

# The Chesterfield Canal Trust

## Financial Control Policy

### Budgetary Control

#### Annual budget process

All Section Heads will be asked to submit a budget forecast to the Treasurer by 30th June for the year beginning October 1st. Proforma budget sheets will be issued by the Treasurer for completion. These will be considered at the Trustees' July meeting, having initially been discussed between Section Heads and the Treasurer, where necessary.

An approved budget, agreed by the Trustees, will be returned to each Section Leader, and this will regulate spending for the section for the year ahead. A rejected budget will be returned to the Section Leader, with reasons for its rejection. A revised budget will then need to be re-submitted for approval by the Trustees before the start of the new financial year on the 1<sup>st</sup> October.

#### Managing the budget

Section leaders must ensure that their spending limit is not exceeded, unless prior agreement with the Treasurer and Trustees has been agreed to increase their budget.

When agreed, section leaders can spend the money on routine items as agreed in their budget without further reference to the trustees. Major expenditure (usually capital items) which needs specific agreement before purchase will be indicated by the Trustees on the returned budget sheet. Subsequently the Trustees' approval must be gained before any commitment to spend on major items not previously listed is made.

Section leaders must ensure that money is spent only on the agreed items.

Members of a section must not spend money for their section without first consulting with their section leader.

Invoices / Receipts must be obtained to support all expenditure and Purchase Orders raised where necessary.

Any extraordinary expenditure of over £500 must normally have at least two quotations unless agreed by the Treasurer, or, in his absence, an Officer of the Trust. Section Heads should ensure that regular suppliers remain competitive.

#### Unbudgeted spending

Any unanticipated spending that has not been budgeted for in the year must be authorised in advance, by email or by telephone.

(a) Amounts of up to £500 may be authorised by the Treasurer alone, although he or she may wish to consult other Trustees. If the Treasurer is not available, then the Chair, Vice Chair or the Secretary of the Trust should be consulted.

(b) Amounts of over £500 must be agreed by a majority of Officers, one of whom must be the Treasurer. If the Officers feel it should be discussed by the Trustees, the matter will be referred to the next Trustees' meeting.

## **Non Budgeted Emergency items**

Occasionally it is necessary to expedite expenditure, e.g. as a response to vandalism. In such genuine emergencies up to £500 may be spent without the Treasurer's or Trustees' approval.

## **Purchasing Procedure**

A purchase order should be raised for all goods and services purchased on account or paid for in advance with a total value of £250 (inc.vat) or over, unless prior agreement is made with the Treasurer, or in his absence, by an Officer of the Trust. Items purchased by personal cash or personal credit / debit cards do not need a Purchase Order to be raised. A Purchase Order template will be issued by the Trusts' Finance Department for completion by Section Leaders. A completed PDF version of the Purchase Order should then be sent (by post or electronically) to the Supplier and to the Trust's Finance Dept by the relevant Section Head.

When goods or services are received by the Trust, such goods and services should be checked against the delivery note (when supplied) to ensure that what is being received agrees with the delivery note. The delivery note should be signed by the person receiving the goods or services on behalf of the Trust and a signed copy should then be sent to the Finance Dept.

## **Payments Procedure**

### **Payments for items with Purchase Orders**

Invoices received should be checked by the Trusts' Finance Dept against the relevant Purchase Order and Delivery Note (when supplied), to ensure that what has been invoiced agrees with what has been ordered and delivered. Any differences should be checked with the relevant Section Head before passing for payment. Finally, before paying any invoices, copies should be sent to the Section Head to verify that the goods or services are fit for purpose and that they are ok for payment.

### **Payment for items without Purchase Orders**

This should mainly cover items purchased with a value of less than £250, utility services, annual service contracts, vehicle repairs, licences, insurance, and postage. A copy of the invoice will be sent by the Trust's Finance Dept to the relevant Section Head for authorisation for payment.

### **Payment for Items Purchased Personally by Section Heads / Other Authorised Trust Members**

A member, who has personally paid for items on behalf of the Trust, should submit a claim form to the Finance Dept, using only a designated Trust Expense Claim Form which is available from the Finance Dept. Receipts relating to the expenditure should also be attached to the form. The Claim Form needs to be authorised by a Section Head, or if the claim is being made by a Section Head, then by another Trustee, before submitting the claim to the Finance Dept for reimbursement. If a Trustee is making a claim then it must be authorised by another Trustee. All such expense claims should normally be made within 30 days of the expenditure being incurred.

## **Methods of Payment**

By BACS – These need to be created by one authorised person and then authorised by a second person. A copy of the supporting paper work together with a request to authorise the BACS payment should be sent electronically to the person or persons who are authorised for BACS payments. When authorised and the payment has been transmitted by the Trusts' bank, a copy of

the payment details (which shows who has authorised the payment), should be printed out by the Finance Dept and attached to the relevant payment paper work.

By Cheque – Two signatures are required on all cheques. The second signatory should also sign and date the relevant supporting paper work.

All Bacs and Cheque payments should be made through the Finance Dept except in circumstances when the payment is urgent and no one is available in the Finance Dept.

## **Cash Control Accounts**

Cash Control Accounts are allowed to be held by certain Section Heads (such as the Trip Boats), and other authorised members such as the Restoration Coordinator. The Cash Control Accounts are to be used for the receipt of payments (such as Trip Boat income) and for routine payments (such as for fuel, repairs & renewals etc.). Bank Paying in books will be issued by the Treasurer where appropriate. The cash floats held by such Section Heads should be kept to the minimum amount necessary to meet immediate needs and agreed with the Treasurer. Surplus cash and cheques should be paid into the Bank on a regular basis. Each Section Head who operates a Cash Control Account should send a return in at the end of the month (unless agreed otherwise) to the Treasurer giving details of income, expenditure (inc. receipts), amounts paid into the bank and the closing balance held in the Cash Control Account. An appropriate form will be provided by the Treasurer for this purpose.

## **Invoicing**

When the Trust supplies such things as sales items, room hire, advertising etc. and a Sales Invoice needs to be raised, this should be done by the Treasurer. The Trusts' accounting system incorporates an invoicing system which as well as producing the invoice, also records it and does the book keeping automatically in the accounts. It keeps a record under each Customer of all the items they have been invoiced for in the past as well as showing which invoices remain un-paid.

When an invoice needs to be raised, the following details should be supplied to the Treasurer:

- Customer Name and Address
- Email and telephone number
- Item(s) supplied and the price to be charged
- Any customer order number or contact reference

A copy of the invoice will either be posted or emailed by the Treasurer to the Customer and a copy will also be supplied to the Trust Member requesting the raising of the invoice.

## **Trust Assets**

**All fixed assets**, with a value of £1,000 and over, such as vehicles, equipment, and boats should only be purchased with the authorisation and agreement of the Trustees, even when such items have been included in the annual budget. Likewise, any Trust asset with a value of over £1,000 should not be sold or disposed off without prior agreement of the Trustees.

**Sales Stock** should only be purchased with the knowledge and agreement of the Trust's Merchandising Officer and provided such expenditure is budgeted for in the Trust's annual budget. All such stock should be under the control of the Merchandising Officer and only be withdrawn from stock with the Merchandising Offices knowledge.

**Bank Accounts** should be set up and maintained by the Finance Dept and with the appropriate authorisation by the Trustees when necessary.

**Use of Trust Assets for Personal Use** is not allowed unless prior agreement is made with the Trustees and any costs incurred by the Trust are reimbursed for the personal use.

### **Leases, Contracts, Licences & Indemnities**

Any such agreements should be authorised and agreed by the Trustees prior to signing and when agreed, they should be signed by an Officer of the Trust (secretary normally). Short term Leases, Contracts and Licences, used for example at Festivals, are excluded from this requirement.

Any **Indemnities** that the Trust is asked to agree to and sign, should be forwarded on to the Trust's Liability Insurer for their agreement before signing, failing to do so could invalidate the Trusts' liability insurance.