

## Financial procedures

Date reviewed: March 2007

**Updated review:** July 2009

Date to be reviewed: January – March 2010



### General

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The Management Committee of Voluntary Action Westminster is responsible for ensuring that the organisation is adequately resourced and that proper financial controls are in place.

The Management Committee can delegate control to the Treasurer, Finance Sub-Committee, and Chief Executive but it cannot delegate ultimate responsibility.

The Treasurer has delegated authority from the Management Committee to ensure that the finance function is carried out efficiently within the policies of the organisation.

The Management Committee delegates to the Chief Executive the responsibility for overseeing and directing the day-to-day financial affairs of the organization. The Head of Finance & central Services is responsible for performing the tasks which constitute the finance function within the organization and for keeping the Chief Executive and Finance Sub-Committee informed of the organisation's financial position.

It is the responsibility of the Chief Executive to ensure the monitoring of the finance function and keeping the Management Committee informed of all financial matters.

The Management Committee shall not consider taking on any new activity or making changes to an existing one unless they have already received full details of the financial implications.

Ultimately the Management Committee is responsible for ensuring that these financial procedures are followed in all aspects of Voluntary Action Westminster's work. Changes to these procedures can only be made with the approval of the Finance Sub-Committee, who must report such changes for ratification to the Management Committee.

### Accounting

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The Head of Finance & Central Services is responsible for overseeing the accounting records, the devising and development of appropriate accounting systems

In the allocation of accounting duties, the following functions shall be separated as completely as possible:

- Calculating, checking and recording money due to or owed by the organization
- Collecting and paying these sums.

The Head of Finance & Central Services is delegated to account for and process all financial transactions in the organisation. Some duties may be delegated to other staff. The Head of Finance & Central Services is responsible for setting the day-to-day priorities of finance work within the organisation; these are performed within the framework of the annual Work Plan which is authorised by the Management Committee. Accounting records must be sufficient to show and explain all of the Organisation's transactions and disclose at any time, with reasonable accuracy, the organisation's financial position. The records will contain entries for all receipts and payments on a day to day basis together with a suitable analysis of all such transactions.

A record of all assets and liabilities will also be kept.

The Head of Finance & Central Services shall ensure that all the accounts and accounting records of the organisation are properly balanced each year within the timescale laid down by the Management Committee and are submitted for audit in accordance with existing statutory regulations.

**All accounting records must be retained for a minimum of seven years. No voucher or other document should be destroyed before this time.**

## Banking

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The organisation currently maintains accounts at 2 banks as shown below:

- The Royal Bank of Scotland London Elgin Avenue Branch, 2 Elgin Avenue, Harrow Road, London, W9 3QR
- CCLA Investment Management Ltd Charity Funds, 80 Cheapside, London, EC2V 6DZ

At the Royal Bank of Scotland, Voluntary Action Westminster maintains the following bank accounts:

- Current Account
- High Interest Account

Authorised cheque signatories to the accounts are as follows

- **Management Committee:**  
Chair, Treasurer, two ordinary members

- **Staff Members:**  
Chief Executive, Deputy Chief Executive and two Strategic Leadership Team members

All cheques require two signatures; it is the responsibility of the signatories to for arithmetical accuracy and to ensure that the payment is supported by adequate documentation. Blank cheques should never be signed.

The following conditions apply for signing cheques:

- Up to £3,500: any two members of the Strategic Leadership Team.
- Over £3,500: Chief Executive/Deputy Chief Executive and one Trustee.

No signatory may sign a cheque made out to themselves, a partner or a relative except in the case of monthly salaries, subject to the Salaries section below.

All bank accounts must be in the name of the organisation. No account may be opened in the name of an individual.

New accounts should only be opened with the written authorisation of the Management Committee.

Bank reconciliation will be completed on monthly basis.

The Head of Finance & central Services has delegated authority from the Management Committee to liaise with the bank on all matters related to the financial affairs of Voluntary Action Westminster.

The Treasurer is responsible for taking any steps that may be necessary to protect the financial interests of the organisation pending receipt of instructions from the Management Committee.

## Budget setting and budgetary control

The budget setting process operates as follows:

The process will starts between September and October for the new financial year.

The budget is set as far as possible to allow the organisation to carry out the objectives set for the year by the Management Committee. The budget is drawn up according to the following principles:

- Consideration of the new items which should be included in the budget in order to achieve the objectives decided on for the year ahead
- Consideration of income levels, including grant income
- The need to achieve the level of surplus indicated by the Management Committee

- A calculation for general inflation and for the level of NJC settlement.

The Chief Executive and Head of Finance & Central Services are responsible for preparing and presenting a workable budget to the Finance Sub-Committee for discussion and recommendation for agreement by the Management Committee.

Once a budget has been set, the Chief Executive is authorised by the Management Committee to spend up to the level indicated in the budget.

Quarterly Management Accounts are produced by the Head of Finance & Central Services for the periods ending 30 June, 30 September, 31 December and 31 March. Copies of the Management Accounts are given to the Chief Executive. They will be used to form part of the agenda for meetings of the Finance Sub-Committee and Management Committee.

The Management Accounts provide financial information which compares actual income and expenditure for the period against budgeted income and expenditure and a forecast for the position at the end of the year the management accounts are accompanied by a short written report which explains significant variances. The management accounts will be provided to the Chief Executive and the Strategic Leadership Team

The Head of Finance & Central Services and Finance and payroll worker will monitor expenditure quarterly. The Chief Executive is responsible for monitoring all budgets and for ensuring that any overspends and under-achievements of income are investigated and remedial action is taken. Budgets will be reviewed regularly (at least quarterly) and amended if necessary in the light of current information.

## Income

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The Chief Executive and Head of Learning & Sustainability will be responsible for the submission of all grant and other funding applications. All agreements for the receipt of funding should be obtained in writing stating the amount and any conditions.

All offers of funding must be referred to the Management Committee for observations before signing by the Chief Executive and or the Chair of the Finance Sub Committee. Sufficient records will be kept to identify all sources of income and the use to which it may be put.

All monies received will be banked within five working days. Cash received must be banked intact and may not be used to make payments. Any chargeable services will be invoiced on a monthly basis. The Head of Finance & central Services will make appropriate arrangements to pursue non-payment of outstanding invoices.

No amounts owing to the organization may be written-off without the prior authorisation of the Finance Sub Committee.

## Authorisation

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The Chief Executive may delegate this authority to individual staff members by allocating them a limit of authority. Any major cost which has not been provided for in the projects budget must be referred to the Management Committee

No staff member may authorise payment to themselves, their partner or relatives, except in the case of monthly salaries, subject to the Salaries section below.

## Payments

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All incoming bills should be stamped using the authorisation stamp, should be coded to correct nominal code, authorised by the Chief Executive and or project manager before payment is made.

The person receiving the goods should confirm that they have received all goods ordered. All incoming bill payments will be recorded on the accounting system and filed.

The unpaid bills file should be examined once every 2 weeks to ensure that all bills are paid by their due date. The normal method of payment of money due from the organisation is by cheque or BACS.

The Finance and payroll worker has authority to pay all amounts to which the organization is legally committed once such payment has been authorised.

The Finance and payroll worker will prepare cheques as required. Once payment has been made the bill (or other voucher) should be clearly marked "Paid", together with the cheque number and date. All payments must be entered in the Cash Book within seven working days.

In the absence of the Chief Executive the Deputy Chief Executive, the Chair of Finance Sub Committee, members of the Strategic Leadership Team should approve all bills for payment.

## BACS payment

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BACS payment will be operated when paying regular bills or amounts due that exceed the £5,000 limit. All BACS payments should be reviewed and signed off by the Chief/Deputy Chief Executive before submitting to bank. Any new BACS payments that exceed £5,000 should be signed off by two signatories either the Chief/Deputy Chief executive and one member of the Board of Trustees, for the first payment. Thereafter regular monthly BACS payments that exceed the £5,000 limit must be authorized by the Chief

Executive/Deputy Chief Executive; the Finance Sub-Committee will be kept informed of these regular payments.

## Petty cash floats

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The organisation operates an Imprest Petty Cash System with a float of £200 Petty cash will only be used for small items of expenditure. E.g. limit of £10.

The exception to the £10 limit is the front of house receptionist who is allowed a limit of £50.

A petty cash voucher must be completed for all expenditure and signed by the Finance and payroll worker who has authority to make the payment. The person receiving the money must also sign. The petty cash float will be reconciled on monthly basis to ensure accuracy of the imprest system is maintained at all times.

## Staff Expenses

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Claims for business travel and other expenses will be reimbursed twice a month using the standard expenses form, all expense claim forms must be authorised by the Project Manager.

By authorising, the expenses claim form this certifies that managers are satisfied that the expense has been properly incurred. Wherever possible, receipts for travel, subsistence and other expenses should be attached to the claim form.

Expense claims are paid by BACS payment to the recipients' bank account.

## Salaries

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Pay rates are based on NJC pay scales. Permanent changes to rates of pay can only be authorised by the Management Committee.

The Head of Finance & Central Services will ensure that all statutory requirements regarding Tax and National Insurance are complied with.

The payment of all salaries and other earnings is made by the Finance and payroll worker.

Salaries are paid on the 25th of each month for the calendar month in which payment are due. In the event that the 25th falls on the weekend the management committee has agreed that payment will be made on the Friday preceding the 25th of the month.

It is the responsibility of the Chief/Deputy Chief Executive and Project Managers to ensure that the Finance and payroll worker is informed of:

- New employees, employees leaving and any change in the status of employees pay.
- Absences from work for sickness or other reasons, apart from approved leave.
- Changes in remuneration apart from normal incremental increases.

In the case of sickness, maternity and parental leave, the Chief Executive must ensure that payment is made in accordance with the organisation's policies and procedures.

The Finance and payroll worker will act on the information and prepares the salaries in accordance to amendments authorized.

## Insurance and fixed assets

The Management Committee delegates to the Head of Finance & Central Services the responsibility for ensuring that the organisation is protected as necessary by insurance policies, this includes the protection of the organisation's fixed assets and liability insurance in Voluntary Action Westminster's role as an employer.

The Head of Finance & central Services is responsible for making any necessary claims against insurance policies.

The Fixed Assets Register will record all assets owned by the organisation and will be updated by the Head of Finance & Central Services, who will be responsible for adding any new assets to the insurance policy.

The loss or theft of any assets must be notified by the employee making the discovery of the loss to the Central Services manager, who will ensure that the matter is fully investigated and the police notified if this is appropriate.

The organisation's property cannot be removed from its premises without the agreement of the Project Manager.

Any asset to be used at home should be signed out for using the asset log book and also signed for when return. If the asset has a defect or is broken this must be recorded in the log book. The responsibility for the log book update is held with the Training & Support Administrator.

In the event that the assets have a fault it is the responsibility of the Central Services Manager record fault and repair or replace.

Assets owned by the organisation are, as far as possible, marked as property of Voluntary Action Westminster.

## Audit

The Management Committee is responsible for recommending the appointment of auditors at the Annual General Meeting. The purpose of the annual audit is to give an opinion as to whether the accounts give a true and fair view and have been properly prepared in accordance with Companies Act 1985.

The auditors also report:

- If the Committee Members' report is not consistent with the accounts.
- If the charity has not kept proper accounting records.
- If they have not received all the information and explanations they require for their audit.
- If information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.
- If they become aware of any apparent misstatements or material inconsistencies with the accounts.

The auditors report does not consider whether the statement in the Committee Member's report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charities risk management and control procedures.

The auditors have access to the entire organisation's financial information and other financial records.

Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or other property of the organisation or any suspected serious irregularity in the exercise of the organisation's procedures, the Chief Executive must be notified immediately.

Where the irregularity may involve the Chief Executive, the employee making the discovery should report the matter to the Treasurer or Chair.

The Chair will take whatever steps are necessary to investigate the matter, and immediate remedial action to prevent continuation of, and/or remedy to, the situation and to ensure that Voluntary Action Westminster's assets are safeguarded, including the reporting of the matter to the Management Committee.

## Year End Audit Process

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The following will form part of the year end analysis

- The Head of Finance & central Services is delegated to organising a pre audit meeting with the appointed auditors. The meeting should ideally take place end March/ early April
- The Head of Finance & Central Services will be responsible for preparing the year end audit file, within the agreed time scale

- The Head of Finance & Central Services will be responsible for producing the draft accounts for the year to be reviewed by the Finance Sub Committee.
- The Head of Finance & Central Services will be responsible for finalising the accounts as instructed by the Finance Sub committee as minuted.
- The Chief Executive and the Chair are responsible for issuing the finalised accounts to the full board for ratification.

## Reserves and General Funds

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### General Reserves

The Management Committee authorised the Finance Sub committee to building up the general reserves of the organisation to ensure that the funds account for 3 months of Voluntary Action Westminster turnover or £200-£300k.

The General reserves will be used for unforeseen events and to respond to emerging and changing need that meets our charitable objectives as well as providing essential cover for the following:-

- Project failure
- Creditors, rent and utilities running cost
- Salary contingency re long term sick etc
- Refurbishment costs

The FSC gives operational guidance to the CEO that in the years of surplus 50% to be committed to general reserves.