

SECTION 5: STANDING ORDERS



5.5 FINANCIAL PROCEDURES

- 1.1. INTRODUCTION
 - 1.2. This Standing Order is designed to ensure effective and accurate management of the Federations funds.
 - 1.3. The document shows how funds will be utilised in pursuance of the organisations objectives, how financial matters will be administered and subject to audit, and describes the role and responsibilities of officers of the Federation in managing finance.
2. ORDERING SUPPLIES, SERVICES AND AUTHORISING EXPENDITURE
 - 2.1. Recognised Officers of the Federation may only order goods, services or authorise expenditure where prior agreement has been reached by a majority of the Governing Board, or agreed by the annual budget.
 - 2.2. Officers can place orders for goods or services or commit expenditure to maximum amount of £GB 500. Amounts over £GB 1000 require the additional approval of the organisations Finance Committee. Amounts in excess of £GB1500 require the additional approval of the organisations Finance Committee and a member of the Governing Board (normally the Secretary General).
 - 2.3. Expenditure is defined as any purchase, lease, or other contract involving expenditure on behalf of the Federation.
 - 2.4. Contracts, leases or other orders which are for more than 12 months, or where the contract is open-ended, or which would continue beyond the next Governing Board elections, should not be entered into without adequate advice from a relevant professional adviser (e.g. accountant, solicitor, surveyor) and require agreement by the Governing Board.
 - 2.5. All orders and purchases of £GB 50 or more must be placed in writing. Orders under £GB20 should be in writing where practical
 - 2.6. While claims for small items of expenditure may be made via petty cash (see section 4), adequate supporting documentation, preferably receipts, must be obtained. Large items requiring cash payment must be checked with Finance before the arrangement is confirmed.
 3. PAYMENT AUTHORISATION AND PURCHASE LEDGER
 - 3.1. All invoices must be authorised for payment by the relevant officer within the Federation. The authorising officer is responsible for ensuring that appropriate authorisation has been received from the Governing Board as described in 1.2 above
 - 3.2. The authorising officer is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. The Finance Committee must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason

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- 3.3. A Purchase Ledger is operated by the Executive Director. All incoming invoices are to be submitted as soon as they arrive. Invoices will normally be recorded on to the Purchase Ledger within seven days. Once properly authorised as above, suppliers will be paid within the appropriate timescale.
 - 3.4. Refunds of overpayments or cancellations of bookings/orders can be fully delegated to the relevant activity manager or administrator (note that this does not include any 'compensation' or similar payment).
4. CHEQUE WRITING, SIGNING AND AUTHORISING ELECTRONIC PAYMENTS
- 4.1. Signatories will only be drawn from senior staff and Governing Board members. Any new signatory must be approved by the Governing Board before the bank is notified.
 - 4.2. All cheques/bank transfers of £GB 500 or more require two signatories. Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque.
 - 4.3. All cheques /banks transfers of £GB 10000 or more require three signatories. Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque/electronic payment.
 - 4.4. Signatories will not sign cheques or authorise electronic payments which are payable to themselves, or blank cheques. Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.
5. HANDLING OF CASH
- 5.1. Cash payments to Virtus should only be agreed where it is not possible to use formal banking facilities, where the amount is small (<\$2500 equivalent), and it is clearly known what the payment is for and where it originates. Careful consideration should be given to how the money will be transported safely and any personal risk is minimised.
 - 5.2. Large amounts or unexpected donations of cash other than through publicly organised fundraising activities, should be reported to the Executive Director or Finance Committee before being accepted.
 - 5.3. When accepting a cash payment, please complete the form in Appendix A in full.
 - 5.4. All cash collected by officers of the Federation will be signed for, and receipts should be issued.
 - 5.5. Cash received by officers should be given to the Executive Director, transferred by electronic transfer, or paid into the Federations bank account, as soon as possible. Notification should be given to the Finance Committee detailing the amount and payment method.
 - 5.6. Cash will be kept in locked metal container wherever possible. Appropriate arrangements should be made for cash security.

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6. EXPENSE PAYMENTS AND RATES

- 6.1. Expenses will be paid to the Federations officers to cover out of pocket incurred through the Federations business where no other source of funding is available to them, and where prior agreement of the Executive Director has been given.
- 6.2. Where possible, individuals will use the cheapest method of travel, eg. standard class rail or airfare (saver tickets wherever possible)
- 6.3. A mileage rate of £GB 0.25 per mile will be paid for private car use where necessary, but only for the total journey when no other method of transport is available or appropriate.
- 6.4. The mileage rate will be reviewed annually as part of the budget
- 6.5. Where agreed Virtus will meet the costs of any overnight accommodation to a maximum cost of £GB100 per person per night or other if agreed in advance.
- 6.6. Claims must be made using the Expense Claim form and be claimed within 28 days.
- 6.7. Payment will usually be made via bank transfer within 1 month of receipt of the claim.

7. INCOME

- 7.1. All invoices should be raised on Virtus letterhead, or in a format agreed with the auditors, and be drawn up in accordance with relevant VAT and tax requirements.
- 7.2. Information about grant income must be maintained by the Executive Director in consultation with the Finance Committee. It is the responsibility of the person gaining the grant to ensure all grant income is claimed as it becomes due or available, and that all appropriate officers are aware of relevant grant conditions and exactly how the grant is to be expended.
- 7.3. Membership fees will be collected in accordance with the timescales set out in the Membership policy. The Finance Committee will notify the Governing Board of payments received and outstanding amounts.

8. BANK ACCOUNTS

- 8.1. The Finance Committee will be responsible for establishing and maintaining a suitable bank account. These arrangements should be reviewed regularly in the light of what is most advantageous in terms of cost and service. All changes are to be authorised by the Governing Board.
- 8.2. All income will be paid into the account as soon as possible, not less than once a week.

9. BOOKS OF ACCOUNT AND RECORDS

- 9.1. The Executive Director will be responsible for ensuring that appropriate accounting records are kept. Where possible, this should utilise a suitable computer package, but manual/paper records will also be used if appropriate.

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- 9.2. At a minimum, the following records will be kept:
- a. Appropriate control accounts (i.e. bank control, VAT control).
 - b. Monthly trial balances - bank accounts will be reconciled at least monthly, and VAT returns produced on the required quarterly cycle.
 - c. All income/expenditure information will be recorded within seven days. All corrections and adjustments will be clearly noted in a written 'Journal' giving reasons for them, with supporting documentation where available.
 - d. Purchase Ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All cash receipts, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.
- 9.3. All fixed assets costing more than £GB 500 (or such other level as may from time to time be agreed by the trustees) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal.

10. BUDGET SETTING

- 10.1. 12 monthly income and expenditure budgets (Jan-Dec) will be prepared in time for final approval by the Governing Board at their final before the start of the financial year under consideration.
- 10.2. Department budgets should be prepared by the relevant Officers of the Federation and submitted to the Executive Director no later than September before the start of the financial year under consideration
- 10.3. The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated quarterly.

11. FINANCIAL MONITORING AND AUDIT

- 11.1. All Officers will receive appropriate, regular reports of income and expenditure against their budget from the Executive Director.
- 11.2. The Finance Committee will submit to the Governing Board:
- a. Quarterly management accounts including any re-forecast for the year – within two weeks of the quarter end.
 - b. Annual accounts, duly audited as required under the Constitution, charity regulations, any grant conditions, and any other relevant accounting conventions within 8 weeks of the financial year end.

12. ROLE OF THE FINANCE COMMITTEE

- 12.1. The Finance Committee works in close co-operation with, and provides support and advice to, the Governing Board and Executive Director. Specific responsibilities are set out in the Standing Order 'The Finance Committee'.

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13. ROLE OF THE GOVERNING BOARD

- 13.1. The Governing Board is responsible for:
- a. approving the budget for the year.
 - b. approving signatories to the bank accounts.
 - c. receiving reports from the Finance Committee and undertaking and measures as necessary
 - d. approving expenditure outside of the agreed budget
 - e. monitoring the financial position based on quarterly reports, with advice from the Finance Committee
 - f. approving the annual accounts, auditors report and appointment.

Cash Receipt Form

Cash payments to Virtus should only be agreed where it is not possible to use formal banking facilities, where the amount is small (<\$2500 equivalent), and it is clearly known what the payment is for and where it originates. Careful consideration should be given to how the money will be transported safely and any personal risk is minimised.

Large amounts or unexpected donations of cash other than through publicly organised fundraising activities, should be reported to the Finance Committee before being accepted.

When accepting a cash payment, please complete this form in full.

Date Received:

Amount:

Currency:

Purpose of the Payment:

Relevant invoices:

Name and Address of the person making the payment:

Passport Number:

Role:

Organisation/Nation:

Signature:

Name and Address of the person receiving the payment:

Passport Number:

Role:

Organisation/Nation:

Signature:

Name and Address of witness:

Passport Number:

Role:

Organisation/Nation:

Signature:

Any other comments

Office use:

Received by:

Banking/entry to petty cash date:

Transaction Reference in accounts: