



Controls for the Authorisation of Expenditure on Goods and Services

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Expenditure controls help ensure that only necessary and authorised purchases are made and that funds exist within approved budgets to meet the expenditure. Controls also ensure that payments are made only for the goods and services actually received and at the agreed prices and include:

- establishing authority levels for placing orders and approving payments which are clear and documented
- ensuring that orders placed are within an agreed spending plan or budget - additional spending outside agreed budgets should be authorised
- ensuring invoices received are checked against orders confirming the price paid and the receipt of the goods or services ordered

Ordering supplies and services

- 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.
- 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.



- 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.
- 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).
- 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.
- 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.

Payment authorisation and Purchase Ledger

- 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.
- A Master Purchase Ledger is managed by Operations Department, where expenditure and purchase invoices are posted to the correct fund code/department. 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).



payments in cash

- A petty cash system will be operated by every Project Leader.
- All purchases must be authorised and receipt/invoice signed by the Project Leader.
- 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/card 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.
- 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.
- 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.
- Any substantial cash amount over £250 balance will be banked.
- Cash will be kept in locked metal cabinets wherever possible. Appropriate arrangements will be made for cash box security.

Cash Book Procedures

- 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.
- 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.
- After each entry complete balance column
- 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.

Rent Receipt and Booking Procedure

- 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 any other Revenue Grant.



The rent is set by the Budget Holder in conjunction with the Finance Director and due weekly in advance.

- Invoices will be given out to residents on a weekly basis.
- Payments will be taken and invoice given by Checking 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

- 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.
- 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.
- 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.
- Enter the receipt number date and amount on the residents' front page of the computer Management Console, and in the resident's folder.
- Complete the paid entry in the current accounting system.

Payments by debit card, credit card and charge cards

- Cards will be issued to Directors, Area managers, managers and Team Leaders where they are deemed necessary to fulfil their role within the organisation.
- Spending limits will be agreed for each individual and set by the Financial Director.
- Cards must be returned to the Office manager, cancelled and destroyed appropriately by anyone leaving the charity or if the authorisation of the card's use is withdrawn.
- Debit card expenditure is supported by an invoice and recorded and analysed in accounting records.
- All purchases are to be authorised by the line manager.
- Any significant purchases of over £50 need to be authorised by a line manager or in the case of IT or specialist equipment, the specification needs to be agreed

by the Office manager in accordance with the appropriate provider (Smartertec in the case of IT).

- Monthly credit card statements are produced and expenditure summary sheets are sent to all card holders, all receipts should match the spend on the summary sheet, filed behind the statement in date order, signed by line manager and returned to operations (main office). Where appropriate expenditures to be noted which project it is for i.e Halsall House, Step within 5 days of the end of the month.

payments by cheque

- 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.
- 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.
- 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.

Payments by direct debit, standing order and Bankers' Automated Clearing Services (BACS) direct credit

- The difference between Direct Debits and Standing Orders is that the bank account holder is the only party to the arrangement who can make changes to the amount or collection date of a standing order. With a direct debit only the recipient of the monies can amend the amount, having notified the payer before so doing.
- BACS Direct Credit is a simple, secure and reliable service, which enables organisations of all sizes to make payments by electronic transfer directly into a bank or building society account. Sanctuary Trust will ensure that it has robust controls in place, because the nature of these payments makes it difficult to recall them before the payee's account is credited, in the event of errors or fraudulent transfers being discovered.



- A request can be made for goods or services provided to the charity to be paid by BACS for a one-off payment, Direct Debit or Standing Order for regular payments. These will have to be authorised by the line manager and the Finance Director.
- Sanctuary Trust will ensure that only specifically authorised individuals are able to set up arrangements to make payments by direct debit, standing order or BACS. This authority should be limited to the CEO, Finance Director and Office Manager
- The documents setting up the payments will be retained as part of the Sanctuary Trust's accounting records.
- The payments will be monitored so that the charity can ensure that the arrangement is cancelled when the charity stops using the goods or services being supplied.

Payment and reimbursements of expenses

- Expenses are paid on any reasonable out of pocket expense as a result of performing a duty to fulfil your job.
- expense claims will be authorised by your line manager and signed by them and you before being submitted to the relevant office.
- Once submitted your claim will be paid via BACS within 5 working days where appropriate or directly by cash for sums under £20.
- Any mileage rate paid for motor travel should be at HMRC rates that do not result in a tax or national insurance liability for the charity or the claimant