



**Making Education a Priority (MEaP)**

**FINANCIAL PROCEDURES**

**AND**

**REGULATIONS**

**March 2019**

## FINANCIAL PROCEDURES

### 1. GENERAL

All financial transactions or operations shall be carried out in accordance with the procedures specified by these Financial Regulations.

The **Board of Directors** is responsible for MEaP's finances.

The **Treasurer** with the support of the **Project Manager** is responsible for reporting to the **Board of Directors** on MEaP's finances and financial performance.

The **Treasurer** with the support of the **Project Manager** is responsible to the **Board of Directors** for ensuring that the Financial Procedures and regulations are adhered to.

The **Treasurer** with the support of the **Project Manager** shall ensure that the Financial Procedures are incorporated into the day-to-day Financial Transactions of MEaP and that all members of staff are aware of their duties and responsibilities by reference to the relevant procedures.

All members of the **Board of Directors** and staff shall receive a copy of the Financial Procedures and any changes to them. It is the responsibility of each individual to ensure that the Financial Procedures and Regulations are observed in all aspects of their sphere responsibility.

The essence of internal control lies in the separation of three functions of Authorisation, Custody and Recording. It is the responsibility of the **Project Manager** to devise and establish the plan for the company/charity and to supervise its day to day operations. In its broadest sense, internal control extends beyond the mere allocation of clerical duties to include the quality of management supervision itself.

The purpose of internal controls is the prevention and early detection of errors and fraud and involves the arrangement of bookkeeping and other clerical duties in such a way as to ensure that:

no single task is executed from its beginning to its conclusion by only one person:

the work of each person engaged on a particular task is subject to an independent check in the course of another's duties.

## **2. FINANCIAL PLANNING**

The **Treasurer** shall submit an estimated revenue and capital budget to the **Board of Directors** for such future period(s) and by such dates as the Board require.

The **Treasurer** and **Project Manager** shall recommend to the Board of Directors the levels of authorised income and expenditure for the forthcoming financial year.

Each member of the **Board of Directors** shall receive a copy of the proposed estimated levels of capital/revenue and income/expenditure.

## **3. BUDGETARY CONTROL**

The staff of the company/charity shall have authority to incur expenditure approved by the **Project Manager** in the annual capital and revenue budgets up to the levels specified and in accordance with the Appendix 1 to the financial regulations.

Members of staff may not incur expenditure over the specified levels without the prior approval of the **Treasurer**

The **Treasurer** and **Project Manager** may transfer expenditure between budget headings up to a value of £1000 subject to the action being reported to the **Funding Sub Committee**.

In the event of an emergency when prior authorisation cannot be sought from the **Treasurer**, the Project Manager may incur expenditure as he/she sees fits, subject to his/her action being reported to the **Funding Committee** at the next meeting.

Management accounts shall be produced:

- 3.5.1 **quarterly** for the **Board** within **six weeks** of the quarter end, for which a report shall be prepared for all variances over 5% and/or £1000, whichever should be the lower between budgeted income and expenditure and actual income and expenditure.
- 3.6 Annual accounts will be prepared within **three months** of the financial year-end and audited statutory accounts produced where necessary within **six months** of the year-end.
- 3.7 A member of staff proposing a policy change, or variation in existing policy, that will have financial consequences, shall report those consequences to the **Chair**.

#### **4. ACCOUNTS**

- 4.1 MEaP's financial year is from 1<sup>st</sup> July to 30<sup>th</sup> June.
- 4.2 The accounts shall be kept in such a way that:
  - 4.2.1 Statutory Requirements are met:
  - 4.2.2 Final accounts are produced in the recommended form:
  - 4.2.3 The appropriate information for financial control is available.
- 4.3 The **Treasurer** is responsible for the preparation of annual and management accounts and for the accounting systems and shall liaise with MEaP staff having control of other necessary information.

#### **5. BUDGETS**

- 5.1 The capital and revenue budgets shall be produced in the format determined by **Treasurer**.

5.2 The **Project Manager** shall, in consultation with the **Treasurer**, prepare an annual revenue and capital budget incorporating all income and expenditure.

5.3 MEaP staff must comply 3.1 to 3.3 and Financial Regulation 1.

## **6. INCOME**

6.1 The **Chair** shall be notified promptly of all monies due to the charity.

6.2 All income received by post shall be recorded in a post book and each page initialled by the person making the entry.

6.3 All income received by post and other cash transaction shall be banked by Friday of that week. No deduction may be made from such income unless specifically authorised by the **Project Manager or Treasurer**.

6.4 Where cash is received, a confirmation of receipt must be given to the **payer** and a copy retained for the files.

6.5 Copy receipts shall be kept in sequential order by the Treasurer.

6.6 The company/charity is to be safeguarded against loss of income by:

6.6.1 prompt claiming of all grants/funding, subsidies and allowances. The claiming of such monies is the responsibility of the **Project Manager**.

6.6.2 prompt action against all debtors (except where otherwise approved by the **Treasurer**).

6.6.3 comprehensive accounting procedures and internal controls for all income sources.

6.7 Personal cheques will not be cashed nor will IOUs be accepted out of monies held on behalf of the company/charity. Cash advances for charity expenses should be carried out in accordance with petty Cash Procedures.

6.8 All receipt books or forms etc shall be ordered, supplied and recorded by the **Treasurer**.

- 6.9 Outstanding amounts shall only be written off on the authority of the **Treasurer**.

## **7 ORDERS**

- 7.1 All work, goods and services shall be ordered on a **Payment Request Form**. The only exceptions are for periodic payments such as rent and rates, petty cash payments and other payments as specified in Appendix 3.
- 7.2 Shall be authorised as in appendix 2. All orders shall be signed by the member of staff raising the order.
- 7.3 Orders shall be matched to invoices when received and a copy of the order shall be attached to the invoice when it is passed for payment. The remaining copy shall be filed in sequential order in the originating section.

## **8 QUOTATION AND TENDERS**

- 8.1 Except in cases where there is only one possible supplier, three written quotations shall be obtained for goods, services and supplies for a value of £3,000 or over.
- 8.2 The **Treasurer** shall decide which suppliers shall be asked to provide quotations.
- 8.3 The **Treasurer** shall maintain a record of quotations.

## **9 APPROVED CONSULTANTS, CONTRACTORS AND SESSIONAL STAFF**

- 9.1 List of consultants, contractors and sessional staff shall be presented to the **Chair/Treasurer** by the **Project Manager**, for approval annually. Amendments to the list may be approved by the **Chair** during the year.
- 9.2 Only approved consultants contractors and sessional staff shall be used, unless otherwise authorised by the **Chair**.

## **10. PAYMENTS**

- 10.1 MEaP shall maintain a petty Cash System based on the imprest method. The

**Treasurer** shall determine the float level to be held.

- 10.2 The Petty Cash float shall be reimbursed only when Petty Cash Reconciliation Sheet has been prepared for approval by the **Project Manager**.
- 10.3 The imprest accounts shall be reconciled monthly by the **Finance and Admin Officer**
- 10.4 Payments from the imprest account should be kept to a minimum and should not exceed £60 for any one payment.
- 10.5 Other payments will be made by cheque against invoices or certified by the appropriate member of staff (in accordance to Appendix 2 hereto)
  - 10.5.1 receipt of the goods/services on satisfactory terms and conditions or
  - 10.5.2 acknowledgement that advance payments have been agreed by the Project Manager
  - 10.5.3 compliance with the Financial Regulations
  - 10.5.4 the accuracy of the account and that it does not duplicate a previously certified amount
  - 10.5.5 the expense can be met from within that section of the budget determined as being the responsibility of the **Project Manager**
  - 10.5.6 the classification of expenditure is correct
  - 10.5.7 the prices, calculations and discounts are correct
- 10.6 All invoices shall be recorded promptly in the purchase day book. The **Project Manager** shall monitor unpaid invoices at least monthly and shall ensure that she/he provide explanations for unpaid accounts over one month old.
- 10.7 Payment will not be made against photocopied invoices in circumstances where credit arrangements are available then 10.8 applies.



- 10.8 Payment must be made against an official **Payment Request Form** certified by the appropriate member of staff. Regulations 10.5 and 10.8 apply equally to cheque request payment. Such payment should be kept to a minimum with payment from invoices made wherever possible. Documentary evidence, such as pro-forma invoice, or written confirmation from either the **Treasurer** or **Project Manager** supporting the payment, and should be attached to the Payment Request Form possible.
- 10.8.1 The signed form together with the outgoing correspondence duly signed plus any relevant fee note, bill invoice should be retained on file.
- 10.8.2 The Signatory will verify the cheque against the accompany documents and may raise any query as necessary.
- 10.8.3 Cheques should be completed, then signed by TWO authorised signatories.
- 10.8.4 Cheque request form should be initialled by the authorised signatory in the box marked "AUTHORISED"
- 10.8.5 The cheque request form should be retained on file.
- 10.8.6 Should an authorised signatory request a cheque, they will not be permitted to (i) authorise own cheque/request form (ii) sign own cheque unless authorised by the Treasurer or alternative director if no other signatory is available.
- 10.9 All payment for personal expenses to members of staff and volunteers, whether from petty cash or cheque, shall be authorised by **Project Manager**. Payments to **Board** members shall be authorised by the **Treasurer**.
- 10.10 Uncrossed cheques shall not be issued.

## **11. BANKING AND AUTHORISATION OF CHEQUES, STANDING ORDERS, DIRECT DEBITS ETC**

- 11.1 Accounts shall be maintained in the name of Grace Incorporation Faith Trust (MEaP) with a bank approved by the **Board of Directors**. All opening and closing of accounts shall be with the approval of the **Treasurer Group**. The **Treasurer** is responsible for arrangements made by the company/charity Bankers.
- 11.2 The balance of MEaP's bank accounts and in the books of account shall be reconciled at least monthly by the **Finance and Admin Officer** and **Treasurer**.
- 11.3 Cheques, standing orders and direct debits shall be signed by the signatories authorised by the **Board of Directors** (see Appendix 3)

## **12. SALARIES AND WAGES**

- 12.1 Salaries paid to staff shall be on the basis of the appointment, resignation, dismissal and other changes as agreed by the **Organisational Development Sub Group**. All changes in pay scales, grading or the other matters, which affect remuneration, shall be put before the **Treasurer Committee** for approval.
- 12.2 Wages, fees and/or emoluments paid to sessional staff are to be supported by time sheets duly signed and authorised by **Project Manager**.
- 12.3 Changes in wages, fees and/or other emoluments to sessional staff will be authorised by the **Chair** as the **Board of Director's** authority to implement changes in the payroll.
- 12.4 Expenses paid to volunteers are to be supported by time sheets duly signed and authorised.

### **13. INSURANCES**

- 13.1 The **Chair** shall review annually all insurances of the company/charity.
- 13.2 The **Policies Sub Group** shall affect all insurance cover.

### **14. INVESTMENT AND BORROWING**

- 14.1 All investments shall be made in the name of MEaP.
- 14.2 All monies shall be invested by the **Treasurer Group** in accordance with policies agreed by the **Board of Directors**.
- 14.3 All borrowing shall be in the name of MEaP as agreed by the **Board of Directors**.
- 14.4 The **Chair** shall maintain records of all borrowing.
- 14.5 All borrowing shall be in accordance with policies agreed by **Board of Directors**.

### **15. SECURITY AND SAFETY**

- 15.1.1 The **Project Manager** is responsible for maintaining an inventory and ensuring for the proper security of buildings, stocks, furniture, equipment, cash all other fixed assets owned by, hired or leased by, loaned to or otherwise under the control of MEaP. He/she shall consult the **Chair** where it is considered that

special security arrangements may be required.

- 15.2 It is the responsibility of the **Chair/Project Manager** to ensure that all requirements of the Data Protection Act are complied with that those requirements are brought to the attention of all users of the computer installation.

## **Appendix 1**

### **Petty Cash Policy**

#### **Policy Statement**

- MEaP Finance and Admin Officer is to maintain a petty cash fund
- The petty cash fund is a cash advance issued to the Treasurer, who is the Custodian of the fund
- The Custodian is responsible for the security of the fund and the control of disbursements made from the fund
- The amount of the fund and a maximum expenditure, which can be paid with petty cash, is determined based on operational needs
- The **Treasurer** decides who can authorise petty cash payments

#### **Purpose**

- Petty cash can be used to make small purchases or reimbursements, in cash, for small, incidental MEaP expenses such as stamps, supplies, copying, etc., especially when immediate payment is required.
- Petty cash should be used only when absolutely necessary.

#### **Nature and Use of Petty Cash Funds**

- Petty cash funds will operate as Imprest funds - the total of vouchers (with receipts) plus cash available must equal the petty cash fund amount
- Personal expenditures or borrowings, in any amount, by the Custodian or MEaP members are not authorised uses of the fund
- Petty cash advances must not be used to make change or to cash cheques

#### **Establishing a Petty Cash Fund**

- Requests to establish a petty cash fund (or increase an existing petty cash fund) should be submitted, in writing, to the MEaP Treasurer for the MEaP Board's approval.
- The request should include the following information and recommendations for MEaP Board approval:

- The reason and justification for the fund
- The pound amount of the fund
- The maximum expenditure that can be paid with petty cash
- The Custodian of the fund
- Who may authorise petty cash payments
- How & where (location) the fund will be secured
- Once the MEaP Board approves the creation of the petty cash fund, the MEaP Treasurer, using MEaP's funds, writes a cheque to the petty cash custodian to establish the fund. Example: if Mary Smith is the Section Treasurer, the cheque is payable to Mary Smith, Petty Cash Custodian

### **Petty Cash Custodian Responsibility**

- Cashes the petty cash cheque
- Safekeeping of the monies
  - The petty cash monies should be kept in a locked box, drawer, filing cabinet or safe to which there is limited and controlled access
  - Funds should not be left unattended or unsecured at any time
  - Only the custodian should have access to the cash
  - When disbursements are not made frequently, the Custodian should cheque the petty cash fund regularly to ascertain that no theft has taken place
- Monitors the use and replenishment of petty cash
- Ensures that the fund is used to cover only those expense reimbursements or advances for which it is not feasible to use normal purchasing methods
- Ensures that the fund is used for legitimate Section purposes
- Performs reconciliation of the fund on a regular basis, typically monthly. This is provided to the MEaP Treasurer on the Petty Cash Reconciliation Statement.
- Report immediately any theft or loss from the petty cash fund to the and the Treasurer

### **Reimbursement of Petty Cash Expenditures**

- This is the preferable method of petty cash payment
- The Custodian obtains proof of purchase (receipts, etc) from the Purchaser

- The Purchaser completes a Petty Cash Voucher, detailing the nature and reason for the expenditure
- A person authorised to approve petty cash payments signs the voucher
- The Custodian reimburses the Purchaser for the expenditure

### **Petty Cash Advances**

- This method should be seldom used, as it requires more tracking and requires the Purchaser to connect with the Custodian twice rather than once
- Petty cash advances may be allowed with the stipulation that the Purchaser returns with a receipt and change
- The Purchaser completes a Petty Cash Voucher for a cash advance
- A person authorised to approve petty cash payments signs the voucher
- When the purchase is done, the Purchaser completes an accurate voucher for the final purchase amount, attaches the receipt, and returns the change to the Custodian.

### **Replenishment of Petty Cash Fund**

- The fund should be replenished when the money on hand is adequate for the needs over the next 30 days, or on a regular basis, typically monthly but at least quarterly
- The Custodian completes a Petty Cash Reconciliation Statement
  - Vouchers are assigned to appropriate categories (e.g., postage, office supplies, etc.) and added up for a category total
  - Category totals are entered on the Petty Cash Reconciliation Statement and the total expenditure is calculated
  - The total of the receipts (expenditures) plus the cash available must equal the petty cash fund amount in order to prove that all money is accounted for
- The completed Petty Cash Reconciliation Statement and the vouchers with attached receipts are sent to the MEaP Treasurer
- When the MEaP Treasurer assures that the account is balanced, the petty cash vouchers (with receipts) are stapled to the Petty Cash Reconciliation Statement
- The Petty Cash Reconciliation Statement is sent to the Finance and Admin

Officer, along with the Deposit and Payment Vouchers. The Bookkeeper writes a cheque payable to the Petty Cash Custodian, for the exact amount of the vouchers (with receipts), bringing the fund back to its original balance

### **Losses**

- Theft and any other losses of petty cash are the responsibility of the Finance and Admin Officer
- **Overages and Shortages**
- Over/short amounts normally do not occur in petty cash funds
- If this should occur the Petty Cash Custodian should:
  - Verify that all receipts have been turned in
  - Ensure that the amount expended for a Petty Cash Voucher and its accompanying receipt(s) hasn't been counted as two expenditures, instead of one.
  - Ensure that each disbursement has a supporting receipt
- If the fund finally cannot be reconciled the Petty Cash Custodian must provide as an attachment to the Petty Cash Reconciliation Statement a full explanation for the overage or shortage

### **Closing Petty Cash Funds**

- The Custodian reconciles the petty cash fund
- The Petty Cash Reconciliation Statement, vouchers with receipts and the remaining cash is turned over to the Treasurer
- The cash will be deposited in the MEaP bank account

### **Change of Custodian**

- When the Custodian/ Treasurer changes the petty cash fund should be reconciled and closed
- A new petty cash fund will be created with a petty cash cheque issued in the name of the new Treasurer

Appendix 2

MEaP

LEVELS OF AUTHORITY

	ORDER/ COMMITTEE	AUTHORISATION
1.0	<b>STAFF</b>	
1.1	<b>STAFFING</b>	
	Establishment	Ch BOARD
	Salary Structure	Ch BOARD
	Policy	Ch BOARD
	Payroll and Bank Giro	Ch TREASURER
1.2	<b>APPOINTMENT OF STAFF</b>	
	Chief Executive	BOARD BOARD
	All other staff	Ch BOARD
1.3	<b>VARIATION IN TERMS &amp; CONDITIONS OF EMPLOYMENT</b>	
	All variations	Ch BOARD
1.4	<b>EXPENSE CLAIMS</b>	
	Board	Proj Man TREASURER
	Budget Holders	Proj Man Ch
	All other staff	Proj Man Proj Man
1.5	<b>LEAVE APPLICATION</b>	
	ALL STAFF	Proj Man Proj Man
1.6	<b>TRAINING AND CONFERENCES</b>	
	Up to £150 per course	Proj Man BOARD
	£151 or more	Ch BOARD



	<b>ORDER/ COMMITTEE</b>	<b>AUTHORISATION</b>
<b>2.0 OFFICE COSTS</b>		
<b>2.1 OFFICE RUNNING COSTS (inc. repairs and maintenance)</b>		
Up to £500	Proj Man	Ch
Over £500	Ch	TREASURER
<b>2.2 OFFICE EQUIPMENT REPAIRS &amp; SERVICE CONTRACT</b>		
Up to £500	Proj Man	Ch
Over £500	Ch	TREASURER
<b>2.3 OFFICE EQUIPMENT &amp; FURNITURE</b>		
Up to £500	Proj Man	Ch
Over £500	Ch	TREASURER
<b>2.4 RENTAL REVIEW ON OFFICE PREMISES</b>		
	Ch	BOARD
<b>2.5 DECISIONS TO LEASE OR PURCHASE OFFICE PREMISES</b>		
	Ch	BOARD OF DIRECTORS
<b>2.6 IMPROVEMENTS TO OFFICE PREMISES</b>		
	Proj Man	BOARD OF DIRECTORS
<b>3.0 MISCELLANEOUS</b>		
<b>3.1 STATIONERY</b>		
Up to £250	Proj Man	Proj Man
£250-£500	Proj Man	Ch

	<b>ORDER/ COMMITTEE</b>	<b>AUTHORISATION</b>
<b>3.2</b>		
	<b>CLEANING EQUIPMENT &amp; MATERIALS</b>	
	Up to £250	Proj Man
	£251 and over	Proj Man
<b>3.3</b>		
	<b>LEGAL AND PROFESSIONAL COSTS</b>	
		Ch
		TREASURER
<b>3.4</b>		
	<b>AUDIT FEES</b>	
		Ch
		TREASURER
<b>3.5</b>		
	<b>OTHER MISC COSTS</b>	
	All costs	Proj Man
		Ch
<b>4.0</b>		
	<b>CONTRACTED CONSULTANTS</b>	
	List of consultations	Proj Man
	Selection from list	Ch
	Letter of appointment	Proj Man
	Fees	Ch
		TREASURER

**Ch = Chair**

**Proj Man = Project Manager**

**TREASURER**

**BOARD**

## APPENDIX 3

### AUTHORISED SIGNATORIES

Note: A copy of this page must be attached to any fresh Bank Mandate which may, from time to time, be authorised by the **Board of Directors**.

- Chair (being a member of the **Board of Directors**)
- Treasurer (being a member of the **Board of Directors**)
- MEaP Director (being a member of the **Board of Directors**)
- MEaP Director (being a member of the **Board of Directors**)

### CHEQUE SIGNING LIMITS

Up to £500    Two of the above

Over £500    Two of the above, provided that one signatory is the **Treasurer**

## Appendix 4

### PURCHASES ORDERS EXEMPTION LIST

1. Rent
2. Rates
3. Utilities
4. Ongoing Standing Orders/Direct Debits
5. Regular Sessional Workers (for ad-hoc consultancy and freelance work e.g. artwork and photography, the purchase order system still applies)
6. Items on Account e.g. Taxi Account
7. Petty Cash payments (except where cash payments are made against invoice, where a purchase order still applies, unless items falls in above)



**MEaP**

c/o Brow House, 1 Mabfield Road

Manchester

M14 6LP

Email: [info@meap.org.uk](mailto:info@meap.org.uk)

***Date***

***Received with thanks***

***the sum of:***

***Reference No***



**MEaP**

c/o Brow House, 1 Mabfield Road

Manchester

M14 6LP

Email: [info@meap.org.uk](mailto:info@meap.org.uk)

**Date**

**Invoice Reference No**

---

**INVOICE**

---

***Charges in connection with***

**Amount    VAT**

---

**Total Amount Due**

# CHEQUE RECEIPT FORM

## Payment Details

Receipt Date

Amount

Payment Submitted By

## Cheque Details

Cheque Date

Cheque No

Payee

Bank

Sort Code

 -  - 

Account No

Roll No

Account Name

## Administration Use Only

Paid In By

Date

Reference

Short Comments



PAYMENT REQUEST FORM

DATE: [D] [M] [Y] with input boxes for digits

PAYEE (no more than 25 characters)

25-character input grid for payee name

AMOUNT and AMOUNT IN WORDS input fields

REFERENCE:

25-character input grid for reference

DESCRIPTION:

4-line input grid for description

REIMBURSEMENT REQUIRED

Input box for reimbursement required

REQUESTED BY:

Input box for requested by

AUTHORISED (1)

Input box for authorised (1)

AUTHORISED (2)

Input box for authorised (2)

ADMINISTRATION USE ONLY

DATE PROCESSED:

Input box for date processed

CHEQUE NUMBER:

10-digit input grid for cheque number



PROCESSED BY:

Signed and Dated \_\_\_\_\_ Review Date: March 2020