper copies are not maintained, and the majority of clients pay online.
- 3.6. Any donations or similar income received will be acknowledged in writing with a copy of the letter filed with the banking sheet.
- 3.7. On rare occasions, income is received in the form of cash. With the agreement of the Chief Executive, this may be credited into the petty cash tin as an exception to the general principle.

4. Payments by cash

- 4.1. Wherever possible, payments will be made by cheque, Altocard or online not cash.
- 4.2. As required, money shall be drawn from the bank by the Chief Executive to 'top up' the petty cash float. The amount drawn should normally be £100 and must not exceed £200 in any one week in accordance with the bank mandate.
- 4.3. The tin will be maintained by a member of staff, designated by the Chief Executive, but all staff have access to the tin.
- 4.4. Whenever cash is taken from the tin, either:
Receipts matching the exact amount, attached to a completed petty cash voucher, will be placed in the tin, or;

A note indicating the amount withdrawn, date and name is placed in the tin, to be removed when the change and receipts are put in.

- 4.5. At least monthly, the transactions will be recorded by the designated employee in the QuickBooks system and a cash count taken to verify the balance.
- 4.6. Any discrepancy must be reported to the Chief Executive.
- 4.7. Payments by cash should be within the overall budget. If staff are in any doubt, they should check with the Chief Executive beforehand.

5. Payments by cheque

- 5.1 All invoices, once received and date stamped, and the cheques written by the Administrator.
- 5.2 The invoice will be marked with the date and cheque number.
- 5.3 Cheques, with the invoices attached, shall be passed to the Chief Executive and signed in accordance with the bank mandate. Normally, the second signatory, where required, should be the Treasurer. Signatories should see the invoice before signing.
- 5.4 The invoice, or relevant paperwork, will be filed in cheque number order by the Bookkeeper, who will enter all payments as part of the QuickBooks system at least monthly.
- 5.5 Payments must be within the agreed budget unless the amount is under £200 in which case, the Chief Executive has discretion.

6. Payments Online, by Direct Debit, Alto card or standing order

- 6.1 To ease administration, wherever possible payments can be made through more direct methods.
- 6.2 Online payments to suppliers shall be 'uploaded' in the first instance by the Administrator, and then authorised by TWO other people – normally the Chief Executive and Treasurer. The Chief Executive should initial and date the invoice(s) which should then be passed (or scanned and emailed) to the Treasurer.
- 6.3 Any standing order or direct debit instruction must be authorised in accordance with the general bank mandate.
- 6.4 Copies of all direct debit and standing order instructions will be maintained with the bank mandate file.

6.5 Payments on the Alto Card shall be authorised in accordance with the bank mandate. The Chief Executive can give sole authorisation up to £300. The Alto Card statement shall be reconciled each month by the Bookkeeper.

7. Payments of Salaries and Pension

7.1 Monthly salaries will be calculated by the Payroll Manager, and paid into the employees' bank accounts by the 25th day of each month.

7.2 The payments will be made using the online transfer system – details of these procedures are held in the payroll file.

7.3 Employer Pension contributions will be paid monthly, usually by standing order. Instructions will be sent by the Chief Executive, signed in accordance with the bank mandate, following any change in salaries.

7.4 As part of the preparation of annual accounts, the Chief Executive should ensure that the correct pension payments have been made.

8. The Bank Mandate

8.1 The mandate is determined by the committee and recorded in the minutes.

8.2 For payments by cheque:

8.3 Signatories will be four members of the Committee – Chair, Vice-Chair, Treasurer and one other member – and the Chief Executive.

8.4 All cheques are to be signed by two signatories except that the Chief Executive may sign alone for amounts up to £300 with the following provisos:

- The Chief Executive cannot sign alone for any payment involving him/herself or any related party.
- The use of multiple cheques to circumvent the signing limits is not allowed.
- Any direct debit or standing order instruction must be signed by two signatories.

8.5 Any cheque for amounts exceeding £10,000, except orders to transfer funds between bank accounts, should be signed by three signatories.

8.6 For the online banking system, the Administrator will have 'write only' access. The 'online' signatories will have authorisation rights. These are: The Treasurer, The Chief Executive, The Payroll Service manager, The Chair of Trustees and the Chair of Personnel & Premises.

8.7 The Chief Executive is responsible for ensuring that the bank mandate is kept up to date following any change in signatories.

9. Funds on Deposit

- 9.1 CA Plus may operate a deposit account. Transactions with this account may only be to and from the current account.
- 9.2 Deposits would normally be made online in accordance with the mandate.
- 9.3 Withdrawals may only be in the form of transfers to the Current Account and may be authorised by the Chief Executive who is responsible for ensuring adequate cash flow arrangements.

10. Payment of Expenses

- 10.1 Expenses are normally paid monthly with the salaries.
- 10.2 The amounts that may be claimed are set out in the Expenses Policy.
- 10.3 Expenses claimed by Trustees will be authorised by the Chief Executive .
- 10.4 Staff expense claims will be checked by the Administrator before passing to the Payroll Manager for processing.
- 10.5 On an annual basis, the Administrator will update personnel files with the current driver license, MOT and insurance details for each employee claiming for car mileage.

11. The Accounting System

- 11.1 All accounting records for CA Plus will be maintained on the QuickBooks system. For the online (cloud) system, the Chief Executive is the master administrator, the Administrator has ordinary user rights, and any trustee may have 'report only' rights.
- 11.2 The Bookkeeper is responsible for input and reconciliation of all accounts with the exception of the petty cash entries made by another designated member of staff.
- 11.3 The Bookkeeper will reconcile the entries to the bank statements monthly. The reconciliation report will go to the Chief Executive for signature, after which it is to be filed with the bank statements.
- 11.4 The Chief Executive will review the QuickBooks file prior to signing the reconciliation report to look for accuracy and correct categorisation.
- 11.5 Income and Expenditure categories and Projects (cost centres) are agreed by the Committee as part of the budget process.
- 11.6 The Chief Executive produces and files the quarterly VAT returns.

12. The Filing System

- 12.1 All accounts files shall be maintained for 6 years.
- 12.2 The following files are required:
- Bank Statements in sheet order with reconciliation reports.
 - Income file with income sheets (with relevant documents attached) filed in date order.
 - Expenditure file with invoices in cheque number order and petty cash receipts in an envelope for each month.
- 12.3 The Payroll Manager will also keep all PAYE files.
- 12.4 The Chief Executive will keep files for the bank mandate with standing order or direct debit instructions, pension details, budget details, correspondence with all funders and Committee Minutes.
- 12.5 A fixed asset register will be maintained by the Chief Executive.

13. The Reporting System

- 13.1 On a quarterly basis, the Chief Executive will draw up budget variance reports, and any other reports that may be requested, for the Finance & General Purposes sub-committee.
- 13.2 The Chief Executive will submit all necessary reports to funders.
- 13.3 Finance & General Purposes sub-committee meetings should be scheduled to fall three weeks after the end of each financial quarter period.

14. The Annual Report and Accounts

- 14.1 Each year the accounts of CA Plus will be subject to an external scrutiny in accordance with relevant legislation.
- 14.2 The Auditor/Examiner is appointed by the Members as part of the AGM.
- 14.3 The Chief Executive is responsible for producing the draft Annual Report and Accounts for consideration by the Committee.
- 14.4 The Chief Executive is responsible for ensuring that accounts and annual returns are filed as required to Companies House and the Charity Commission,

15. Salary Review Process

15.1 Staff salaries would be reviewed in line with the Remuneration Policy. The recommendations for salaries would be incorporated into the draft budget.

16. The Budget

16.1 The following steps form the usual procedure for preparation of Budgets within CA Plus.

16.2 In October/November, the Trustees will consider the plans for the following year. These should be broadly consistent with any longer term plan already in place. Where the year plan differs significantly from the longer-term plan, this may warrant a revision to the longer-term plan.

16.3 The Chief Executive will draw up a proposed budget for consideration in the following March.

16.4 The draft budget should include a written explanation of the underlying basis for all figures including any estimates or assumptions. It will also include a proposed scale of charges and pricing structure for all services.

16.5 Once the budget is set, the signatories may commit CA Plus to budgeted expenditure. Items costing below £200 but not within the budget may be expended at the signatories' discretion. Items over this amount and not within the budget must be brought to the Committee's attention at the next available meeting.

16.6 Any request to order goods or services exceeding £100 must be approved in advance by the Chief Executive or Treasurer.

16.7 The budget is a guide. It is not used to provide absolute limits for specific categories of expenditure; however, any material variance must be reported by the Chief Executive who is accountable for such variances.

Approved by Board *1st qtr 2016,*

Next review due *1st qtr 2019*