

**RUTLAND FIRST CIC**

# Standing Financial Instructions

# 1. General

1.1 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of Rutland First Community Interest Company and the work of its Board Members, Volunteers and Officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Standing Orders (SOs) of Rutland First CIC.

1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by Rutland First CIC. They are designed to ensure that financial transactions are carried out in accordance with the law in order to achieve probity, accuracy, economy, efficiency and effectiveness.

1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working within Rutland First in a paid or unpaid capacity.

1.4 Oversight of the proper application of these Standing Financial Instructions will be delegated to a Board Sub Committee called the Audit and Risk Committee. Its terms of Reference are set out in Annex 3.

1.5 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Board Chair or Chair of the Audit and Risk Committee must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of Rutland First Standing Orders.

1.6 Failure to comply with Standing Financial Instructions and Standing Orders can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.

1.7 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with; full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit and Risk Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions

1.8 Rutland First Board

The Board exercises financial supervision and control by:

(a) formulating the financial strategy

(b) requiring the submission and approval of budgets within approved allocations/overall income

(c) defining and approving essential features in respect of important procedures and financial systems

1.9 Under the provisions of the Rutland First Articles of Association, the Board hold the powers for all decision making relating to accounting and financial matters, exercised in formal session. With reference to such matters, where the Board delegates certain defined powers to a member of staff, he/she is accountable to the Board for proper exercise of such powers.

## 2. Board Members and Employees

All Members of the Board and employees, and volunteers where such matters are within their control, severally and collectively, are responsible for:

- The security of the property of Rutland First
- Avoiding loss
- Exercising economy and efficiency
- Meeting the requirements of Standing Orders and Standing Financial Instructions

### 2.1 Contractors and their employees

Any contractor or employee of a contractor who is empowered by Rutland First to commit Rutland First to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the individual signing the contract to ensure that such persons are made aware of this.

2.2 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board, employees and volunteers (where such matters are within their control) discharge their duties must be to the satisfaction of the Audit and Risk Committee.

## 3. Audit

3.1 The Rutland First Board is responsible for ensuring there are adequate arrangements in place to review, evaluate and report on the effectiveness of internal financial control including through effective internal audit functions.

3.2 The Rutland First Chair is responsible for ensuring that an annual internal audit report is prepared for the consideration of the Rutland First Audit and Risk Committee.

3.3 The objective of the audit is to provide assurance to Rutland First Board on the adequacy, application and effectiveness of the organisation's internal controls, systems and processes for the management of risk and demonstrating value for money.

3.4 The designated auditors for the Rutland First internal audit are entitled to receive, without necessarily giving prior notice, access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature; and explanations concerning any other matter under investigation.

## 4. Fraud and Corruption

4.1 The Rutland First Board has responsibility to ensure there are sound systems of internal control in Rutland First to protect against fraud and losses within the day-to-day business of Rutland First, including data losses.

4.2 In the event of a fraud being detected, the Rutland First Chair must nominate a suitable person to carry out the duties of a fraud investigator.

## 5. Resource and Cash Limit Control

5.1 Rutland First is required not to exceed its cash limit and the Rutland First Board has responsibility to ensure Rutland First's activities remain within its cash limit.

5.2 The Rutland First Board through effective stewardship will:

- Ensure that no expenditure beyond that approved in the Rutland First budget(s) is incurred.
- Provide finance reports, including those requested by any contract holder
- Ensure expenditure approved against the Cash Limit is actioned only at the time of need; and be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable Rutland First to fulfil its statutory and other contractual responsibilities.

## 6. Annual Reports and accounts

6.1 The Rutland First Board will produce an Annual Report. The annual financial accounts will be included.

6.2 The company's annual financial accounts and Annual Report will be scrutinised by the Rutland First Audit and Risk Committee prior to being submitted.

## 7. Bank Accounts

7.1 Rutland First's banking instructions are outlined in Annex 1 of these instructions.

## 8. Security of Cash

8.1 The Rutland First Chair is responsible for:

- The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes and the procedures for key holding; and
- Ensuring proper systems and procedures for handling cash and negotiable securities are in place and communicated
- Official money must not under any circumstances be used for encashment of private cheques. All cheques, postal orders, cash, etc. must be banked intact. Disbursements must not be made from cash received

## 9. Tendering and Contracting Procedure

9.1 The procedures for making all contracts and undertaking procurement will follow the competitive tendering procedures and financial limits set out by the funding body.

## 10. Employee Appointments

10.1 The recruitment of individual employees for Rutland First, including the use of agency employees, will be the responsibility of the Board delegated as appropriate. No permanent/temporary employees are to be appointed to Rutland First without the prior approval of the Rutland First Board.

## 11. Non-Pay Expenditure

### 11.1 Delegation of Authority

The Rutland First Board will approve the level of non-pay expenditure on an annual basis.

### 11.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

The choice, requisition, ordering and receipt of goods and services are at the discretion of Rutland First.

## 12. Financial Framework

12.1 The Rutland First Board Members should be aware of HM Treasury's Government Financial Reporting Manual and that the direction and guidance in the manual is followed by the Rutland First Board.

## 13. Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets

### Asset registers

13.1 The Rutland First Board has the responsibility to maintain a register of fixed assets relating to Rutland First and take responsibility for the security and custody of these assets, instigating periodic physical checks of assets against the register. Additions to the fixed assets register must be clearly identified and be validated by reference to suppliers' invoices.

13.2 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

13.3 Any suspected or actual instance of theft must also be immediately notified to the Board.

## **Security of Assets and Fixed Assets**

13.4 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Rutland First Board initially. These procedures will make provision for:

- Recording officer responsibility for each asset
- Identification of additions and disposals
- Identification of all repairs and maintenance expenses
- Physical security of assets
- Periodic verification of the existence of, condition of, and title to, assets recorded
- Identification and reporting of all costs associated with the retention of assets
- Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- Suitable Insurance is to be in place for all Rutland First property and liabilities
- Where practical, assets must be marked as Rutland First property.
- Each Board Member, volunteer and employee has a responsibility for the security of property of Rutland First.

13.5 Any breach of agreed security practices must be reported in accordance with instructions. Any damage to Rutland First premises, equipment or any loss of equipment, stores or supplies must be reported by Board Members, volunteers and employees in accordance with the procedure for reporting losses (see Annex 2 to this document).

## **14. Storage and Receipt of Goods**

14.1 Subject to applicability, stores and receipts of goods must be:

- Kept to a minimum
- Subjected to annual stock take
- Valued at the lower of cost and net realisable value

# Annex 1 Banking and Accounting Instructions

These procedures act as a way of ensuring multi-person involvement in Rutland First CIC financial dealings while using HSBC online banking.

## 1. Procurement Authorisation

Decisions to procure items, services or contracts require the following levels of prior approval:

Less than £100	Single bank signatory
Between £100 and £1,000	Two bank signatories
Between £1,000 and £10,000	Rutland First Board
Over £10,000	Competition, unless authorised otherwise by Board

## 2. Payment of Invoices

All invoices should be received by the Chair and be checked against the authority for procurement

- a. Online payments excluding salaries within daily and individual payment limits  
Chair passes copies of invoice to Project Manager and Treasurer

Project Manager prepares bank payment and notifies bank signatory (not Chair) that authorisation is required

Treasurer records invoice in accounts

Bank signatory (not Chair) authorises payment on line

- b. Online payment of salaries/PAYE/NI/pensions  
Chair notifies Bulley Davey of any overtime worked or additional payments due

Bulley Davey advises Chair of payments due

Chair passes details to other bank signatory for preparation and authorisation of payments

- c. Payment by cheque of invoices in excess of online daily limits

Chair passes copy of invoice to Treasurer  
Treasurer records invoice in accounts

Chair prepares cheque and passes to second signatory

Second signatory signs cheque and sends off

- d. Payment by credit card (held by Chair and Project Manager) or debit card (held by Chair and second signatory)

Expenditure authorised as above for procurement

Payment taken from Rutland First CIC account by monthly direct debit (credit card) or immediately (debit card)

### **3. Reconciliation and audit**

The Treasurer reconciles accounts on Xero with bank statement 1 week before each Board Meeting, and notifies the Chair of the Audit and Risk Committee

At the end of the financial Year, the Treasurer:

- a. Reconciles accounts on Xero with the bank statement and passes copies to Bulley Davey to prepare draft annual accounts
- b. Presents draft annual accounts to Audit and Risk Committee for ratification and finalisation
- c. Presents annual accounts to Annual General Meeting for approval

### **4. Online access all HSBC accounts**

The Chair acts as Primary User and as such has the ability to change payment limits, users and signatories. These should only be changed with the agreement of the Chair of the Audit and Risk Committee. Although the Chair has the ability to prepare and authorise payments, this should only be done in exceptional circumstances after getting the agreement of the Chair of the Audit and Risk Committee. The Chair should set up the following Secondary Users:

- a. The Treasurer and one other Board Member with the ability to authorise payments up to the daily/individual limits
- b. The Project Manager and the Schools Liaison Officer with full access and the ability to prepare but not authorise payments

### **5. Xero accounting system**

- a. Treasurer has full access and authority to enter data and initiate bank reconciliation
- b. Chair, second signatory, Project Manager and Bulley Davey have read only access

## Annex 2 – Procedure for Reporting Losses

Any breach of agreed security practices must be reported at the earliest possible opportunity to the Chair of the Board. In the absence of the Chair, the Chair of the Audit and Risk Committee will be informed.

Any damage to Rutland First premises and equipment, or any loss of equipment, stores or supplies must be reported by employees at the earliest possible opportunity to the Chair of the Board. If the Chair is unavailable, and the cost of the loss or damage is in excess of £200, the Board as a whole must be informed. Losses or damage should be entered in the assets log.

## Annex 3 – The Audit and Risk Committee Terms of Reference

- The role of the Audit and Risk Committee shall be to provide reassurance to the Board that Standing Financial Instructions are being properly applied within Rutland First and that management and trading accounts truly reflect the operation of the company
- The Chair of the Audit and Risk Committee shall be a member of the Rutland First Board and be annually appointed at the AGM
- The membership of the committee shall consist of Rutland First CIC bank signatories and any other member agreed by the Board
- The committee shall meet at least annually prior to the AGM