



FINANCIAL POLICY & PROCEDURES

ALT VALLEY COMMUNITY TRUST



CONTENTS

1. Delegation and Overall Control
2. Financial Planning
3. Financial Control and Monitoring
4. Ordering, Receipt of Goods and Certification of Invoices
5. Income
6. Petty Cash and Cash Handling
7. Banking and Reporting
8. Security and Asset Control
9. Dealing with a suspected financial irregularity



1.0 DELEGATION AND OVERALL CONTROL OF THE BUDGET

- 1.1 Comprehensive financial management consists of two main functions, financial planning and financial control, in order to achieve the overall financial objectives of the Trust.
- 1.2 The general financial objectives are:
- establish proper financial management arrangements and accounting procedures and maintain a sound system of internal controls, including safeguards against fraud and error;
 - ensure the delegated budget is used for the purposes intended;
- 1.3 The Trust should have a clearly defined organisational structure with identified lines of reporting for all operations.
- 1.5 The CEO has responsibility for:
- The management of the Trust's financial position at a strategic and operational level
 - The management of effective systems of internal control
 - The management of other financial issues.
- 1.6 The CEO is the person with overall responsibility for the financial management of the Trust. The CEO will ensure that the board is provided with financial advice, that proper and adequate financial systems and controls are in place and that accounts are prepared and maintained as required by the board.
- In practice, the CEO may delegate much of the financial management to the Finance Manager, while retaining ultimate responsibility for it.
- 1.7 The Board and Trust staff have a responsibility to avoid any potential conflict between their own business and personal interests, and the affairs and interests of the Trust.



2.0 FINANCIAL PLANNING

- 2.1 Board Members and the CEO must have regard to the need to provide a broad and balanced range of services and education and training provision for the benefit of the individuals and the community in which we work.
- 2.2 In budgeting the board should be bear in mind that appropriate action may need to be taken during the year to deal with variations between actual and budgeted income and expenditure. The budget should therefore be based on a hierarchy of assumptions and priorities, aiding swift changes of plan in reaction to changes of circumstances.
- 2.3 The process of setting the Trust's budget will involve the balancing of expenditure against income. The following steps should be taken to ensure all information has been considered:
- ensure everyone involved in the process is aware of the assumptions, constraints and targets which have been determined by reference to the Trust's Strategic Action plan.
 - estimate the costs of each element in the overall plan.
 - estimate future years delegated budgets. Uncertainty about funding is inevitable therefore base the budgets on an estimate of these fluctuations and knowledge of funding streams.
 - compare income and expenditure to identify the potential surplus or shortfall in funding required to meet the objectives in the Trust's Strategic Action Plan.
 - identify savings in expenditure or allocation of any surplus identified to areas of need highlighted in the strategic plan.
 - following the recommendations from the CEO and Finance Manager, the board shall approve the budget plan for the following financial year.



- inform those members of staff with financial responsibilities what their budgets are, together with any constraints imposed.

3.0 FINANCIAL CONTROL AND MONITORING

- 3.1 Once the budget has been set the CEO is authorised to vire between budget accounts as required.
- 3.2 The CEO will be provided with up-to-date position statements and information by the Finance Manager as requested. It will also contain an explanation of any variations.
- 3.3 Particularly for employees with financial responsibilities, the Board will keep under review any training needs and opportunities, actively encouraging personal growth and sharing of good practice.

4.0 ORDERING / RECEIPT OF GOODS AND CERTIFICATION OF INVOICES

- 4.1 Senior Managers are authorised to raise orders and certify invoices for payment.
- 4.2 Any single item of expenditure in excess of £500 must be approved in advance by the CEO.
- 4.3 No leasing arrangement will be entered into except through the Finance Manager or CEO or Assistant CEO unless authorised to do so.
- 4.4 Telephone orders will only be used in extreme emergencies. This must then be followed up with an official order.
- 4.5 All deliveries will be checked on receipt for quality and quantity. The delivery / dispatch note will then be filed with any relevant quotations, the copy order and copy of subsequent invoice if relevant.
- 4.6 Final certification for payment of invoices should be by a person other than the one who authorised the original order or receipted the goods and either the Senior Manager, CEO or Assistant CEO.
- 4.7 When a person certifies an invoice, they are assuring that they have checked that:



- Price details have been checked and are correct;
 - The Invoice has not previously been passed for payment;
 - The invoice has been arithmetically been checked;
 - Invoices have been checked to the order and this documentation is mark to indicate the payment has been made;
 - Goods or services have been satisfactorily delivered and confirmed by the member of staff responsible;
 - For copy invoices that the invoice has not previously been passed for payment;
 - expenditure is coded to the correct account and within approved budget provision;
- the account is properly payable by the Trust.

4.8 Payments to employees must be through the payroll system. An exception is the refund of incidental expenses.

5.0 INCOME

5.1 All cash received will be recorded in an appropriate ledger/system by the Finance Manager.

5.2 Any account, letter or statement requesting payment must state that cheques are to be made payable to Alt Valley Community Trust.

6.0 PETTY CASH AND CASH HANDLING

6.1.1 Payments such as staff travel and subsistence will generally be put through the payroll system. For cash payments signature of receipt must also be obtained.

6.1.2 Cash and cheque books will be kept in a secure place at all times and keys to the safe taken off-site when the Trust is closed.

6.1.3 Petty cash Accounts should be reconciled at regular intervals.

7.0 BANKING AND REPORTING

7.1 The Trust's main banking facilities are held with ***Unity Bank and Co-operative Bank.***



- 7.2 Account reconciliations are performed by the Finance Manager and overseen by the CEO or Assistant CEO.

8.0 SECURITY AND ASSET CONTROL

- 8.2.1 No item shall be sold to a third party without the approval of the CEO.
- 8.2 No leased item will be disposed of without the express permission of the leasing company (via the Finance Manager). This includes: sale, part exchange, scrapping, writing off, donating, re-leasing, sub-letting or any other form of “give away”.
- 8.2.2 Access to the financial computer software will be by password only. If an employee is aware that another person has obtained knowledge of the password then it must be changed immediately.
- 8.2.3 Passwords must be changed regularly.
- 8.3 All financial data on the computer system will be backed up.

9. Dealing with a suspected financial irregularity

- 9.1 Any employee who suspects, with good reason, that a financial irregularity (irregularities include theft or receiving benefits, failure to comply with either Financial Procedures Rules) has occurred shall inform their supervisor immediately. The supervisor shall immediately notify the CEO, or the most senior officer available. Notwithstanding this procedure, any employee may, if they wish, pass their suspicion direct to their CEO or other senior manager.
- 9.2 Where the theft is of money, stores or property, the Police should be informed as soon as possible by the appropriate Manager/Supervisor.
- 9.3 Details of all such reported irregularities **MUST** remain confidential.