

# *FINANCIAL PROCEDURES*

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## *Appendix 1*

### *Controls for the Authorisation of Expenditure on Goods and Services*

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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. Salaries, payroll and direct labour.*

- 2.1. 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.
- 2.2. 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.

- 2.3. 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.
- 2.4. 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.
- 2.5. 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).
- 2.6. Staff loans are not issued, but advances may be made against salary due, by arrangement with Operations Department.
- 2.7. The Operations Department is responsible for:
  - 2.7.1. Paying each employee in accordance with the approved terms and conditions and issuing payslips.
  - 2.7.2. Operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
  - 2.7.3. 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.
  - 2.7.4. Administering the Statutory Sick Pay and Statutory Maternity Pay schemes Pension Scheme, alongside any additional related benefits provided by THE SANCTUARY TRUST.

### *3. Income*

- 3.1. The majority of income received by THE SANCTUARY TRUST is from Service Level Agreements, Contracts and Housing Benefit. Monitoring Occupancy details (SPOCC, NEEDS MAPPING FORMS etc.) must be completed as required by local area funders. 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.
- 3.2. 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.

- 3.3. 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.
- 3.4. 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.
- 3.5. 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.

#### *4. Bank accounts*

THE SANCTUARY TRUST's bankers are:

- 4.1. National Westminster Bank plc, Town Hall Square Rochdale OL16 1LL - Current, Business Reserve & Capital Reserve and Sanctuary Cymru.
- 4.2. 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.
- 4.3. 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.

#### *5. Books of account and records*

- 5.1. Proper accounting records will be kept. The accounts systems are based around computer facilities, using Transact, Inuit Quick Books accounting programme and Excel, but manual/paper records will also be used if appropriate.
- 5.2. At a minimum, the following records will be kept:
  - 5.2.1. Appropriate control accounts (i.e. bank control, petty cash control etc.).
  - 5.2.2. Salary control account.
  - 5.2.3. Monthly trial balances budget against actual.
  - 5.2.4. Cash Flow Analysis
- 5.3. Cash book summaries with any outstanding documentation will be sent to central administration within 5 days of each month ending for processing.
- 5.4. Petty cash and bank accounts will be reconciled at least monthly.
- 5.5. 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.

5.6. 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.

5.7. 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.

## *6. Budget setting*

6.1. 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.

6.2. 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 Directors. 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.

6.3. 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.

## *7. Financial monitoring and audit*

7.1. All budget holders will receive appropriate, regular reports of income and expenditure against budget.

7.2. The Management Team will receive:

7.2.1. Monthly reports of income and expenditure versus budget - within two weeks of month end.

7.3. Detailed monthly payroll reports will be produced. Detailed cash-flow reports will be produced as appropriate.

7.4. THE SANCTUARY TRUST'S financial year is from 6<sup>th</sup> April to the 5<sup>th</sup> 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.

## *8. Role of Treasurer*

*Extracted from Charity Finance Yearbook:*

8.1. The Treasurer works in close co-operation with, and provides support and advice to, the Financial Director. Specific responsibilities are to:

8.1.1. Guide and advise the Board in the approval of budgets, accounts and financial statements, within a relevant policy framework.

8.1.2. Keep the Board informed about its financial duties and responsibilities.

8.1.3. 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.

- 8.1.4. Confirm that the financial resources of The Sanctuary Trust meet present and future needs.
- 8.1.5. Understand the accounting procedures and key internal controls, so as to be able assure the Board of The Sanctuary Trust's financial integrity.
- 8.1.6. Ensure that the accounts are properly audited, that accepted recommendations of the auditors are implemented, and meet the auditor at least once a year.
- 8.1.7. Formally present the accounts at the AGM, drawing attention to important points.
- 8.1.8. Monitor The Sanctuary Trust's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities

## *9. Role of Management*

- 9.1. 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.

## *10. Role of Council of Management*

- 10.1. The committee is responsible for:
  - 10.1.1. Approving the budget for the year.
  - 10.1.2. Approving signatories to the bank accounts.
  - 10.1.3. Appointments of staff where not delegated to the CEO.
  - 10.1.4. Receiving reports from the Management Team on areas of concern.
  - 10.1.5. Approving exceptional items of expenditure.
  - 10.1.6. Monitoring the financial position based on monthly reports, with advice from the Finance Director.
  - 10.1.7. Approving the annual accounts, auditors report and appointment.
- 10.2. See the [Post Descriptions](#) for all Council of Management positions.

## *11. Role of Financial Director*

- 11.1. 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.
- 11.2. The Financial Director will ensure that adequate security precautions are taken to safeguard financial and other assets.

OR

- 11.3. Refer to Job Description