

MODEL: BUDGETARY AND FINANCIAL PROCEDURES

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**Customisable: You may have different roles in your organisation, please insert correct roles as applicable in the greyed out areas.*

1. GENERAL

- It is the responsibility of the Board to ensure that the financial procedures of the organisation comply with legal requirements and that of bodies such as Companies House.
- New and existing Director/Trustees must be provided with copies of the latest sets of accounts and a copy of the governing document. Any Director/Trustee has a right to inspection with reasonable notice to any accounting or bank record of the Association.

2. BUDGETS

- It is the responsibility of the *[Insert role, eg Finance Officer/Treasurer]* to draft the budget for all aspects of work before the beginning of each financial year. The Director/Trustees will provide support and approve the draft budget. The timing of this drafting process should be carried out taking notice of the risk register and the requirements of any funding bodies. The annual budget for the financial year shall be approved by the full Board.
- Actual income and expenditure, and projected total income and expenditure and revised budgets for the full financial year must be reported each quarter to the Board. To aid the projecting of income and expenditure for the full year a cash flow forecast will be produced for the financial year. The *[Insert role]* will revise this forecast regularly. This will be reported to the Treasurer.

3. BANKING AND CUSTODY PROCEDURES

- The *[Insert role]* or designated worker will open the incoming post in normal circumstances. All incoming mail shall be recorded in the post book detailing the sender's name and organisation and date received.
- Cheques received by post shall also be recorded in the post book alongside the details of the sender. All invoicing, ordering payments and receipts are dealt with by an officer. All incoming receipts must be recorded immediately stating when received, when banked, who from and the amount. All incoming receipts shall be banked on at least a weekly basis and subsequently recorded on the accounting system.
- Wherever possible, BACS will be utilised for incoming receipts. However any small amounts of cash shall be stored securely.
- Incoming cash received and held at the premises must not exceed £____. All incoming money must be banked.
- The general office petty cash limit is £____.
- The *[Insert role]* shall hold the paying-in books or another member of staff designated by Director/Trustees.

4. CHECKS ON INCOME RECORDS

- The Board may check the accuracy of records, cross reference all receipts and bank statements and check the accuracy of the monthly bank reconciliation and salary payments to staff at any time.

5. CONTROLS OVER EXPENDITURE

- Approval of the day-to-day expenditure is the responsibility of _____
- The Treasurer/[Insert role] has authority to approve expenditure in line with the budget headings that have been agreed by the Board. Orders may be raised in accordance with the budget. All 'orders' for expenditure beyond the designated limits requires the specific authorisation of another Board member on the order forms.
- The cheque book and any bank cards shall be held by the [Insert role] In their absence they can be accessed by the Treasurer/[Insert role] A signatory on each cheque or transaction must be a Director/Trustee. Use of any debit card or electronic payment system held by the organisation must have prior written authorisation by a Director/Trustee for any transaction. A designated Director/Trustee will be required to authorise any online banking alongside the [Insert role] maintaining the two signatory requirement.
- Direct debit or standing order mandates can be set up and require two signatories one of which must be also always a Board member.

6. PAYMENT OF SALARIES

- Salary levels are signed and confirmed by the Board annually. The raising of payment of staff salaries, PAYE, travel and subsistence expenses are then delegated to the Lead Director/Treasurer and [Insert role]
- Salaries are paid by *cheque / bank transfer on _____ each month or the last working day preceding that date. The salaries are based on the agreed salary point for each post. The Treasurer or designated person for finance is authorised to adjust salaries to take account of any entitlement to annual increment and annual pay awards, provided that this adjustment is in line with the approved budgets. Outside of the budget, the Board is required to approve the adjustments. An alternate Director/Trustee is required to authorise any such payments involving themselves as recipient.
- Travelling expenses are reimbursed in line with the current Expenses policy and authorised rates which shall not exceed the approved HMRC rate. Expense claims should be submitted in line with office procedures.
- Claims for travel expenses and subsistence by staff members must be authorised by a Treasurer/ Trustee.
- The Board shall set a rate for the reimbursement of mileage expenses by Committee members which will not exceed HMRC rates.

7. CONTROLS OVER PURCHASES

- All orders for supplies, services and other requirements for all aspects of the organisation are placed under a system which requires a formal request form (orders), line manager sign off and Director/Trustee approval.
- Any purchase of a fixed asset or procurement of a new service should have three quotations for cost whenever possible and follow agreed office procedures.
- All invoices are processed for payment by the Finance Coordinator ensuring proof of delivery and that an authorised order has been placed.

8. PAYMENT BY CHEQUE

- The Board should comply with the stipulation in the financial protocols regarding authorised signatories.
- No cheque shall be drawn on such account or accounts unless it bears the signatures of at least two persons, of whom at least one shall be a Director/Trustee,
- It is the responsibility of the Treasurer/Trustee to bring to the attention of the Board any changes necessary to the bank mandate.
- No nominated signatory may sign a cheque made payable to themselves.
- Under no circumstances shall a signatory sign a blank cheque.
- All cheque expenditure must be recorded and noted with the relevant cheque number in the finance records of the organisation
- All cheque stubs must be completed at the time of payment.
- Cheques must be signed only with documentary evidence of the nature of the payment.

9. PAYMENT BY CASH

- All payments by cash are to be made from petty cash and duly recorded and authorised by the *[Insert role]*
- The petty cash is drawn from the bank not from incoming money.
- Petty cash accounts relating to individual projects are the responsibility of a designated member of staff, under the supervision of the *[Insert role]*
- Cash floats are issued where appropriate and a quarterly analysis of expenditure incurred is completed and given to the *[Insert role]* together with all relevant receipt and petty cash vouchers signed by the recipient and a responsible member of staff.
- Expenditure for the period is reimbursed by cash drawn on a cheque as required and details of expenditure are incorporated into the quarterly financial reports. Regular petty cash reports are passed and signed by the relevant line manager.
- Each petty cash float shall be recorded in a separate petty cash book.

10. CONTROL OVER FIXED ASSETS

- A list of fixed assets shall be maintained. The list of fixed assets shall be updated annually and the *[Insert role]* should advise of any new additions. The annual check should ensure the asset is in good repair and that sufficient insurance cover is obtained.
- Disposal of any assets should be reported to the Board and authorised /actioned by the *Treasurer/Manager*.

11. BANK ACCOUNTS

- The records of all accounts shall be kept under the responsibility of the *[Insert role]*
- The *[Insert role]* shall carry out monthly bank reconciliation and compare this to the bank statements.
- Any instructions to open or close accounts must be properly authorised and/or reported to the *Trustees*.

12. REVIEW

- These procedures are reviewed at least annually by the board. They will have the authority to amend and update the arrangements set out above.
- Independent examinations of the finances are undertaken in line with the law, or where turnover exceeds independent examination thresholds, or where required by our funders, an independent external audit will be undertaken.

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