

Appendix 2 to Financial Procedures

Notes on Budgetary Responsibility 2004

Introduction

Almost all of LGEC's funding is currently from projects with hardly any core or unrestricted funding. This means that all LGEC projects have to contribute to the central costs on an apportioned basis. As a result many budget headings are the responsibility of the Finance & Administration Worker and the Chief Executive. Other budget headings are largely the responsibility of project workers who should plan project spending as far as possible (in consultation with the Projects Manager / Chief Executive as appropriate).

Authorisation

Staff with budgetary responsibility can authorise expenditure on those budgets up to £100 and up to £200 by the Projects Manager or the Finance Manager. All expenditure over £200 has to be authorised by the Chief Executive, and expenditure over £1000 has to be authorised by a member of the Management Committee.

Financial Co-ordination

It is useful to consider expenditure and spending plans that impact on or bring benefits to the organisation as a whole in Staff meetings. It is appreciated that finance isn't the most exciting of topics so it is proposed that we have a finance reports at Staff meetings on a quarterly basis i.e. February, May, September and November. In the event of significant under spends, this will be brought up in this part of Staff meetings so we can decide what action to take (e.g. upgrades to phone system, new equipment purchases etc)

Using Financial Information in Project Planning

It is important for project workers to view the budgets as representing resources that enable the project work to take place. In planning activities we need to consider how best to use the resources at our disposal. If we wish to make changes from original activities then we need to consider the financial implications and seek appropriate approval (both internally and externally) at as early a stage as possible.

Shared Budgets

Many budgets are shared between a number of project workers as well as members of the Central Services team. The following sections give details of particular budget headings and how these should be managed.

1. Salaries

These have been pre-allocated by the Chief Executive as per the wages spreadsheet, which is based on information in particular project budgets. Payment and allocation of salaries to projects is administered by the Finance & Administration Worker.

2. Phone and Post

Expenditure on phone and post is generally allocated by the Finance & Administration Worker. However where project workers have particular requirements (e.g. a big mail out which requires additional envelopes & stamps) the Finance & Administration Worker should be alerted to this so she can adjust allocations as appropriate.

3. Office Supplies

This applies to all stationary, cleaning supplies, tea & coffee and allocated as with phone & post.

4. Printing and Publishing

Generally, a portion of these budgets is for project specific expenditure and part is for contributing to the photocopying & printing costs of general leaflets, etc. Requirements for project specific expenditure should be discussed with the Finance & Administration Worker and a specific budget line can be created.

5. Travel & Subsistence

This is principally for project workers to use to enable them to undertake their work. However, members of the Central Services Team and volunteers will need to use project travel budgets from time to time. The Finance & Administration Worker will negotiate allocations from project budgets with budget holders.

6. Resources

Responsibility for these budgets is shared between project workers and the Resources & Information Worker. It is a good idea to check with Vicky if we already have (or have on order from another project) before ordering resources. This also includes subscriptions and resources for the Central Services Team (e.g. on finance, employment law etc) for which the allocation of these to projects will be negotiated with budget holders.

7. Training

The Chief Executive is responsible for co-ordinating the training and development of staff and therefore has joint responsibility for these budgets with project workers and other staff. Julie will work with staff to develop training plans for the year and allocate expenditure as appropriate.

8. Equipment

The purchase of equipment is the joint responsibility of the Chief Executive, Resources & Information, Finance & Administration and Project Workers. Equipment needs will generally be discussed at staff meetings.

9. Group Support

This is generally for activities that support the project beneficiary groups we are working with and as such are the responsibility of project workers.

10. Events

This is generally for events, conferences & activities for the projects we are working on and as such are the responsibility of project workers. The exception would be for LGEC events, such as the AGM for which the allocation of this to projects will be negotiated with budget holders.

11. Premises & Maintenance

This is generally the responsibility of the Chief Executive and Finance Manager and will be discussed at staff meetings as appropriate.

12. Financial Services

This is the responsibility of the Chief Executive and Finance Manager.

13. Fees

These are generally the responsibility of Projects Manager / Project Workers. Please also note the procedures that need to be followed when engaging the services of contract staff.

14. Grants to Partners / Grants to other organisations

These are amounts managed by LGEC but passed on to other organisations, such as Community Chest or joint partners on a project. These are the responsibility of Project Workers.

15. Recruitment

This is the responsibility of the Project Worker and the Finance & Administration Worker who will generally manage the recruitment process.

16. Unallocated

These are amounts yet to be allocated to particular budget headings. Responsibility for allocation is with Project Workers and Chief Executive who should inform the Finance & Administration Worker to update the project budget.

A quick guide for budget holders on managing a budget

1. **Find out** which parts of your project budget that you are **personally** responsible for and be aware of who is responsible for the other parts.
2. Try to be regular with your expenses claims – it will keep you up to date with **your** part of your budget(s), and **it is only fair to keep others up to date** with their budget responsibilities
3. **Plan** your purchases carefully, as much in advance as possible. This should avoid or reduce the need for **emergency** expenditure.
4. Keep a track (your own record) of expenditure and planned expenditure (for the parts of the budget that you have responsibility for). The monthly reports/spreadsheets are for **clarification** of your own figures. This keeps any undetected mistakes to a minimum.
5. Check **your part** of the monthly report carefully and highlight any discrepancies.
6. Use the order forms, in advance, for **all** purchases **verbal & written**. This includes service providers as well as goods/materials. **Service providers** must be paid in the appropriate manner. That is, they must provide an invoice. The Inland Revenue could call in to conduct a spot check at any time.
7. Make sure that you have enough funds to cover purchases - the monthly project summaries will show all invoices paid in the **Year to Date Actual** column and all orders **not yet invoiced** in the **Committed Costs** column.
8. **All** authorised payments will be made - as long as correct procedures are followed and the relevant paperwork is produced.
9. If you receive goods through the post - **please** let the Administrative Assistant of Finance & Administration Worker know that it has arrived – a note will do.
10. If you are expecting money to be **coming in** – please complete the **relevant** form.

Please read the full Finance Responsibilities and Procedures Policy Document and bear in mind that these procedures have been designed to ensure that we maintain full accountability to our funders, our beneficiaries, the Charity Commission and to the general public.

Finally, if there is anything you don't understand please ask either the Finance & Administration Worker or Chief Executive.