

Financial Responsibilities and Procedures
Updated March 2011

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 Global Education Centre 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.

1.3 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.

1.4 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.**

1.5 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 staff meetings.

1.6 Individual members of staff have budget responsibilities as outlined below:

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).
- Keeps the LGEC Treasurer and Management Committee informed of matters affecting LGEC's finances and alerts the committee to any problems or areas of concern.
- Reports to the Management Committee on a quarterly basis the overall financial position with regard to income and expenditure.
- Oversees the budget allocation of items of expenditure shared across budget headings, e.g. office supplies, phone & post etc. in consultation with other LGEC staff as appropriate.
- Monitors income and expenditure against budgets and alerts the Management Committee to any discrepancies.
- Prepares monthly, quarterly and annual financial reports for budget holders, the committee, finance and personnel meetings and funding claims as required.
- Ensures that LGEC's financial procedures are followed by all staff, management committee and volunteers.

Project Co-ordinators

- Ensure that expenditure for their project is within agreed budgets, in consultation with other staff where appropriate.

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.

1.7 Approval of expenditure – All items of expenditure need to be approved through raising and signing a purchase order **before purchases or commitments are made**, with the exception of regular services, utility bills and subscriptions.

- **Project Co-ordinators** as outlined above may approve items of expenditure up to £250 (order can be signed by budget holder).
- 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 must be approved by **both** the **Chief Executive** and a member of the **Management Committee**. If the Chief Executive is away, then arrangements may be made to delegate this authority to another member of staff.
- Nominated signatories may **not** sign cheque payments to themselves, i.e. reimbursement of expenses.

When raising orders, 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.

Any alterations to budgets 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

- Purchase orders for all goods, materials, services of other people etc. should be **made in advance** 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.

- Purchase orders should be completing using the computerised “**Order form**” at the following location: z:\LGEC ORDER FORM\. When completing orders, the following details must be included:
 - 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)

- A copy of the **dated** order form **must** be put in the “Orders” tray in the Chief Executive’s office.

- The person making the order should contact the supplier and request the service or goods.

- If a payment is required with the order, the request should be put in the “Orders” tray with the order form or other documentation with an **indication of how urgent** the order is.

When engaging the services of people who are not LGEC employees, a **Contract for self-employed workers (F1)** 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 Chief Executive to file (please refer to **Appendix 3 Contracts for Self-employed Workers** for more details).

2.2 Processing of Orders

The Chief Executive will check that the correct details have been entered and relevant forms are attached to each purchase order. If not, the order will be returned to the relevant staff member.

The Chief Executive will file the purchase orders in the **Unpaid Invoices File** under the **outstanding orders section**.

If payment is required with the order, then payment will be made by cheque or BACS. The order will then be filed in the **Paid Invoices File**.

2.3 Goods Received

When invoices and parcels are received:

- The individual that receives the delivery should check that the goods match the order and are in good condition, then sign & date the delivery note. Any that do not match or meet your requirements should be returned together with the unpaid invoice, and noted 'goods returned' on the order.
- Invoices received should be passed to the Chief Executive to process.

2.4 Authorising Invoices for Payment

The **Chief Executive** should:

- Check that the amount on the invoice is the same as order form.
- Check that the goods have been received and mark against invoiced goods.
- With the exception of service bills and staff expenses, there should be an order form and relevant forms attached to the invoice.
- If there are any discrepancies, the invoice should be queried with the appropriate Project Co-ordinator.

2.5 Paying Invoices

- This is the responsibility of the Chief Executive, except during absence when this responsibility may be temporarily transferred to another member of staff.
- All invoices for payment should be filed in the **Unpaid Invoices File**. **These unpaid invoiced should then be authorised by the Chief Executive before any payment is made.** If the Chief Executive is away, then arrangements may be made to delegate this authority to another member of staff.
- Raise cheques or BACS for all authorised invoices.
- If the payment is by cheque, the stub should be completed giving details of date, payee, amount and invoice number.
- 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.

- For **cheque payments**, attach the cheque to the invoice, together with a stamped addressed envelope, and pass to an authorised signatory for signing.
- Payments should be thoroughly checked to ensure all necessary documentation is in place before available staff or trustees authorise expenditure payments. Those able to authorise payments are outlined in “Appendix 1 - List of Bank Signatories and Authorised Users”.
- For **BACS payments**, the Chief Executive will schedule and produce a remittance advice note for each payment and processing using internet banking. The remittance advice will be signed by **two** authorised signatories before using internet banking. (For further information regarding authorised bank users and signatories, see Appendix 1 - List of Bank Signatories and Authorised Users.)
- Following payment, the paperwork for each transaction is stored in the **Paid Invoices File**, filed in numerical invoice sequence.

2.6 Direct Debit Payments

- These are stamped, attached to an order if relevant, inputted into SAGE and filed in the **Paid Invoices File**.

3. Income Procedures

3.1 Income Receipts

- The Chief Executive 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.

3.2 Cash Receipts

- All sundry cash income including sales of books or resources should be recorded in the **Petty Cash Receipts Book**. If required, the person/organisation making the payment should be issued with a receipt.

3.2 BACS and Cheque Receipts

- All BACS and cheque notifications are filed in the **Receipts File**.
- Enter the cheque receipts on the paying in slip, entering the source, amount, sales invoice number or reference and take to the bank.
- The Chief Executive will post all income onto the Sales Ledger or Nominal Ledger in SAGE.

4. Stock Control

4.1 Resource Centre Retail Stock

- The control of retail stock is the responsibility of the Chief Executive, who will undertake a biannual stock-take, re-ordering resources as required. This task may

be delegated to another member of staff or volunteer as appropriate. New loan stock will be entered onto the resource centre database on a regular basis.

4.2 Office Supplies

- The ordering and control of office supplies, including tea, coffee and office sundries is the responsibility of the Chief Executive through the above purchasing system.

4.3 Furniture and equipment

- The Chief Executive will maintain an inventory of all capital items, such as furniture, ICT and other equipment. A copy of this will be kept in a secure location. A copy also needs to be passed to the accountant at the end of the financial year.

5. Payment of Expenses

5.1 Travel for Routine Work (please refer to the **Working Away from the Centre Policy** for additional information regarding working time and working from home.)

- Expense claims by paid members of staff may **not** normally include travel between home and LGEC, but **will** include additional travel undertaken as part of the working day, based upon the assumption that LGEC or home, **whichever is the nearer**, will be the point of departure and return. 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. A cumulative record of mileage for each claimant will be stored centrally within the office.
- Volunteers may claim travel expenses to and from home subject to the limits and conditions currently in operation.
- 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'.
- When travelling on LGEC business, the most **appropriate** mode of transport should be used with due regard to time, cost and environmental issues.
 - 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.
 - 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 LGEC's Trainline business account 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.

- Travel for conference, courses, etc. should be approved in advance by the Chief Executive. An order should be raised in advance of purchasing a train ticket using LGEC's Trainline business account.

5.3 Other Expenses (please refer to **Appendix 4: Policy on Subsistence Allowance when Working Away from the Centre** for more details)

- Where it has been necessary to purchase 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 **Appendix 2: Policy and Procedures for the Payment of Expenses to LGEC Staff, Volunteers and Management Committee Members** for more details)

- Expenses should be claimed using an expenses claim form showing details of the item of expenditure (including the amount) and the project and budget headings. Receipts must be attached. If mileage is claimed, details should be given and the insurance declaration **must** be signed.
- Completed expenses claims should be passed to the Chief Executive for authorisation. Expenses will be paid directly into bank/building society accounts on the same day as salaries. Expense claims must be submitted by the 10th of each month. Expenses for volunteers will be paid by cheque or BACS.

5.5 Petty Cash Payments

- Sundry payments may be taken from petty cash for payments less than £10. Each request for a petty cash payment must be supported by receipt. Each payment must be recorded in the petty cash book.
- At the end of each month, the Chief Executive will reconcile the petty cash tin to the petty cash book. The Chief Executive will record the petty cash transactions onto SAGE following each monthly reconciliation.
- All petty cash is kept in a **locked** cash tin on the premises. The maximum amount that may be transferred to petty cash from the bank account is £100.
- For any personal use of phone, stamps or the photocopier, appropriate payment should be paid through petty cash. All staff are responsible for keeping telephone costs to a minimum and using 2nd class postage where possible.

6. Items and services donated (including time volunteered by both paid and unpaid staff).

6.1 Appendix 5: 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.

7. Banking

- 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
- The Chief Executive 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.
- The Chief Executive should alert the 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.

8. 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 Chief Executive administers wages and pension payments.

9. Donations and Gift Aid

- The Chief Executive is responsible for keeping records of membership fees, donations, Gift Aid declarations and claims.

Appendix 1 - List of Bank Signatories and Authorised Users

Appendix 2 - Policy and Procedures for the Payment of Expenses to LGEC Staff, Volunteers and Management Committee Members

Appendix 3 - Contracts for Self-Employed Workers

Appendix 4 - Policy on Subsistence Allowance when working away from the centre

Appendix 5 - Donation of Time Goods or Services