



VOLUNTARY ACTION  
MERTHYR TYDFIL  
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MERTHYR TUDFUL

## **BUDGETARY AND FINANCIAL PROCEDURES**

### **1 GENERAL**

- 1.1 The Board have the overall financial responsibility for the financial affairs of VAMT. VAMT's accounts are audited annually by the auditors elected at the Annual General Meeting.

It is the responsibility of the Board to ensure that the financial procedures of VAMT comply with the Charities Act 1993 (or any subsequent re-enactment) and with the Articles and Memorandum of VAMT.

- 1.2 New and existing Directors must be provided with copies of the latest sets of accounts.
- 1.3 The Directors have a right to inspection without warning to any accounting or bank records.

### **2 BUDGETS**

- 2.1 A draft budget will be presented to the Board for approval. The timing of this drafting process should be carried out with cognisance of the requirements of funding bodies. The annual budget for the financial year shall then be presented to the Board for approval, when levels of grant aid are ascertained.
- 2.2 Actual income and expenditure, and projected total income and expenditure and revised budgets for the full financial year must be reported quarterly to the Board. To aid the projecting of income and expenditure for the full year a cash flow forecast will be produced for the financial year. This forecast will be revised quarterly by the Chief Officer and Administration and Finance Manager. This will be reported to the Treasurer and to the subsequent Board. An emergency meeting of the Board will be called if there are any problems with the cash flow forecast.

### **3 BANKING AND CUSTODY PROCEDURES**

- 3.1 The incoming post will be opened in normal circumstances by the staff member designated by the Chief Officer, in the presence of another person. All incoming mail shall be recorded in a post book detailing the sender's name and organisation and date received.

Cheques received by post shall also be recorded in the post book alongside the details of the sender. All invoicing, payments and receipts are dealt with at

the main office of VAMT. All incoming receipts must be recorded immediately stating when received, when banked, who from and amount, and the initials of the two staff members present. All incoming receipts shall be banked on at least a monthly basis or when the cumulative cheques total £1000. All incoming receipts shall be stored prior to banking in a cash box secured in a safe. The pass codes are held by the Administration and Finance Manager and the Administration and Finance Officer. No other member of staff shall have access to these codes. A statement will be put on invoices that all cheques, in respect of payment of photocopies etc., should be sent to the main office of VAMT.

- 3.2 All incoming cash must be recorded immediately in a receipt book, stating when the cash was received, from which organisation and the reason for the payment, e.g. photocopying, room hire, etc. Incoming cash received and held at the premises must not exceed £50.
- 3.3 All incoming money must be banked and no amounts held over for petty cash "feeding".
- 3.4 The receipt books shall be kept in a cash box secured in the safe.

#### **4 CHECKS OF FINANCIAL RECORDS**

On a quarterly basis the Treasurer, or in the absence of the Treasurer the Chairperson or a person designated by the Chairperson, will check the accuracy of records, cross reference receipts and bank statements and check the accuracy of the bank reconciliation. Salary payments will be paid in accordance with point 10 of the financial procedures.

#### **5 CONTROLS OVER EXPENDITURE**

- 5.1 Approval of day to day expenditure is the responsibility of the Chief Officer or of the Administration and Finance Manager as authorised by the Chief Officer.
- 5.2 The Chief Officer or an Officer who has been delegated as an account manager has the authority to authorise expenditure within the limit of a particular budget head, or virements authorised by the funding authority.
- 5.3 All expenditure beyond the designated limits requires the specific authorisation of at least two members of the Board. This must be reported back to the next meeting of the Board.
- 5.4 The cheque books shall be held by the Administration and Finance Officer. In that persons absence they can be accessed by the Administration and Finance Manager or Treasurer.
- 5.5 Cash payments can only be made from petty cash.
- 5.6 Direct debit or standing order mandates can only be made by the authorised signatories.

## **6 PAYMENT OF SALARIES**

- 6.1 The payment of staff salaries and PAYE liabilities and travel and subsistence expenses are delegated by the Board to the Administration and Finance Officer. The salaries payments are made on the basis of a monthly return prepared by the Administration and Finance Officer. They will be paid by BACS on the 23rd day of each month or the last working day preceding that date. BACS payments will be made in accordance with point 10 of the financial procedures. The Treasurer or in their absence the Chairperson, must check the salary payments monthly before the BACS payment is completed.
- 6.2 The Chief Officer is authorised to adjust salaries to take account of any entitlement to annual increments and annual pay awards; provided that this adjustment does not cause a budget deficit. If this is the case the matter is referred in the first instance to the Treasurer and if required to the Board.
- 6.3 Travelling expenses are reimbursed in line with VAMT's Travel and Subsistence Policy.
- 6.4 Claims for travel and expenses by staff members can be authorised by the Chief Officer or line manager. Claims for Directors expenses or the Chief Officers expenses must be authorised by the Treasurer (or in their absence the Chairperson).

The re-imbusement of mileage expenses by Directors will follow the Inland Revenue rates.

## **7 CONTROLS OVER PURCHASES**

- 7.1 All orders for single items between £500 and £2,000 need three estimates. Orders for single items over £2,000 have to be put through the formal tendering system. Orders for stationery and consumables can be made after reviewing at least three supplier's catalogues. Expenditure for printing requirements will be totalled over one financial year to see if the figure exceeds £2,000.

All orders for supplies, services and other requirements for all aspects of VAMT, over £50 must be dealt with via the Purchase Order System (Please see appendix 1).

- 7.2 All invoices are processed for payments by the Administration and Finance Officer/Administration and Finance Manager ensuring proof of delivery and that an authorised purchase order has been placed.

## **8 ISSUING CHEQUES**

- 8.1 The Board should comply with the stipulation in the Articles and Memorandum regarding authorised signatories.

It is the responsibility of the Chief Officer to bring to the attention of the Board any changes necessary to the bank mandate.

- 8.2 Two signatures are required on all cheques. Current signatories are the Treasurer, Chair and Company Secretary.
- 8.3 No nominated signatory may sign a cheque made payable to themselves.
- 8.4 Under no circumstances shall a signatory sign a blank cheque.
- 8.5 All cheque expenditures must be recorded and noted with the relevant cheque number.
- 8.6 All stubs must be completed at the time of payment.
- 8.7 Cheques must be signed with documentary evidence of the nature of the payment. Each signatory must initial the evidence.
- 8.8 Under normal circumstances, a fortnightly cheque requisition and individual cheques for signature are prepared for the attention of the authorised signatories. This provides for each cheque to be countersigned; details of the amount, including a breakdown if the cheque covers more than one item; the project or section of VAMT to which the expenditure applies; the invoice number; the payee; and the cheque number.

## 9 PAYMENT BY CASH

Petty cash may only be used for minor expenditure, such as visitors refreshments, purchase of newspapers, and reimbursement of volunteer expenses, under £50. A receipt is required for each reimbursement. The corresponding petty cash voucher requires two signatures.

- 9.1 All payments by cash are to be made from the petty cash float.
- 9.2 The petty cash is drawn from the bank not from incoming money.
- 9.3 The petty cash limit for each office is as follows;

<b>Project</b>	<b>Post responsible for petty cash</b>	<b>Amount</b>
Merthyr Tydfil –89/90 High	Finance Officer	£75
Merthyr Tydfil – Core	Finance Officer	£150
Merthyr Tydfil – Volunteer Expenses	Finance Officer	£150
South Cluster CF	Administrator	£150

- 9.3 Petty cash accounts relating to individual offices and projects are the responsibility of a designated member of staff, see table above under the supervision of the Administration and Finance Officer. Cash floats are issued where appropriate and a monthly analysis of expenditure incurred is

completed and sent to the Administration and Finance Officer/together with all relevant receipts and petty cash vouchers signed by the recipient and a responsible member of staff. Expenditure for the period is reimbursed by cash drawn on a cheque as required and details of expenditure are incorporated into the quarterly financial reports. Regular checks are carried out by the Administration and Finance Manager.

## **10 PAYMENT BY BACS**

Where possible invoices will be paid by BACS. Under normal circumstances a fortnightly BACS requisition needs to be compiled along with the actual invoices being paid. The requisition needs to be checked and signed by two Directors prior to the information being sent by BACS. A print out is then obtained of the actual BACS payment individually listing the payments made, using the BACS system. This list must then be signed by two signatories confirming that the payments requested have been made.

## **11 PAYMENT BY CREDIT CARD**

VAMT holds 3 company credit cards in the name of each Senior Manager. These must be kept in the safe and must not be removed from the building. The cards must only be used when any of the above methods of payment are not acceptable, e.g., to reduce cost by purchasing via electronic means. The purchase order systems still applies in this instance. Evidence of purchase must be accompanied by two signatures.

## **12 CONTROL OVER FIXED ASSETS**

A list of fixed assets shall be compiled by the Administration and Finance Officer. The list of fixed assets shall be updated annually. The annual check should ensure the asset is in good repair and that sufficient insurance cover is procured. This will be reviewed annually by the auditors. Fixed assets must only be used to achieve VAMT's objectives.

## **13 BORROWING AND LOANS**

The Memorandum of Association allows the power "to borrow money and give security for loans (but only in accordance with the restrictions imposed by the Charities Act)". Arrangements for borrowing or loaning money can only be agreed with the approval of the Board.

## **14 BANK ACCOUNTS**

14.1 The records of all accounts shall be locked in the safe.

14.2 The accounts held by VAMT are two HSBC accounts – a current account and a money manager interest bearing account, Principality interest bearing account, together with an investment account reviewed annually by the Board. The Treasurer inspects bank statements on a quarterly basis.

14.3 Bank reconciliations will be carried out on a monthly basis by the Administration and Finance Manager against the bank statements.

14.4 Any instructions to open or close accounts must be properly authorised and/or reported to the trustees.

## **15 REVIEW**

These procedures are reviewed at least every three years.

Signed: .....

Date: .....