



## POLICY DOCUMENT

*Policy title:*        **FINANCIAL PROCEDURE**

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### *Document control*

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## Financial Procedures

### Introduction

These financial procedures have been drawn up to ensure that Barton Hill Settlement's finances are properly and accountably managed, and that proper audit trails exist for all expenditure. This means that for every item of expenditure, proper evidence exists that show what it has been used for and how approval was made to spend the money.

Barton Hill Settlement is very fortunate in having very committed, honest members of staff and volunteers who take responsibility for the very considerable resources at our disposal. These procedures are also for their protection, to make sure that those people who manage money here are given clear rules to operate, so that groundless allegations of impropriety can be quickly rebuffed.

This also means that these procedures have the status of instructions. People responsible for managing money may therefore be subject to disciplinary action if they fail to follow these procedures, and in particular if they consistently fail to follow them.

To this end training/induction in the use of the procedures will be offered to those members of staff responsible for management of finances, and management committee members on the finance sub-committee group and cheque signatories. The procedures will also be a key part of the induction of members of staff with financial responsibilities.

## CONTENTS

The document consists of three sources of information:

- (i) The text of the financial procedures
- (ii) A summary of procedures in 'at a glance' format
- (iii) Explanations in the text of the various forms to be used and their purpose.

Section 1      **Cost Centres**

Section 2      **Ordering Goods and Services**

Section 3      **Receipt of Post**

Section 4      **Contracts**

Section 5      **Payments**

Section 6      **Cash Management**

## Section 1

### **COST CENTRES**

#### **A. Use of Cost Centres and Budget Headings**

It is the responsibility of Budget Holders to ensure that the correct cost centre and budget line is clearly written on all financial documentation, otherwise receipts and expenditure cannot be correctly accounted for. No payments will be made or receipts credited if this is not strictly adhered to.

Every Budget Holder will receive a full coding list for their project. Additional lines can be added if compatible with accounting system and budget in force at that time.

## Section 2

### **ORDERING GOODS AND SERVICES**

#### **Ordering**

1. Official order forms must be used at all times, PRIOR to ordering goods/services.
2. Members of staff have a responsibility to ensure generally that they get the best value in procuring goods and services. Best value implies that both price and quality must be considered.
3. To place an order
  - (i) Use an official numbered order form, held by Finance and Admin Services. This order must be coded and approved by the budget holder.
  - (ii) Send the top copy of the order to the supplier (White).  
  
Finance retains second copy (Yellow).  
  
Third copy retained by budget holder (Blue)
  - (iii) On receipt of goods, the Budget Holder is responsible for

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checking goods/services received against the order, the blue copy should be signed, to agree goods/services have been received, and returned to Finance. (Blue)

- (iv) On receipt of invoice, it will be checked by Finance against the Purchase order forms (Yellow & Blue) and any discrepancies are the responsibility of the budget holder.
- (v) If an individual does not use the Settlement's ordering procedure any contract entered into becomes a personal one and the individual is liable.

#### 4. Centralised Purchasing

Where possible purchasing is to be centralised.

##### a) Office Supplies/Stationery

This will be centrally purchased by the Finance Team, to specifications supplied by the project.

Purchasing from suppliers will normally be done on a monthly basis, and projects should submit their requirements at any time to Finance. If supplies are needed urgently, this can be arranged.

##### b) Purchasing of Computer Equipment

Any proposal to purchase computer equipment must be the subject of consultation with the I.T. C Co-ordinator who will place the order. Consultation must happen to ensure that the specification is correct for intended purpose and to ensure compatibility across Barton Hill Settlement.

##### c) Communications Equipment

e.g. Telephones/Mobiles

Any proposal to purchase must be the subject of consultation with the Community Resource Manager who will place the order.

##### d) Office Furniture

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Any proposal to purchase must be the subject of consultation with the Community Resource Manager who will place the order.

### B. Ordering by Telephone

Ordering by telephone should be kept to an absolute minimum. It is appropriate to order by telephone only when it can be shown that real urgency exists. The order book procedure must still be adhered to and the order number quoted over the telephone.

### C. Use of Rolling Orders (Support Services and Family Playcentre)

Rolling orders are used for food, milk and domestic supplies. Price checks must be made every October and copies of the quotes recorded and passed to Finance, stating date, price quoted and the supplier. If this is not practical, eg only one company delivers milk in the area, a file note must be passed to Finance each October.

#### When placing a rolling order;

- (i) Telephone orders should be made as detailed above, a copy of the order should be passed to Finance detailing the start date and length of time that the order has been placed for. (6 Months Maximum)
- (ii) On receipt of supplies, they must be checked by the relevant staff against the record of order.

### D. Use of staff personal bank accounts or credit cards for purchases

The only reason on which approval can be given is urgency, i.e. where the goods are needed sooner than the ordering procedure will allow.

Where it is appropriate to use your own bank account or credit card to purchase goods, your line manager must approve before purchase. This is to ensure that normal budget control procedures are in place.

Where a supplier insists on payment prior to delivery the Finance Office will raise a cheque against an authorised pro forma invoice.

Where goods purchased by this method are over £100 + VAT for individual items, the approval of the Chief Executive Officer must be sought.

### E. Thresholds for order and quotations

- (i) Orders for individual items over £500 (ex. VAT) must be the subject of at least 2 quotations. This includes transport (coaches, vans) for occasional trips. The second quotation should be recorded on the

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second and third copies of the order showing supplier and price.

- (ii) For orders for individual items, over £1000 (ex. VAT) at least 2 written quotations must be obtained. A file note giving the quotations and suppliers must be kept and initialled by the Chief Executive Officer prior to placing the order. The file note should indicate why the particular supplier/item has been chosen.

This file note will be retained in Support Services stapled to the bottom copy of the order.

- (iii) For orders of individual items over £2500 (ex vat) at least 3 written quotations must be obtained and must be approved and countersigned by the Chief Executive Officer.

### **Purchases by Credit Card**

Purchases made on-line are permitted but can only be actioned in the Finance Office.

- (i) A purchase order form must be completed (as in section 2), it must be authorised prior to ordering by the budget holder.
- (ii) Upon completion of the Credit Card Payment Request, the purchaser will need to obtain the relevant signatories (as per the bank mandate) prior to ordering.
- (iii) The employee will use a PC within the finance office to make the required purchases and a member of the finance team will enter the credit card details at the appropriate stage.
- (iv) The credit card will be kept at all times in the safe in the Finance Office.

### Section 3

#### **RECEIPT OF POST**

##### **A. Incoming post**

All post except that marked as Private /Confidential and Tenants Post, will be opened in the Finance Office, and date stamped. It will then be placed into the relevant pigeon hole in the reception area of The Light House.

Cheques will be removed before the post is passed to projects.

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Cheques will be recorded and deposited in Finance Safe.

All cheques will be banked by the Finance Office.

Notification of grants or income will be copied to:

- The Chief Executive Officer
- The relevant Budget Holder

### Section 4

#### CONTRACTS

Examples of contracts entered into are:

- maintenance contracts on computer software
  - supply and replacement of sanitary bins
  - supply and maintenance of photocopier
  - maintenance contracts on equipment
  - security & insurance
- (i) All contracts must be the subject of written competitive quotations or tenders; 3 quotations should be obtained except where it can be shown that the supply will be by a specialist contractor.
- (ii) Contracts must always be part of budget estimating process and estimated or actual costs clearly identified. Acceptance of budget implies approval for contract to be set up within these procedures.
- (iii) All contracts for services will be signed by the Chief Executive Officer and the originator.
- (iv) The contract with supporting documentation will be centrally filed in Support Services. A copy of the contract may be kept by the Project Co-ordinator.
- (v) Support Services will request the originator to carry out an annual competitiveness check with two other suppliers, except where it can be clearly shown that the supply is specialist or a given contract lasts

for longer than a year.

(vi) All contracts should be negotiated on a by annual basis.

It must be noted that contract prices can always be negotiated if you are unsure about how to do this or whether this could be legitimate, you must consult with a member of the core Support Services team.

### SECTION 5

#### PAYMENTS

##### A. Payment of Invoices

(i) Cheque payments

All cheques require at least two signatories.

(ii) Cheque payments require two signatories one of which

must be a designated SETTLEMENT BOARD OF TRUSTEES member.

(iii) Cheque signatories, when presented with a cheque to sign, must

check that the Invoice/Purchase Order has been approved and that the cheque tallies with the payment approval form. Cheques will be

prepared for invoices that have been received in accordance with the

above procedure – i.e. properly authorised and with a copy of the

order attached where relevant. (See Section A.3)

##### **B. Petty Cash**

It is intended that Petty Cash and its use is kept to a minimum.

(i) Definition and Threshold

(ii)

Petty Cash is intended for the reimbursement of incidental expenses

up to a maximum of £30, per person on any one occasion, exceptions being minimal ie purchase food etc for events.

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### (ii) Authorisation

No member of staff can authorise payment to reimburse themselves.

Budget Holders approve payments to staff they manage. The

Chief Executive Officer or in his/her absence the Central Services Manager or Finance Manager can authorise reimbursement to Budget Holders.

Budget Holders may delegate authorisation to team leaders or

other staff but must complete a delegation form and send it to the

Finance Office.

Approval for reimbursement to the Chief Executive Officer will be by

Chair, Vice Chairs or Treasurer.

### (iii) Payment will only be made against authorised petty cash forms

supported by receipts or documentary evidence of expenditure that do not exceed £30.

### (iv) Location

Petty Cash will normally be paid by Finance Assistants and controlled by Finance Manager.

### (v) Release of one-off Petty Floats

One off Petty Cash floats can be released for pre-agreed amounts.

The relevant Budget Holder or Chief Executive Officer must approve. These must be requested on the appropriate form.

Receipts or documentary evidence of purchase and the balance of the

float must be returned immediately after the event to the finance office, which will check the return for accuracy.

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### C. Payment Of Expenses

Expenses are paid to ensure that no volunteer or member of staff is out of pocket whilst on Barton Hill Settlement business. All expenses rates will be reviewed by Settlement Board of Trustees during September annually.

All expenses including childcare and other expenses must be matched by a receipt or appropriate documentary evidence of expenditure.

Volunteers claims are made using Petty cash Form and normally paid through Petty Cash.

Staff claims are made using Petty Cash Voucher.

#### (i) Expenses include:

- Petrol/mileage allowance on Barton Hill Settlement business. This will be paid at the rate per mile set by the Inland Revenue, thus avoiding the need to inform the I.R. of payments made to a member of staff or volunteer. Journeys over 50 miles will, where ever possible, be made by public transport. If this is not practicable payment will be based on mileage or relevant public transport cost (whichever is the cheaper).
- Allowable transport costs for use of public transport/taxis. For journeys on public transport out of Bristol, a comparison of price between train and coach must be carried out, and unless there are overriding reasons, the cheapest must be used.
- Reasonable lunch and meal costs for people on Settlement business off site, above what they would normally spend on production of receipts to a maximum agreed by the Settlement Board of Trustees.
- Adult/Childcare expenses for staff must be agreed by Chief Executive Officer prior to incurring expenditure, and will only be paid in exceptional circumstances.
- Volunteers lunch.  
The Chief Executive Officer and Budget Holders are delegated to approve the payment of expenses in their own project. In the Chief Executive Officer's absence, expense payments can be approved the Finance Manager and/or Community Resource Manager.

### D. Wages And Salary Claims

#### Additional Hours/Enhancement And Acting Up Allowances

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*i. Under normal circumstances, additional hours, when approved, will be recorded as TOIL, and taken within the agreed period (refer to Staff Handbook).*

ii. In exceptional circumstances where a Budget Holder, as cost

centre Manager, considers it appropriate to pay additional hours to a member of staff, PRIOR approval must be sought from the CEO. Additional hours will not be paid if prior approval is not given.

In the absence of the CEO, prior approval must be sought from the Community Resource Manager.

All claims for additional hours, in excess of their contractual hours must be approved by the CEO.

iii. Under certain agreed circumstances, staff required to work at weekends or on Bank Holidays will be eligible to claim pay at enhanced rates. The policy on payment of enhanced rates is available from the Support Services Office. Prior approval of payments up to £200.00 for a specific event can be given by the CEO.

Where payment will exceed £200.00, Settlement Board of Trustees approval must be given.

### Acting Up Allowances

(i) Under normal operational conditions, acting up allowances will not be paid.

(ii) Under conditions of longer term absence due to sickness or vacant posts, acting up allowances may be approved by the Settlement

Board of Trustees.

### Section 6

#### CASH MANAGEMENT

##### *Cash received by projects*

User income must be recorded by the relevant project. Total received to be entered onto In payment slip and taken to Finance where it will be signed into the cash receipts book by the Finance Assistant and countersigned by person presenting the money. It will not be counted at this stage - the amount shown on the In payment slip will be recorded. This procedure should be, if possible, on a daily basis.

Café Income will be reconciled with an X reading from the till on a daily basis and deposited in finance as detailed above. A float of £20 will be collected from Finance and returned with Café takings on a daily basis.

Record keeping must be adequate to enable auditors to easily check all monies received from initial receipt to actual banking. Finance will be required to check that this is being complied with.

Any cash which is NOT normal user income, must not be accepted by projects. The payee should be directed to Finance where an official receipt will be given.

In the case of special events i.e. holiday activities procedures must be discussed with Finance Manager in advance so a correct structure is in place.

Cash must not be retained overnight in project offices but must be deposited in a locked cash box in the Finance safe. Only cash in locked boxes will be accepted. All other cash must be entered into the cash receipts book as above.

#### **B. Events Where Cash Income Is Received**

For any event the management of cash should be clear and delegations

sensible.

If one off or unforeseen payments are likely during the event, the organiser should raise a petty cash float to cover these prior to the event, and this should be accounted for in the normal way. Expenditure must never be taken out of income before or during the event.

A proposal to run an event may involve the purchase of supplies (food, drink etc.) up front. The person who wishes to run one should:

- 1) Settlement Board of Trustees must always approve the running of events which are to be charged to Settlement Board of Trustees.

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- 2) A responsible person must be identified, and must attend throughout the event.
- 3) Upfront floats will be issued according to the petty cash procedures. All balances and receipts must be returned as soon after the event as possible to Finance. If any balance is due to the individual it will be paid at this point.

A stock count of all drinks for sale will be taken at the beginning of the event, and after the event, by the Finance Team.

- 4) *Cash taken at the event must be held during the event in an agreed safe location.* This will be the responsibility of the 'responsible person'.
- 5) At the end of the event or as soon as possible afterwards, cash must be counted by the 'responsible person' in the presence of an agreed other person.
- 6) Cash must be stored in a safe, pre-agreed location until first thing the following day, or the first day of normal business, when it must be handed in to the Finance Office.
- 7) A report must be prepared by the responsible person showing the income and expenditure, surplus/(deficit) for the event, for presentation to the appropriate body.
- 8) **Any incidental benefit associated with the event for volunteers/staff** must be made clear prior to the event.

### *Expenditure Of Restricted And Specified Funds*

#### **Designated Funds - (unrestricted in law but designated by us)**

These funds are held in the Settlement accounts for specific purposes. They are not included in the annual revenue/operational budgets for service delivery, and therefore expenditure will always require Settlement Board of Trustees approval:

1. Any proposal to expend restricted funds will be identified by the relevant Project Manager or Project Management Committee.
2. The proposal must be discussed with Chief Executive Officer.
3. A costed proposal, with reasons, will be taken to the next available Settlement Board of Trustees for consideration/approval.
4. Settlement Board of Trustees may delegate to a Project Management Committee expenditure against a specific fund.

#### **Restricted Funds** - (these are 'designated' by external agency)

These are held by the Settlement in order to finance specific projects or developments, and are often the result of fundraising campaigns, where funders contribute to a specific development only.

In order to establish a restricted fund:

- a) Settlement Board of Trustees approval must be sought for the initiative or development in question.
- b) *Prior to restricted funds being expended, a fully costed proposal* showing how the fund is to be spent and how it can achieve the development, must be approved by the Settlement Board of Trustees.
- c) A Project Management Committee may be given delegated powers to spend within the budget approved by the Settlement Board of Trustees.
- d) The Chief Executive Officer or Budget Holder will act as cost centre manager with responsibility to manage the fund within the finance available.

### Independent Amenity Funds

These are monies collected by projects for specific activities, or internal activities. These may be set up and managed by Project Management Committees who must minute the scope and purpose of the fund. These funds appear as separate specified funds in the accounts and are held by the Settlement on behalf of projects. Settlement Board of Trustees approval is not required for expenditure of these funds.

### **D. Cheque Signatories**

The addition or removal of any person as a cheque signatory will always be the responsibility of the Settlement Board of Trustees.

Cheque signatories will be decided against:

- 1. the general level of understanding of the person in terms of the Settlement and its activities.*

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II. their availability.

No member of staff below Senior Team level may be a cheque signatory. The Settlement Board of Trustees will approve the list of cheque signatories annually.

### E. Bank Accounts

All cheques for goods and services supplied by the Settlement must be payable to “Barton Hill Settlement”.

Under no circumstances can any Bank Account be opened in connection with

any business transacted by the Settlement, or which could reasonably be

construed to be in connection with the Settlement, without prior approval by the Settlement Board of Trustees, and approval of accounting and management arrangements. The presumption is that this will not be allowed.

Funds not immediately required to cover current expenditure will be held on deposit. Movement of these funds will be the responsibility of the Finance Manager, if moved to CAF bank a cheque will be drawn using the same cheque payment system as detailed in section 5 payments ii), or moved via Lloyds Link if deposited on a short term basis at Lloyds.

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### Appendix 1

#### **For guidance only – payments at the discretion of the budget holder**

Mileage Allowance	45p per mile (I.R. Rate)
Cycle Allowance	20p per mile (I.R. Rate)
Lunch Expenses	£ 5.00 (Receipts Req)
Evening Meal	£15.00 (Receipts Req)
Adult/Childcare	As per current minimum Wage.