

FINANCIAL MANAGEMENT AND INTERNAL CONTROL PROCEDURES

These mandatory procedures, laid down by the Board of Healthwatch Bucks, must be adhered to by all staff, volunteers and directors. Any exceptions or amendments to these procedures must be agreed by the Finance and Funding Committee before seeking Board authorisation.

The purpose

These procedures are intended to ensure good Governance of the organisation.

The Board will be able to ensure and demonstrate to funders (including creditors), members, and Companies House that the assets of Healthwatch Bucks are properly controlled and managed.

Directors, staff and volunteers will not be put in a position where they could misuse funds.

The relationship between the Board, staff and volunteers in financial matters and their respective roles will be defined.

Financial decisions and their implementation will be based on the procedures defined in this document.

Accounting regulations, standards and legal requirements will be complied with.

Responsibilities

The assets of Healthwatch Bucks are held to achieve the objects for which Healthwatch Bucks is established. Ultimate responsibility for the management of Healthwatch Bucks rests with the directors

The Board (Directors)

- Approves all financial management and control policies and procedures including the terms of reference for the Finance and Funding Committee.
- Approves an annual budget
- Monitors financial outcomes
- Determines policies for loans and investments and for borrowing money
- Approves general arrangements for insurance and risk management
- Approves the annual audited accounts for forwarding to the Annual General Meeting

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- Appoints the Chief Executive
- Approves re-grading of posts, new posts and changes to the staff establishment, with ultimate responsibility for all employment matters
- Approves all company bank accounts and bank mandate signatories
- Approves significant items of capital expenditure.

The Chief Executive

- Is accountable to the Board for the financial activities of Healthwatch Bucks
- Ensures that accurate and timely financial information is presented to the Finance and Funding Committee and the Board
- Directs and coordinates financial strategies and plans, linking these to the annual business plan
- Ensures that the financial policies and procedures approved by the Board are implemented
- Formulates the annual budget for consideration by the Finance Committee and approval by the Board
- Monitors financial outcomes against budgets regularly (on at least a quarterly basis).

The Head of Resources (CIB)

- Attends and advises meetings of the Finance and Funding Committee
- Ensures that timely financial information is presented to the Chief Executive, Finance and Funding Committee, and to the Board
- Advises the Chief Executive and Finance and Funding Committee on all finance management policies, procedures and systems and ensures their day-to-day operation
- With the Chief Executive, formulates the annual budget for the charity for consideration by the Finance and Funding Committee and the Board
- With the Chief Executive, monitors financial outcomes against budgets (on at least a quarterly basis)

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- Plans, monitors and reports on cash flow and, specifically, brings to the attention of the Chief Executive and the Finance and Funding Committee the cash flow and reserves in the company bank accounts if analysis indicates that they will fall below the level necessary to comply with the Reserves Policy and legal obligations
- Liaises with the auditor and provides all information and documentation necessary for the audit of the annual accounts
- Acts upon written instructions from the Board or Chief Executive to invoice or make payment as required.

All staff

- Before committing Healthwatch Bucks to any expenditure for goods or services or to any financial liability, all members of staff are to satisfy themselves that they have the necessary authority. A breach of these financial policies and procedures will be considered to be serious misconduct and may lead to disciplinary action.

Budget timetable and reports

Budget timetable

The annual budget, having firstly been presented by the Chief Executive for review by the Finance and Funding Committee, will be approved by the Board prior to the start of the Finance Year. The Chief Executive will ensure that the Board has adequate time to consider the budget prior to its approval.

Reports to Directors

The Finance and Funding Committee will provide quarterly financial reports to the Board showing the financial position against budget, and explaining key variances.

Financial decision-making

Regular expenditure

Authorisation of regular expenditure (eg travel, subscription renewals, regular purchases such as utility and services costs) which are not subject to the preparation of a purchase order (i.e. purchase value under £100), is the responsibility of the Chief Executive.

Regular expenditure on contracts

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Where Healthwatch Bucks has entered into a contract with a support provider or supplier (e.g. for ICT support), or has a longer-term relationship with a specific service provider that can be construed as an unwritten contract (e.g. a design studio or printer), such a contract has to be reviewed on an annual basis to ensure that it remains cost-effective and competitive, and that the relationship remains sound. This review would include at least two other comparative quotes when the contract value is £3,000 or above (in accordance with the Purchasing Policy).

Unforeseen expenditure

Any unforeseen / unbudgeted expenditure must be approved by the Chief Executive. Where the amount exceeds £3,000 approval is required from the Chair.

Authorisation

Capital expenditure

Capital expenditure is the purchase of an asset (for example, office equipment, block purchase of furniture, vehicles or premises) which has a life of more than 12 months, a value of over £1,000 and is identifiable. Capital expenditure

- between £1,000 and £2,999 must be authorised by the Chief Executive,
- and
- £3,000 and over must be authorised by the Board.

A thorough justification for the purchase of capital goods and, if needed, their installation is required and should include cost-benefit and risk analyses as appropriate. More than one quote should be made available for discussion and the preferred supplier indicated with a motivation for the choice. If the item is within the agreed budget for the project / service this must be indicated.

Purchase orders and authorisation of expenditure

All orders for goods and services must be made in accordance with the Purchasing Policy.

Payroll/salary changes and changes in terms and conditions of service

There should be no changes at all in salaries, fees and terms and conditions of service with financial implications without the written authorisation of the Chief Executive and the approval of the Board.

Any new posts, re-grading of posts or other changes to the staff establishment should be approved by the Chief Executive and Board.

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The Head of Resources must have clear, written instructions from the Chief Executive, or Chairman of the Board before implementing such changes.

Expenses - travel, accommodation subsistence etc

All staff, volunteer and director claims for travel, accommodation, meals and other expenses must be authorised in accordance with the Expenses Policy

Miscellaneous procedures

Invoicing

All outgoing invoices must be prepared and issued by the Head of Resources or as he delegates

Insurance policies

The Finance and Funding Committee must approve the general arrangements for insurance. These should be co-ordinated centrally by the Head of Resources.

Netting off

Netting off occurs when expenditure is deducted from related income before the balance is passed for banking by the finance department or before the end of year accounts are produced. This should only be done in exceptional circumstances approved in writing by the Chief Executive.

Bank accounts, electronic banking and cheque signatories

All company bank accounts and bank mandates (including signatory arrangements) must be agreed by the Finance and Funding Committee and approved by the Board. Cheques shall be signed by one signatories as follows

£0.01 -£1000 the Head of Resources

£1001 and over, one director

Cheque signatories must not sign cheques if they are the payee.

Where payment is to be made by electronic means this must accord to the arrangements covered in Appendix 1 of this document

Bank reconciliation

All bank accounts will be reconciled monthly. The Chief Executive, shall review and countersign the monthly bank reconciliation.

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Depreciation

Depreciation of capital expenditure should be set at a level of three years for computer hardware, vehicles and equipment, (i.e. 33.3% straight line) and five years for office furniture. (i.e. 20% straight line).

Post opening

All incoming post shall be opened at the earliest opportunity. Cheques that are not made out in Healthwatch Bucks name must be returned to sender by return post.

Petty cash

The Head of Resources will oversee arrangements for petty cash by following an imprest system and ensuring that it is reconciled on a monthly basis. The maximum transaction value for petty cash shall be £100, with a maximum float of £500.

Reserves policy

Healthwatch Bucks Reserves policy is to hold sufficient reserve funds to meet reasonable estimates of its: (a) contractual commitments for premises, (b) contractual commitments for redundancy and pension payments, (c) likely cash flow requirements for a 2 to 3 month period and (d) any other significant contractual liabilities and commitments.

The Chief Executive, will be responsible for reviewing the level of reserve funds on an annual basis, and making a recommendation to the Board on the reasonable level of reserve funds that should be maintained. In the light of the recommendation the Board will decide on the level of reserve funds.

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Appendix 1 – Electronic Banking

Lloyds Link

The Lloyds system allows delegated access and dual authority. Designated members of staff can input payment data (but not release the payments) and obtain information re balances, cleared items etc.

Those authorised to sign cheques on the bank accounts can authorise payments as follows:

£1-£1000 the Head of Resources / Chief Executive CIB *

£1001- and greater any one of the directors so authorised*

* Where the system allows one person to release payments they will only do so if another suitably authorised person has seen the relevant invoices or supporting documentation and agreed that the payment may be released by signing the payment authorisation form.

The Head of Resources will act as the administrator for the Lloyds Link system