

FINANCIAL PROCEDURES

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1. Purpose of this document

- 1.1. To define the financial systems used by The Sanctuary Trust and how they relate to all areas of the organisation (sometimes referred to as Financial Standing Orders).
- 1.2. Relevant to managers and finance staff. All suggestions for amendments to Financial Director. Minor amendments/updates to be agreed by; Senior Management major amendments by Housing Management Council (Board of Trustees).

2. Ordering supplies and services

- 2.1. All staff need to be aware that expenditure is committed when an order is placed on behalf of THE SANCTUARY TRUST, not when the cheque is requested. Therefore, it is important that all orders are placed properly, and are within agreed budgets and delegated powers.
- 2.2. Budget holders can place orders for goods or services within their budget areas, subject only to cash-flow restraints and budgets. All orders of £500 or more must be authorised by the budget holder, except for specific areas of expenditure where written procedures have been agreed. Under £500, the budget holder may delegate all ordering as appropriate. Budget holders will discuss with the Financial Director appropriate parameters, plus maximum allowed deviations before the Project Manager or Financial Director is brought in, which will be documented. Where possible one off orders over £500 to have three quotes. For any continuous service provided then supplier of goods or services need to be approved.
- 2.3. To gain approval a supplier would have had to of provided goods or services in a cost effective and SMART way. Satisfying the best quotation, time and cost wise for goods or services. Or there be sufficient reason or justification or special feature being offered by prospective supplier.
- 2.4. Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract. Larger contracts

should not be entered into without adequate advice from a relevant professional adviser (e.g. accountant, solicitor, surveyor).

- 2.5. Orders of £500 or more must be placed in writing. Orders under £500 but over £100 should be in writing where practical. Each Project will devise appropriate ways of keeping records of such orders, which will be contained in an Appendix. Suppliers must be requested to produce invoices. If payment is needed on or before delivery or no credit is given, a 'pro-forma' should be provided.
- 2.6. While claims for small items of expenditure may be made via petty cash (see section 3 and expenses policy), adequate supporting documentation, preferably receipts must be obtained. Large items requiring cash payment must be checked with the Operations Department before the arrangement is confirmed.

3. Payment authorisation and Purchase Ledger

- 3.1. All invoices must be authorised for payment by the Project Manager, although the actual checking of details may be delegated. The Project Manager is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. Operations Department must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason.
- 3.2. A Master Purchase Ledger is managed by Operations Department, with each project maintaining their own Purchase Ledgers. All incoming invoices are to be authorised with received date and signature clearly marked on invoice, and then passed to the Operations Department as soon as they arrive. Invoices will be recorded on to the Purchase Ledger within two days, unless there are coding problems. Once authorised as above, suppliers will be paid within the appropriate timescale.

Refunds of overpayments or cancellations of bookings/orders can be fully delegated to the relevant activity manager or administrator (note that this does not include any 'compensation' or similar payment).

4. Cheque writing and signing

- 4.1. Signatories will only be drawn from senior staff and Trustees, and any new signatory must be approved by the Trustees before the bank is notified. All cheques require two signatories. Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque. Salary payments (not paid by BACS) require the signature of the Director, Company Secretary, Financial Director or a member of the Management Committee, plus one other.
- 4.2. Signatories will not sign cheques which are payable to themselves, or blank cheques. Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed. The only acceptable exception is that the amount can be blank as long as the cheque is endorsed 'Not more than £'. Receipts for this type of expenditure must be returned immediately.
- 4.3. The day-to-day limit on encashment of cheques is £250. However, where a larger cash float is required (for a major event like a residents' holiday for example), this may be approved by the Financial Director with the Director.

5. *Handling of cash*

- 5.1. A petty cash system will be operated by every project manager.
- 5.2. Petty cash will be topped up as needed, where the amount spent is reimbursed. It is intended for small items, up to £20. Anything over this should be paid by cheque where possible. The petty cash has a balance limit of £250. The petty cash balance will be reconciled when re-storing the balance, or monthly if this is more frequent.
- 5.3. All cash issued will be signed for, and all cash returned will be initialled. The project manager and assistant are responsible for ensuring cash and receipts are returned as soon as possible after the event etc. No further floats may be issued for a similar purpose, unless the previous float has been accounted for.
- 5.4. Mixing money or receipts from different petty cash sources creates large accounting problems. In a real emergency, where another cash float has to be used for something, a clear record must be kept, and brought to Operation Departments attention.
- 5.5. Any substantial cash amount over £250 balance will be banked.
- 5.6. Cash will be kept in locked metal cabinets wherever possible. Appropriate arrangements will be made for cash box security.

6. *Cash Book Procedures*

- 6.1. **Cash in (income). Date column to be filled in with current date. Enter an explanation in the item column of where the cash has come from. If rent after completing item and the rent receipt and rent booking procedures, enter a B in the next column. The amount of cash should then be booked (e.g. rent = 24.00, cash from bank 250.00) in the In column.**
- 6.2. **Cash out (expenditure). Date column to be filled in as above, add description of goods/services to purchase. Enter the amount of money taken in the Out column. After purchase complete a new entry in the In column for change. Enter cost of goods/services in the Breakdown columns.**
- 6.3. **After each entry complete balance column**
- 6.4. **At the end of each week make totals line and check balance with tin. At the bottom of each page make carried forward (c/f) line and brought forward (b/f) at top of new page.**

7. *Salaries, payroll and direct labour.*

- 7.1. THE SANCTUARY TRUST is required to operate the PAYE system, and make annual returns to the Inland Revenue. All people working directly for THE SANCTUARY TRUST, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they can't. All payments will be made by direct bank credit or cheque.
- 7.2. It is the nature of THE SANCTUARY TRUST'S activities that a number of casual workers will be used. Casual workers will only be taken on when authorised in accordance with section 1 above. With a few exceptions, they will be employed by THE SANCTUARY TRUST and so subject to PAYE & NIC. Operations Department will obtain clarification of any unclear areas as needed. There may be times when casual workers will be treated as self-employed, and contracts with such people must clearly indicate this.

- 7.3. Payments for additional work over and above standard hours must be approved by the relevant Project Manager. Clear written authorisation must be given and time sheets presented in adequate time for Operations Department to process it for the relevant payroll. These claims are financial records, and should be treated in the same way as any other.
- 7.4. Payment will usually be made via the Nat West Online payment service, direct to employees' bank account. The salary payment listings will be checked by the Financial Director. Salaries will be paid four weekly to clear by the **Friday of the first week of the current rota.**
- 7.5. Pay scales and new posts/re-structuring are approved by the Director, and are revised by March for implementation in April. The Council of Management will set the Director's remuneration. Appointments to existing posts are the responsibility of the appropriate Project manager (or Director for senior positions or Council of Management for operations team).
- 7.6. Staff loans are not issued, but advances may be made against salary due, by arrangement with Operations Department.
- 7.7. The Operations Department is responsible for:
- 7.7.1. Paying each employee in accordance with the approved terms and conditions, and issuing payslips.
 - 7.7.2. Operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
 - 7.7.3. Making the correct deductions for Income Tax, NI, court orders tax credits and any other appropriate deduction authorised by staff; ensuring that deductions are paid to the correct body, and necessary returns made.
 - 7.7.4. Administering the Statutory Sick Pay and Statutory Maternity Pay schemes Pension Scheme, alongside any additional related benefits provided by THE SANCTUARY TRUST.

8. *Income*

- 8.1. The majority of income received by THE SANCTUARY TRUST is from Supporting People (SP) Contracts and Housing Benefit. Supporting People Occupancy details (SPOCC, NEEDS MAPPING FORMS etc.) must be completed as required by local area SP teams. Completion of all relevant benefit forms and the overseeing of the payment of housing benefit (HB) is the responsibility of the Project Manager. Once a service user has been accepted on HB a letter of confirmation is received by the project. Reconciliation must be made and details of over/under payment should be detailed for rectification. This information is to be passed on to finance for entry in the income ledger.
- 8.2. All invoices should be raised on THE SANCTUARY TRUST letterhead, or in a format agreed with the Financial Director and auditors, and be drawn up in accordance with THE SANCTUARY TRUST'S standard invoice requirements. All invoices will be sequentially numbered, with each area of activity having its own prefix reference, agreed with Operations Department. Any accidental deviations from such sequences must be notified to Operations Department.
- 8.3. Invoice listings will be produced on a regular basis by the Projects generating them. This is at least monthly, to fit in with the reporting system, although high volume activities are

expected to be listed weekly. Outstanding invoice payments will be followed up at least monthly by the relevant project.

8.4. Information about non-routine and all grant income must be passed to Operations Department with the cheque or remittance advice. This will be filed by Operations Department for reference, and used to ensure such income is correctly recorded in the accounts and grant conditions etc. noted. Lack of documentation will lead to such items being 'held on suspense'. It is the responsibility of the person gaining the grant to ensure all grant income is claimed as it becomes due or available, and that all appropriate staff and the Operations Department are aware of relevant grant conditions and exactly how the grant is to be expended.

8.5. Post opening (and control of cheques and cash in) will be subject to random management checks. The process will be written down, so that there is a clear standard for those doing the work regularly, and others covering or checking.

9. Rent Receipt and Booking Procedure

9.1. Rent is also known as service charge and pays for the part of the service users stay that are not covered by Housing Benefit (HB) or Supporting People Revenue Grant (SPRG). The rent is set by the Budget Holder in conjunction with the Finance Director and due weekly in advance.

9.1.1. Check that the card is underneath the receipt and copy receipt of the same number. Use ball point pen to fill out:

Date
Received From (resident's name)
The Sum of: (in words)
Amount in Figures
Arrears rent owing Figures
For (resident's room number)
Tick For Rent
Sign Rec'd By

9.1.2. Remove the top (white) receipt from the receipt book and give it to the resident in exchange for the amount noted on the receipt given.

9.1.3. Put the card under the receipt and copy receipt of the next number and clip the receipt book to the front of the green residents' rent folder.

9.1.4. Put the money in the petty cash tin and mark the income in the petty cash book as name of service user / B / Amount in the appropriate columns.

9.1.5. Enter the receipt number date and amount on the residents' front page of the computer Management Console, and in the resident's folder.

10. Bank accounts

THE SANCTUARY TRUST's bankers are:

10.1. National Westminster Bank plc, Town Hall Square Rochdale OL16 1LL - Current, Business Reserve & Capital Reserve, Sanctuary Cymru and Sanctuary Trust Enterprises Ltd.

- 10.2. A sweep arrangement between current and reserve accounts is operated. These arrangements are subject to review, in the light of what is most advantageous in terms of cost and service. All changes are to be authorised by the Management Council.
- 10.3. All income will be paid into the current accounts as soon as possible, not less than once a week. The make up of each banking will be clearly recorded, for later computer entry.

11. Books of account and records

- 11.1. Proper accounting records will be kept. The accounts systems are based around computer facilities, using Transact, Paxton charities accounting programme and Excel, but manual/paper records will also be used if appropriate.
- 11.2. At a minimum, the following records will be kept:
 - 11.2.1. Appropriate control accounts (i.e. bank control, petty cash control etc.).
 - 11.2.2. Salary control account.
 - 11.2.3. Monthly trial balances budget against actual.
- 11.3. Cash book summaries with any outstanding documentation will be sent to central administration within 5 days of each month ending for processing.
- 11.4. Petty cash and bank accounts will be reconciled at least monthly.
- 11.5. All vouchers entered into the computer system will be clearly initialled by the person entering it, along with date and accounts reference. All income/expenditure information will be recorded within three days. All corrections and adjustments will be clearly noted in a written 'Journal' giving reason for them, with supporting documentation where available.
- 11.6. Purchase Ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.
- 11.7. All fixed assets costing more than £250 (or such other level as may from time to time be agreed by the trustees) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal.

12. Budget setting

- 12.1. 12 monthly income and expenditure budgets will be prepared in time for final approval by the Board of Trustees in February, before the start of the financial year under consideration.
- 12.2. Project budgets are prepared by the Project Manager, working with the Financial Director. Central management budgets are prepared by the Financial Director in consultation with the Director. The Council of Management will play a lead role in ensuring that budgets are set fairly, efficiently and in time. Approval of the budgets is by recommendation of the Operations team to the Council of Management.
- 12.3. The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be monitored monthly and updated quarterly.

13. Financial monitoring and audit

- 13.1. All budget holders will receive appropriate, regular reports of income and expenditure against budget.
- 13.2. The Management Team will receive:
 - 13.2.1. Monthly reports of income and expenditure versus budget - within two weeks of month end.
- 13.3. Detailed monthly payroll reports will be produced. Detailed cash-flow reports will be produced as appropriate.
- 13.4. THE SANCTUARY TRUST'S financial year is from 6th April to the 5th of April. Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions, prepared per SORP for Charities and any other relevant accounting conventions. Final draft should be ready for and passed by Board of Trustees in July, with audited accounts signed at the AGM.

14. Role of Treasurer

Extracted from Charity Finance Yearbook:

- 14.1. The Treasurer works in close co-operation with, and provides support and advice to, the Financial Director. Specific responsibilities are to:
 - 14.1.1. Guide and advise the Board in the approval of budgets, accounts and financial statements, within a relevant policy framework.
 - 14.1.2. Keep the Board informed about its financial duties and responsibilities.
 - 14.1.3. Advise the Board on the financial implications of The Sanctuary Trust's strategic plans and key assumptions included in management's operational plan and annual budget.
 - 14.1.4. Confirm that the financial resources of The Sanctuary Trust meet present and future needs.
 - 14.1.5. Understand the accounting procedures and key internal controls, so as to be able assure the Board of The Sanctuary Trust's financial integrity.
 - 14.1.6. Ensure that the accounts are properly audited, that accepted recommendations of the auditors are implemented, and meet the auditor at least once a year.
 - 14.1.7. Formally present the accounts at the AGM, drawing attention to important points.
 - 14.1.8. Monitor The Sanctuary Trust's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities

15. Role of Management

- 15.1. The Council of Management is the overseeing body (Board of Trustees). The Operations team consists of the Director, Financial Director, Regional Services Manager and Administrative Assistant. They will receive weekly snapshots and monthly management accounts, keeping adequate records to be in control between monthly reports. The Team will review finances thoroughly at its monthly meetings.

16. Role of Council of Management

16.1. The committee is responsible for:

16.1.1. Approving the budget for the year.

16.1.2. Approving signatories to the bank accounts.

16.1.3. Appointments of staff where not delegated to the Director.

16.1.4. Receiving reports from the Management Team on areas of concern.

16.1.5. Approving exceptional items of expenditure.

16.1.6. Monitoring the financial position based on monthly reports, with advice from the Director.

16.1.7. Approving the annual accounts, auditors report and appointment.

16.2. See the [Post Descriptions](#) for all Council of Management positions.

17. Role of Financial Director

17.1. The Financial Director is the lead person for processing all changes and exceptional items, and will assist the Treasurer in any financial matter connected with the organisation.

17.2. The Financial Director will ensure that adequate security precautions are taken to safeguard financial and other assets.

OR

17.3. Refer to Job Description