

# Financial Responsibilities and Procedures

Updated December 2004 with amendments February 2008  
to reflect organisational structure.

## RESPONSIBILITIES

### 1. Responsibilities

#### 1.1 Overall responsibility for the finances of LGEC rests with the Management Committee.

The LGEC Treasurer has a particular responsibility for overseeing the finances and for alerting the committee to any problems. Any Management Committee member who acts improperly with regard to the finances of LGEC will be required to relinquish their membership of the committee and their status as trustee of Lancashire Development Education Group Limited. In the case of any dispute this will be decided upon by a vote at an ordinary or extra-ordinary Management Committee meeting. The committee will also decide upon any additional action that needs to be taken.

The Management Committee is responsible for:

- Ensuring budgets comply with current funding agreements and agreeing the allocation of any unrestricted funding.
- Ensuring that charity legislation and accounting procedures are complied with.
- Ensuring that staff receive adequate training to enable them to carry out their financial duties effectively and efficiently.

1.2 **All LGEC staff are responsible** for being familiar with financial procedures and following them. If any situations occur where the procedures appear to be inappropriate or cannot be followed for any reason these should be brought to the attention of the LGEC Chief Executive.

The financial procedures have been designed to:

- Ensure **effective and efficient** administration of LGEC's finances
- To **comply** with charity law and guidance from the charity commission on handling the financial affairs of registered charities.

Because of LGEC's charitable status it is important that our financial affairs are transparent and that they will stand up to scrutiny. Therefore, **all financial transactions** must be properly recorded and accounted for. **Failure to follow agreed financial procedures may be a disciplinary matter and will be subject to disciplinary procedures as outlined in staff contracts.**

LGEC staff are encouraged to be familiar with the financial aspects of LGEC's activities and to participate in financial planning and decision making and to initiate appropriate recommendations through LGEC Co-ordinating meetings.

### 1.3 Individual members of staff have budget responsibilities as outlined below:

#### The LGEC Chief Executive

- Oversees the preparation of budgets and appropriate updates for presentation to the Management Committee (with the LGEC Treasurer and other staff as appropriate).
- Keeping the LGEC Treasurer and Management Committee informed of matters affecting LGEC's finances and for alerting the committee to any problems or areas of concern.
- Overseeing the work of the Finance Manager.

#### Finance Manager

- The budget allocation of items of expenditure shared across budget headings, e.g. office supplies, phone & post etc. in consultation with the Chief Executive and other LGEC staff as appropriate.
- Monitoring of income and expenditure **against budget** and alerting the Chief Executive and committee to any discrepancies.
- Preparing monthly, quarterly and annual financial reports for budget holders, the committee and funding claims as required.
- Providing information and assistance in the preparation of budgets for the Chief Executive and other staff as appropriate.
- Ensuring that LGEC's financial procedures are followed by all staff and volunteers.

#### Projects Manager

- Overseeing project budgets for which they are responsible.

#### Project Workers

- **Working within** project budgets such as events, group support, travel and resources budgets in consultation with other staff where appropriate.

#### Resources & Information Worker

- Project resources and equipment budgets in consultation with other staff as appropriate.
- Shop finances.

**Staff with budget responsibilities should ensure that spending is kept within budget. Where it becomes necessary to re-allocate money across budget headings this should be brought to the attention of the Chief Executive who will seek appropriate approval.**

1.4 **Approval of expenditure** – All items of expenditure need to be approved **through the signing of a purchase order before purchases or commitments are made**, with the exception of regular service/utility bills.

- **Individual budget holders** as outlined above may approve items of expenditure up to £100 (Order can be signed by budget holder)
- **Projects Manager** may approve expenditure of up to £200 on projects for which they are responsible (Order can be signed by Projects Manager)
- The **Finance Manager** may approve expenditure of up to £200 (Order can be signed by Finance Manager)

- The **Chief Executive** may approve items of expenditure up to £1000. (Order to be signed by Chief Executive). If the Chief Executive is away then arrangements may be made to delegate this authority to another member of staff. Otherwise, approval from an officer of the Management Committee should be sought.
- Items costing more than £1000 should be referred to the **Management Committee** for approval. (Orders and cheques to be signed by two members of the committee or a member of the committee and the Chief Executive)
- Nominated Signatories may **not** sign cheque payments to themselves, i.e. reimbursement of expenses.

In **all** cases the person approving the expenditure should make sure that there is sufficient money in the appropriate budget to cover the item of expenditure. The Chief Executive may approve transfer of funds across budget headings (within a particular project). Any alterations to the budget that involve previously unallocated unrestricted funding need the approval of the Management Committee, or where an urgent decision is required by the LGEC Treasurer or other officer of the committee.

## Procedures

### 2. Purchasing System

#### 2.1 Information for staff placing orders

- (i) Purchase orders for all goods, materials, services of other people etc. should be made using an **official purchase order form** (except in the case of regular service accounts such as gas, telephone etc.). This **includes verbal** orders either on the telephone or otherwise.
- (ii) Purchase orders should be completing using the computerised "Order form" at the following location: z:\LGEC ORDER FORM\
- (ii) A copy of the **dated** order form containing **full** details **must** be put in the Administration Officer's pigeonhole. This copy **must** have a purchase order attached to it with the following details completed at the time of placing the order:
  - Project
  - Budget Heading
  - Estimated Cost
  - Order Authorised by (This must be by someone with the authority to sign for the order as specified in section 1.4 above)
- (iii) The person making the order should contact the supplier and can request a computer generated order to be sent from the Finance Manager if required.
- (iv) If a cheque is required with the order, the request should be put in the Administration Officer's pigeonhole with the **order** form or other documentation with an **indication of how urgent** the order is.
- (v) When engaging the services of people who are not LGEC employees, a **Casual Contracts Order Form (F3)** should be completed by the LGEC staff member

requiring the service and given to the person for signing. This should be attached to the purchase order form, authorised and passed to the Administration Officer to file (please refer to **FP3 Policy on Casual Contracts for Workshops and other Services** for more details).

## 2.2 Information for Administration Officer

- (i) Check that the correct details have been entered and relevant forms are attached to each purchase order copy passed to you for processing. If not, return to the project worker.
- (ii) If payment is required with the order then raise cheque and send. File in the **Payments to be Authorised** section of the Orders & Bills to Pay folder. Put a copy of the order in the **Orders Paid in Advance** section so that goods can be checked off when received.
- (iii) File the purchase order copy in the **Orders not Inputted** section of the Orders & Bills to Pay folder.
- (iv) All orders received and not yet paid will be entered on to the computerised accounts system and filed in the **Orders Inputted** section of the Orders & Bills to Pay folder. These will then show up as **Committed Cost** on the monthly project summaries.

## 2.3 Goods Received

When invoices and parcels are received:

- (i) Check that the goods match the order and are in good condition, then sign & date the '**Gds/Services received by**' section on the order (see orders in the **Orders Paid in Advance** section for ones paid for already). Any that do not match or meet your requirements should be returned together with the (unpaid) invoice, and noted 'goods returned' on the order.
- (ii) Pass any invoices received directly to the Administration Officer to process.

## 2.4 Authorising Invoices for Payment

The **Administration Officer** should:

- (i) Check that the amount on the invoice is the same as order form.
- (ii) Check that the goods have been received (the order form should be initialled)
- (iii) With the exception of service bills and staff expenses, there should be an order form and relevant forms. If the order form **has been authorised correctly**, it should be **attached to the back of the invoice** and the details can be transferred to the stamp on the front of the invoice.
- (iv) If there are any discrepancies, the invoice should be queried with the Projects Manager, Finance Manager or the Project Worker.

## 2.5 Paying Invoices

This is the responsibility of the Administration Officer except during absence when this responsibility may be temporarily transferred to another member of staff.

- (i) All invoices for payment should be filed in the **Invoices to be Authorised** section of the Orders & Bills to Pay Folder. This should then be authorised by someone with the authority to sign for the orders as specified in section 1.4 above)
- (ii) Raise cheques or **BACS transactions** for all authorised invoices and file in the **Payments to be Authorised** section of the Orders & Bills to Pay folder. **If the payment is by cheque, the stub** should be completed giving details of date, payee and amount.
- (iii) Enter the date paid and the cheque number in LGEC stamp and in the relevant section of the purchase order, **or indicate whether the payment is being made via BACS.**
- (iv) **For cheque payments, attach the cheque to the invoice, together with a stamped addressed envelope, and pass to an authorised signatory for signing. For BACS payments, the order form and invoice should be passed onto the Finance Manager for processing using internet banking.**
- (v) The Finance Manager, enters on the details to the computerised accounts system and completes the Date Inputted section of the stamp and files the invoices in cheque order

## 2.6 Direct Debit Payments

These are stamped, attached to an order if relevant, and filed in the Direct Debits section of the Orders & Bills to Pay folder. These are checked against the bank statements and entered on to the computerised accounts system at the end of the month.

## 3. Income Receipts

The Administration Officer is responsible for banking and filing details of all receipts, except during absence when this responsibility may be temporarily transferred to another member of staff.

### 3.1 Payments received on reception

- (i) All sales and receipts are to be recorded on the **Reception Income Sheet** and if required, the person / organisation making the payment should be issued with a receipt.
- (ii) Each month the money received on reception is cashed up by the Administration Officer and the amounts received are correctly entered on the **Reception Cashing Up Sheet**. The person completing the sheet should note any discrepancies between receipts booked down and actual money received.

- (iii) From this sheet, the details are entered on to a **Monthly Income Record**. The money and cheques are banked (together with other cheques received in the post) leaving a float of at least £20. The bank will only accept notes and full bags of coins, so any income received but not banked must be entered on the next blank **Reception Income Sheet**. The completed **Reception Income Sheet** is filed in the **Income Folder**.
- (iv) Any payments received on reception that relate to invoices should be recorded and filed in the front wallet of the **Income Folder** for processing.

### 3.2 Sales Invoices

- (i) Sales Invoices for all contracts, materials, services to other people etc. should be made using a **Sales Invoice Form**, which are found in the Invoice Duplicate Book behind the reception desk. This **includes verbal** contracts either on the telephone or otherwise.
- (ii) If the project worker requires a computer generated invoice to be sent, they should pass the sales invoice form to the Finance Manager.

### 3.3 Cheque or BACS notifications

- (i) If the cheque or BACS notification received relates to an invoice then locate the invoice, sign and date it to signify that payment has been received and file in the front wallet in the **Income Folder** for processing.
- (ii) If there is no invoice, locate the appropriate **Notification of Expected Grants & Income Form**, sign and date it to signify that payment has been received and file in the front wallet in the **Income Folder** for processing. If no documentation is available then contact the project worker responsible and ask them to fill one in.
- (iii) Enter details of all receipts on the **Monthly Income Record**, entering the source, amount, method, sales invoice number or reference, income cost centre and project.
- (v) Enter the cheque details on to the paying in slip with the reception cash (see 3.1.iii) and take to the bank.
- (vi) The Finance Manager enters on the details to the computerised accounts system and files the receipts documentation in order.

## 4. Stock Control

### 4.1 Resource Centre

All books, and other resources (except journals and leaflets) are recorded in the library catalogues. All loans whether to visitors **or** staff, and including prolonged use (i.e. for more than a day) of items even in the centre itself if this involves their absence from their usual location, **must** be booked out.

### 4.2 Retail Stock

The control of retail stock is the responsibility of the Administration Officer who will undertake an annual stock-take and maintain stock records. This task may be delegated to an Administration Officer or volunteer as appropriate.

#### **4.3 Office Supplies**

The ordering and control of office supplies, including tea, coffee, loo rolls etc. is the responsibility of the Administration Officer through the above purchasing system.

#### **4.4 Furniture and equipment**

The Administration Officer will maintain an inventory of all capital items, such as furniture and other equipment. A copy of this will be passed to the Chief Executive and the LGEC Secretary, in order that it may be kept off the premises. A copy also needs to be passed to the Finance Manager at the end of the financial year for the accountant.

### **5. Payment of Expenses**

#### **5.1 Travel for Routine Work (please refer to the **Policy on Working time when away from the centre** for more details)**

- (i) Expense claims by paid members of staff may **not** normally include travel between home and the Global Education Centre, but **will** include additional travel undertaken as part of the working day, based upon the assumption that the Global Education Centre, or home (whichever is the nearer), will be the point of departure and return. It is **important** that any member of staff or unpaid worker using their car/vehicle for LGEC business purposes **must** ensure that they are adequately insured under their personal car insurance policy. Expenses for car/mileage use **will not** be paid, unless a declaration to this effect is signed by the claimant.
- (ii) Volunteers may claim travel expenses to and from home subject to the limits and conditions currently in operation.
- (iii) Where paid staff also work for LGEC in an unpaid capacity, i.e. where they voluntarily work more hours than they are paid for, then expenses may be paid in accordance with section (ii) provided that the voluntary hours worked are not subsequently taken as 'Time off in Lieu'.
- (iv) When travelling on LGEC business the most **appropriate** mode of transport should be used with due regard to time, cost and environmental issues.
- (v) For **local** journeys this may be car, cycle or public transport. The most appropriate mode of transport should be used taking into account cost, environmental issues, time and other circumstances as appropriate. For journeys made by car and cycle, the mileage allowance at the current rate agreed by the committee is payable.
- (vi) For **non-local** journeys use should be made of public transport, particularly when this offers the cheaper option. If a car is used for personal convenience, no more than the cheapest public transport rates for the same journey should be claimed. If travelling by rail, 2nd class should be used and as far as possible advantage should be taken of 'bargain' fares such as advance purchase. Tickets should be booked via 'Charity Line' where possible. When travel by car is unavoidable or presents the

cheapest and quickest available option (e.g. when several members of staff are travelling together), mileage allowance may be claimed at the current rate agreed by the committee.

## 5.2 Travel for conferences, courses etc.

These should be approved in advance by an immediate supervisor or the LGEC Chief Executive. Delegates to conferences etc. will be expected to file all handouts etc. at the Global Education Centre and where appropriate to produce a written report.

## 5.3 Other Expenses (please refer to the **Policy on Subsistence Allowance when working away from the centre** for more details)

Where it has been necessary to purchase office supplies or other items other than through the purchase order system payment will be reimbursed provided that receipts are presented.

## 5.4 Claiming Expenses (please refer to **FP2 Policy and Procedures for the Payment of Expenses to LGEC Staff, Volunteers and Management Committee Members** for more details)

- (i) Expenses should be claimed using an expenses claim form showing details of the item of expenditure (including the amount) together the project and budget heading, with receipts attached. If mileage is claimed, details should be given and the insurance declaration **must** be signed.
- (ii) Completed expenses claims should be passed to the Finance Manager, and will be paid directly into bank/building society accounts on the same day as their salaries. Expenses for volunteers will be paid by cheque.

## 6. Cash

6.1 Only in **exceptional** circumstances will cash be made available from the bank. Any such cash payments must have the prior approval of the LGEC Chief Executive or designated deputy and the appropriate documentation must be completed. Please refer to **FP2 Policy and Procedures for the Payment of Expenses to LGEC Staff, Volunteers and Management Committee Members and FP3 Policy on Casual Contracts for Workshops and other Services** for more details.

6.2 All cash is kept in a **locked** cash tin on the premises. Expenses in advance must kept in the cash tin in a separate envelope and signed for when removed. The cash tin can take in-payments only and not to be used for purchases.

## 7. Phone & Postage

All staff are responsible for keeping telephone costs to a minimum and using 2nd class postage where possible. The Finance Manager will monitor expenditure on phone and postage and alert the Chief Executive if charges exceed expectations. For any personal use of phone, stamps or the photocopier, appropriate payment should be paid through reception.

## **8. Items and services donated (including time volunteered by both paid and unpaid staff).**

A **Statement of Donation of Time, Goods or Services** should be completed for all items, time or services donated to the centre. The appropriate project and budget headings should be recorded for subsequent analysis.

## **9. Banking**

9.1 Bank, Building Society or other accounts will be operated according to the instructions of the Treasurer and as approved by the Management Committee and in accordance with the provisions of Current Charities Legislation

9.2 The Finance Manager is responsible for ensuring that sufficient funds are available in any particular account to cover payments made from the accounts, and to ensure that any funds not immediately required are deposited in the appropriate interest bearing account.

9.3 The Finance Manager should alert the Chief Executive and Treasurer to any changes in interest rates and other conditions relating to accounts that may have bearing on decisions regarding the deposit of LGEC funds.

9.4 All cheques and other transfers of funds from or between banks or building society need to be signed by two signatories as per the current list of signatories as authorised by the Management Committee.

## **10. Payroll**

Salaries are due monthly in arrears. However payment is **normally** be made on the 19th of the month by direct transfer to the employees' bank accounts. The Finance Manager administers Wages and Pension.

## **11. Donations & Gift Aid**

The Finance Manager is responsible for keeping records of membership fees, donations, Gift Aid declarations and claims. A copy of all membership fees received must be passed to the Resources & Information Worker to update the LGEC database.

Appendix 1 - Designated signatories

Appendix 2 - Notes on Budgetary Responsibility 2004

Appendix 3 - FP2 Policy and Procedures for the Payment of Expenses to LGEC Staff, Volunteers and Management Committee Members

Appendix 4 - FP3 Policy on Casual Contracts for Workshops and other Services

Appendix 5 - Policy on Subsistence Allowance when working away from the centre