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## Financial Procedures

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Good financial controls help prevent fraud and financial malpractice. Although this may sound serious and alarming, just setting up some basic rules at the beginning helps ensure that everyone is clear about their role and responsibilities. Developing a financial procedures policy can be valuable.

The law requires that all records should be kept for a period of 6 years from the end of the year concerned but some funders may require that records are kept longer.

Clear documentation should be available on:

### Reports

- The frequency and type of report, an example of the report and notes on how the reports are prepared

### Accounting Records

- What format the record of receipts and payments are kept in
- Who will check them and how frequently will they do this
- If the organisation's income per annum is over £10,000, the annual accounts have to be independently examined or audited

### Banks

- Details of accounts held and signatories
- Details of any cheque limits e.g. cheques below £100 can be signed by two out of the four signatories and cheques above that amount have to be signed by the Chairperson
- No blank cheques should be signed
- Frequency of bank reconciliation



## **Income**

- Ensure that all income is banked intact – do not allow petty cash purchases to be made from it. There is then a clear audit trail for anyone who is looking at the accounts
- Handling of cash and receipting arrangements

## **Petty Cash**

- Levels and types of expenditure which may go through petty cash
- Who may authorise petty cash expenditure
- Level of float in the petty cash
- How the system should be reimbursed and relevant record keeping

## **Expenditure**

- Authorisation limits – e.g. can The Treasurer make payments of up to £x without seeking approval from the management committee, or does all expenditure need to be approved by the committee?
- Who can authorise expenditure
- The systems for paying and approving invoices
- What documentation is kept and in what format

## **Expenses**

- Who can claim
- What they can claim for, including set mileage rates for cars/bicycles
- Who is responsible for authorising payments
- How they are to be claimed – e.g. travel claim form submitted monthly

## **Budget setting and budgetary control**

- Who is responsible for deciding the overall budget
- Budget to be developed alongside an appropriate timetable of work
- How requests are handled for additional extra-budgetary or exceptional items of expenditure



## **Auditors**

- The management committee/board of trustees can appoint auditors at one of their meetings, then re-appoint them at the Annual General Meeting
- The auditors must report to the Board annually
- The Financial Administrator is the usual point of contact between the auditors and the organisation

Most organisations develop their own systems, but these are some of the minimum principals you should be working by.

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