

# **Action for Health, Education and Development (AHEAD)**

## **FINANCIAL REGULATIONS**

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## **1. GENERAL**

1.1 The Co-ordinator is the Chief Executive of Action for Health, Education and Development (AHEAD).

1.2 The Co-ordinator shall be responsible for the proper administration of the organisation's financial affairs as directed by the Management Committee and shall have the basic functions, duties and responsibilities listed below, Including:

1.21 Ensuring that the finance function is executed efficiently in accordance with the general policies of the organisation.

1.22 Ensuring that the work of the Finance officer goes ahead according to plan in satisfying the internal control and information needs of the organisation.

1.3 The Management Committee shall not consider :-

a) a new policy; nor

b) a development or variation of existing policy; nor

c) a variation in the means or time scale of implementing existing policy which affects or may affect the organisation's finances unless they have before them at the same time a full statement of the financial implications of any such variations.

1.4 The Co-ordinator shall review any matter which is liable to affect the finances of the organisation materially before any commitment is incurred or before reporting it to the Management Committee.

1.5 The Co-ordinator shall be responsible for ensuring that these Financial Regulations are observed.

1.6 Failure to observe these Financial Regulations will be reported to the Management Committee.

1.7 The Co-ordinator will be responsible to ensure that applications for funding are made to the Statutory and other funding bodies. All agreements for the receipt of funding by the organisation shall :-

a) be obtained in writing;

b) state the amount and conditions relating to the receipt of funding; and

c) be referred to the appropriate person for observations on legal implications prior to signing.

1.8 Changes to the Regulations, procedures, systems etc., can only be made with the approval of the Management Committee.

## **2. ACCOUNTING**

2.1 The Co-ordinator in consultation with the Honorary Treasurer shall be responsible for deciding the form of the principal accounting records of the organisation.

2.2 The following principles shall be observed wherever possible.

2.2.1 There should be a clear separation of duties between the collecting, distributing, and checking of money in the organisation.

2.2.2 Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions, except where specifically agreed by the Management Committee.

2.3 All accounting records shall be retained in safe custody for such period as shall be decided by the Co-ordinator in consultation with the Honorary Treasurer. No voucher or other document shall be destroyed before the time period stated by the external auditor. (It may be wise to keep them for a minimum of six years in case the Inland Revenue need to inspect them or have queries).

2.4 The Co-ordinator shall be authorised to issue instructions as s/he considers necessary for carrying out the day-to-day financial work of the organisation.

## **3. AUDIT**

3.1 An annual external audit by Auditors appointed at the Annual General Meeting (AGM) of the Management Committee shall be arranged for the purpose of carrying out an examination of financial and related systems of the organisation to ensure that the interests of the organisation are protected.

3.2 The Auditor will review, appraise and report, where deemed appropriate, to the Management Committee upon :-

3.2.1 The soundness, adequacy and application on internal controls.

3.2.2 The suitability and reliability of financial and other management data.

## **4. AUTHORISATION AND CERTIFICATION**

4.1 The Management Committee shall decide which officers are authorised to certify the following activities on their behalf :-

4.1.1 Orders for work, goods or services.

4.1.2 Payment of accounts.

4.1.3 Salaries and wages documents.

4.2 The Management Committee shall decide the appropriate authorisation limits for each approved certifying officer.

## **5. BANKING ARRANGEMENTS**

5.1 All arrangements with the organisation's bankers concerning the organisation's bank accounts will be made through the Management Committee in the name of the organisation. All documents including cheques must state that the organisation is a charity.

5.2 In no circumstances shall an account be opened in the name of an individual.

5.3 Bank accounts shall be reconciled with cash books at least once in each month.

5.4 The Co-ordinator shall arrange such safeguards as necessary and practicable, so that as far as possible :-

- a) the checking of creditors' accounts,
- b) the control of cheque forms,
- c) the preparation of cheques,
- d) the signature of cheques,
- e) the despatch of cheques, and
- f) the entry of the cash accounts,
- g) the reconciliation of bank balances

are the responsibility of separate officers

5.5 Cheques drawn on the organisation's bank account will require two signatures - one of whom must be a member of the Management Committee.

## **6. BUDGET**

### **Annual Budgets**

6.1 Annual estimates of income and expenditure on Revenue Account shall be prepared by the Co-ordinator in consultation with the Honorary Treasurer and in accordance with a timetable specified by the Management Committee. The estimates shall show the actual expenditure and the income for the preceding financial year, the original approved and the revised estimates for the current year and the estimated expenditure and income for the ensuing year.

Sufficient supporting information shall be provided by the Co-ordinator in order for variations between budget headings to be analysed. The detailed form of the annual Capital and Revenue Budgets shall be decided by the Co-ordinator with the Finance Committee in line with the general directions of the Management Committee.

6.2 The Co-ordinator shall make the necessary arrangements to conform with the requirements of Section 37 of the Local Government Act 1989. This requires an organisation to make a statement about how any grant money from a local authority is used if it amounts to more than £2000 in one year. This will usually be shown in the annual accounts, depending upon the conditions imposed by the grant-making body.

6.3 Monitoring actual income/expenditure :-

The Honorary Treasurer shall prepare a report at the end of each quarter of the financial year setting out actual income and expenditure compared to that budgeted for. This report will be considered at the next meeting of the Management Committee. They will decide upon any corrective action needed where substantial differences have occurred.

## **7. CLAIMS FOR EXPENSES AND ALLOWANCES**

7.1 The Co-ordinator shall be responsible for making arrangements for the administration and regulation of claims for expenses and allowances to Management Committee members and employees of the organisation and other approved bodies.

7.2 Certification by or on behalf of the Co-ordinator shall be taken to mean that such expenses, for example, journeys, where necessary and the claims have been authorised as satisfactory; the expenses properly incurred and payable by the organisation.

## **8. IMPREST ACCOUNTS (PETTY CASH)**

8.1 The Co-ordinator shall provide such imprest accounts as considered appropriate to be operated by such officers of the organisation as required for the purposes of defraying petty cash and other expenses.

8.2 Each imprest shall be of such amount as the Co-ordinator deems necessary and conditions may be laid down in connection with petty cash disbursements.

8.3 When it is considered appropriate by the Management Committee, the Co-ordinator shall open an account with the organisation's bankers for the use by the imprest holder, who shall not cause such account to be overdrawn.

8.4 The imprest holder shall be responsible for the control and operation of the imprest account in accordance with instructions issued by the Co-ordinator.

8.5 No income other than the original cash advance and reimbursement to the cash float shall be treated as creditable to an imprest account.

## **9. INCOME**

9.1 The collection of all money due to the organisation shall be under the supervision of the Co-ordinator either upon a direction of Management Committee or by agreement with the Honorary Treasurer. The records kept by each section with regard to items of income shall be in such form as may be agreed from time to time by the Co-ordinator in consultation with the Honorary Treasurer. All new types of income due are to be notified to the Co-ordinator

9.2 The Co-ordinator shall decide the accounting arrangements necessary to ensure that all monies due and received are banked promptly.

9.3 After the Co-ordinator has consulted with the Management Committee and legal adviser, then s/he can write off money owing to the organisation which is probably irrecoverable.

## **10. INSURANCE**

The Co-ordinator shall effect all insurance cover and negotiate all claims.

## **11. INVENTORIES**

11.1 An inventory shall be maintained of all the organisations fixed assets, recording an adequate description of them, including all such readily portable items of furniture, fittings, equipment, plant and machinery with a purchase price of more than £100 and an estimated life of more than twelve months. The inventory shall be in a form determined by the Co-ordinator

11.2 The Co-ordinator shall be responsible for maintaining an annual physical check of items on the inventories.

11.3 Assets owned by the organisation shall, as far as possible, be effectively marked as organisation property.

## **12. INVESTMENTS**

The management of all investments shall be made by the Co-ordinator after consultation with the Management Committee in the name of the organisation.

### **13. ORDERS FOR WORK, GOODS AND SERVICES**

13.1 Official orders shall be in a form approved by the Co-ordinator and are to be signed only by officers authorised by the Co-ordinator

13.2 A copy of each order shall be retained.

13.3 As no official order need be written out for public utility services, i.e. gas, water, etc., a record shall be maintained to avoid duplicate payments and to monitor significant trends in consumption.

13.4 Copy orders shall be marked off against the invoices, prior to payment, showing details of the payment made in respect of each order.

### **14. PAYMENT OF ACCOUNTS**

14.1 Apart from petty cash and other payments from imprest accounts (Financial Regulation 8), the normal method of payment of money due from the organisation shall be by cheque or other instrument (e.g. banker's draft) drawn on the organisation's banking account.

14.2 The Co-ordinator has authority to certify payment of all amounts to which the organisation is legally committed, provided these have been approved by the Management Committee

14.3 The Co-ordinator shall arrange wherever possible a suitable division of staff duties so that the officer who certified the invoice as correct shall not, unless the circumstances are exceptional, be the person who either placed the order, or has certified the receipt of the goods or completion of the work concerned.

### **15. SALARIES, WAGES AND PENSIONS**

15.1 The payment of all salaries, wages, pensions, compensation and other earnings to all employees or former employees of the organisation shall be made under arrangements approved and controlled by the Co-ordinator in consultation with the Honorary Treasurer.

15.2 The Co-ordinator shall be informed of all matters affecting the payment of such earnings, including :-

15.2.1 absences from duty for sickness or other reason, apart from approved leave;

15.2.2 information necessary to maintain records of service for superannuation, income tax, national insurance.

15.3 All time records or other pay documents shall be in a form laid down by the Co-ordinator and shall be certified by or on behalf of the Co-ordinator

## **16. SECURITY**

16.1 The Co-ordinator shall be responsible for introducing and maintaining adequate arrangements for all aspects of security throughout the organisation including all buildings, staff, stocks, stores, furniture, equipment, cash, records and confidential information.

16.2 Maximum limits of cash to be held at any one time shall be decided by the Management Committee and shall not be exceeded without express permission.

16.3 Keys to safes and similar receptacles used for the safekeeping of cash must be kept by the responsible officer at all times. The loss of any such keys must be immediately reported to the Co-ordinator

16.4 The Co-ordinator shall be responsible for ensuring that secure arrangements are made for the preparation and holding of pre-printed and pre-signed cheques, stock certificates, bonds and other financial documents.

## **17. STOCKS AND STORES**

17.1 The Co-ordinator shall be responsible for the proper custody of stocks and stores held by the organisation and shall see that all stocks and stores are subject to an effective system of stock recording and control and stocktaking.

17.2 All practicable steps must be taken to ensure that a delivery note submitted by the supplier or by the person delivering is obtained in respect of every delivery of goods at the time of delivery.

17.3 All goods must be checked as regards quantity at the time of delivery, and inspected as regards quality and against the specification for the goods ordered as soon as practicable after delivery.

17.4 The Co-ordinator shall ensure that stores stocktaking is carried out at regular intervals by an officer not responsible for stores.