



Finance & Procurement Policy

1. ABOUT THIS POLICY

- 1.1 This policy deals with the financial systems and controls used by Community Action Isle of Wight (CAIW) and how they are related to other areas and activities of the organisation.
- 1.2 This policy applies to all Trustees, employees, workers and volunteers of Community Action Isle of Wight.
- 1.3 This policy does not form part of any employee's contract of employment and we may amend it at any time. However, minor amendments require the authorisation of the Chief Executive Officer and significant changes require the authorisation of the Board of Trustees.
- 1.4 Failure to follow these procedures may lead to disciplinary action which could result in dismissal.

2. ORDERING SUPPLIES & SERVICES

- 2.1 All staff should be aware that expenditure is committed when an order is placed on behalf of CAIW, not when the relevant cheque is requested. All purchases must be in accordance with CAIW's Procurement procedure, set out below. It is important that all orders are validly placed and are within agreed budgets and delegated powers.
- 2.2 Budget holders can place orders for goods or services within their budget areas, subject to cash-flow restraints and authorisation levels.
- 2.3 The use of suppliers will be regularly monitored and reviewed.
- 2.4 For goods/work with an estimated value above £5,000 at least 2 written quotes shall be sought.
- 2.5 Whenever possible purchase orders should be completed and given to the finance team along with an internal department number for the cost to be allocated to. For purchases above £1,000 a purchase number is required. Suppliers are to be requested to produce invoices quoting a valid CAIW purchase order number. If payment is needed on or before delivery or no credit is given, a "pro-forma" invoice must be provided.



- 2.6 It is preferred that items are purchased on account by employees. If an immediate payment is required, a BACS transfer should be used. In exceptional cases a credit/debit card can be used.

3. PAYMENT OF INVOICES & AUTHORISATION

- 3.1 On receipt of invoices from suppliers they are passed to budget holders for checking details, including authorisation form, pricing, conformity with the order placed, that the goods have been received and any problems followed up, they are then entered into the accounting software.
- 3.2 The Finance Team must be advised if there is any problem relating to the invoice, including unsatisfactory delivery of the goods or services.
- 3.3 Once the invoices have been authorised as above, suppliers will be paid within the appropriate time scales as per their terms and conditions, set up on the accounting system, unless there are exceptional cash-flow difficulties or specific supplier arrangements.
- 3.4 Payment details (cheque/BACS) to be inputted on to the accounting system at the point of payment to the supplier.
- 3.5 All direct debits will be input from the bank statement monthly.
- 3.6 All BACS payments will require two people to be involved in the setting up/authorising there of.

4. PERSONAL GIFTS

- 4.1 Your working relationships may bring you into contact with outside organisations where it is normal business practice or social convention to offer hospitality, and sometimes gifts. Offers of this kind to you or your family can place you in a difficult position.
- 4.2 Therefore no employee or any member of his or her immediate family should accept from a supplier, customer or other person doing business with CAIW, personal payments of money under any circumstances, or special considerations, such as discounts or gifts of materials, equipment, services, facilities or anything else of value.



5. CHEQUE WRITING & SIGNING

- 5.1 When used, all cheques require two signatories. Signatories will only be drawn from senior staff and Trustees, and any new signatory must be approved by the Board of Trustees before the bank is notified.
- 5.2 Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque.
- 5.3 Signatories must never sign cheques which are payable to themselves, or blank cheques.
- 5.4 Cheques will be produced manually and be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.
- 5.5 The encashment of cheques for cash purposes will be limited to £500. Exceptional events requiring additional cash must be authorised by the Chief Executive Officer.
- 5.6 Signatory levels for payments and cheques are as follows:
 - (a) £2,000 inclusive – Chief Executive Office or Bank signatories plus one Trustee.
 - (b) £2,001 - £10,000 – Chief Executive Officer or a Trustee.
 - (c) Above £10,001 – Two Trustees only.

6. HANDLING CASH

- 5.1 Our policy is to use cash as little as possible to purchase items. Where a department does have the need to have a petty cash float, this is set at a level of £200 and reviewed quarterly.
- 5.2 Cash will be kept in a locked draw or safe.

7. INCOME GENERATION

- 7.1 The majority of income generated by CAIW is from Service Level Agreements (SLAs), donations, sponsorship, scheme memberships (e.g. Optio car service) room hire and services.
- 7.2 Standard accounting procedures will be adopted for recording and receipting all income.



8. TREATMENT OF INCOME

- 8.1 All incoming payments will be allocated to the relevant internal department by the finance team.
- 8.2 Customer invoices will be issued for every sale as soon as practical.
- 8.3 For grant funding, a Request for Payment will be sent in lieu of an invoice.
- 8.4 All cheques/cash received in the post will be recorded in the cheque/cash received book before banking

9. BANK ACCOUNT

- 8.1 CAIW's bankers are: Natwest, St James Square, Newport.
- 8.2 A transfer arrangement between current and deposit accounts is operated. These arrangements are subject to review, in the light of what is most advantageous in terms of income, cash flow and interest payments. Any changes must be authorised by the Chief Executive.
- 8.3 On receipt of cheques, these are date stamped on the reverse. All income will be paid into the current account as soon as possible, not less than once a week.
- 8.4 The Board of Trustees must approve all bank accounts and their signatories.
- 8.5 Monthly reconciliation will be undertaken by the finance team.
- 8.6 Daily management of the deposit accounts may be extended to longer term deposits based on Treasury rates in order to maximise income potential. These will be monitored by the Chief Executive.
- 8.7 A business credit/debit card is available for use when suppliers will only accept a card payment. The control of this card is subject to the same conditions for purchasing other goods and services and will be kept in the safe whilst not in use. This is not to be used in lieu of normal payment processing.

10. ACCOUNTING RECORDS

- 10.1 Proper accounting records will be maintained. The accounts system is currently based around computer software (Sage and Excel), but manual/paper records



will be used if appropriate. CAIW will ensure that paper records storage is kept to the absolute legal minimum to comply with the Environment Policy.

- 10.2 As a minimum, the following records will be kept:
- (a) Appropriate control accounts (i.e. Bank and petty cash control)
 - (b) Salary records
 - (c) Monthly trial balances
- 10.3 Creditors and debtors control accounts will be reconciled at least quarterly.
- 10.4 All income/expenditure information will be recorded weekly. All corrections and adjustments will be picked up in monthly reconciliations.
- 10.5 Purchase ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash cheque stubs etc. will be retained for audit and for statutory purposes thereafter.
- 10.6 All fixed assets costing more than £1,000 (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 number where applicable, description and in due course of disposal.

11. BUDGET SETTING

- 11.1 Annual income and expenditure budgets will be prepared in time for final approval by the Board of Trustees before the start of the financial year under consideration.
- 11.2 The organisational Budget is set by the Chief Executive and approved by the Board.
- 11.3 The approved budget will be used to inform the quarterly Chief Executive Officer reports to the Board.

12. CAPITAL EXPENDITURE

- 11.1 Capital expenditure is the purchase of an asset, which has a life of more than twelve months and a value of more than £1000. All capital expenditure must



be authorised in advance by the Chief Executive and is subject to the same authorisation and signatory procedures as for revenue expenditure.

13. FULL COST RECOVERY & MANAGEMENT FEES

12.1 Provision should be made in budgets and grant applications for projects and restricted funds for management fees to cover the costs incurred by CAIW on central management of the project or fund. The level of fees is a matter of circumstance and negotiation but should normally be set at an appropriate level to ensure full cost recovery.

14. INSURANCE

14.1 CAIW will maintain adequate insurance cover for its needs, and this will be reviewed by the CEO on an annual basis, or when there is a major change in circumstance requiring a change.

15. INVESTMENTS

15.1 The Charity does not normally hold financial investments excepting those held through its nominated Bank providers, i.e. Bank deposit accounts, Treasury Deposits, Bank Fixed Bonds.

15.2 The exception to this is where the charity is investing in a trading subsidiary which it owns and this would be undertaken on an interest paying loan basis.

16. PROCUREMENT PROCEDURE

16.1 The procurement process is required to ensure Community Action Isle of Wight awards contracts for services with integrity and fairness. The process must also be conducted with sufficient openness to engender public confidence in our procurement processes generally.

16.2 The Chief Executive Officer will be responsible for providing the Company Treasurer/Secretary with procurement evidence to enable an internal review of processes to be completed.

16.3 For contracts with an estimated value of over £25,000, at least three written quotations from bona fide suppliers shall be sought.

16.4 For contracts with an estimated value of between £5,000 and £25,000, at least two written quotations from bona fide suppliers shall be sought.



16.5 For contracts below £5,000, no formal competition is strictly required. However, it will often be appropriate to obtain more than 1 quotation in order to demonstrate best value.

17. ASSESSMENT OF TENDERS

17.1 Assessment of tenders will take into account the following factors:

- (a) Degree to which specified outcomes and outputs will be delivered
- (b) Track record of successful delivery of similar area of development
- (c) Value for money
- (d) Robustness of proposed methodology
- (e) Sustainability of supplier

17.2 For tenders with an estimated value of over £5,000 tenders will be considered by a minimum of two CAIW officers (one of whom must be the Chief Executive Officer)

17.3 For tenders with an estimated value below £5,000, tenders will be considered by a minimum of one CAIW officer but this must be the Chief Executive Officer or a senior manager.

18. ALTERNATIVES TO PROCUREMENT

18.1 It is recognized that there may be occasions where a CAIW member of staff is required to follow an alternative approach, for example, certain grants may require subcontracting to follow a certain approach, or there may be a need for a negotiated service specification or contract.

18.2 Whenever a member of CAIW staff is required to follow a different process a copy of this process must be submitted to the Chief Executive Officer for approval.