



## Financial Procedures Manual

<b>Responsible for review of procedures</b>
Finance Manager

<b>Change History</b>			
<b>Version</b>	<b>Approved by</b>	<b>Date of approval</b>	<b>Next review date</b>
Proc-16-01	Chair, Audit & Risk	January 2017	January 2018

## Table of Contents

<b>1 Introduction .....</b>	<b>1</b>
<b>2 Accounting Software.....</b>	<b>1</b>
<b>3 Chart of Accounts .....</b>	<b>1</b>
<b>4 Petty Cash .....</b>	<b>1</b>
<b>5 Receipts.....</b>	<b>2</b>
<b>6 Bank Reconciliation .....</b>	<b>3</b>
<b>7 Purchase Orders .....</b>	<b>3</b>
<b>8 Recording of Purchases and Expenditure Invoices .....</b>	<b>4</b>
<b>9 Payments .....</b>	<b>4</b>
<b>10 Cheque Signatories .....</b>	<b>5</b>
<b>11 Credit Cards.....</b>	<b>5</b>
<b>12 Fixed Assets.....</b>	<b>6</b>
<b>13 Debtors and Invoices .....</b>	<b>6</b>
<b>14 Inventory.....</b>	<b>7</b>
<b>15 Prepayments .....</b>	<b>8</b>
<b>16 Accruals.....</b>	<b>8</b>
<b>17 Employee and Director Expenses .....</b>	<b>8</b>
<b>18 General Journal Entries .....</b>	<b>8</b>
<b>19 Management Accounts including Balance Sheet.....</b>	<b>8</b>
<b>20 Budgets .....</b>	<b>9</b>
<b>21 Document Retention.....</b>	<b>9</b>
<b>22 Value Added Tax (VAT) .....</b>	<b>10</b>
<b>23 Bank Mandates.....</b>	<b>10</b>
<b>24 Post .....</b>	<b>10</b>

## **1 Introduction**

Archery GB is responsible for governing the sport of archery within the United Kingdom.

Archery GB has a financial year from 1 October to 30 September.

The following document outlines the internal control procedures implemented to ensure the financial regulations of the organisation are effectively & efficiently embedded.

This document provides basic details of the financial procedures performed, and does not instruct the reader how to perform the procedures in detail.

The financial procedures manual is to be reviewed annually.

## **2 Accounting Software**

Archery GB maintains the accounting records within the Sage software program.

The accounting program shall be password protected, with user access only granted to authorised personnel.

Backups are taken by the Finance Department on a daily basis. These are stored on a network server, this in turn runs a backup procedure at least once a day. This is then removed from site.

The software program is to be reviewed on a regular basis to determine if it meets the needs of Archery GB's accounting requirements.

Source documentation to support all income and all expenditure entered to the finance system is retained by the Finance Department.

## **3 Chart of Accounts**

The Finance Department maintains a chart of accounts, which will separate the income and expenditure of the various activities of Archery GB.

The chart of accounts should be set-up in a similar format to Archery GB's budget and should be periodically reviewed to ensure the needs of the budget holders are met.

## **4 Petty Cash**

Two petty cash floats exist within the organisation. These are held by the Chief Executive Office and the Elite Performance Unit.

Summary sheets detailing the petty cash expenditure are provided to the Finance Department each time the float requires replenishing.

Receipts for all items purchased with petty cash are to be obtained and attached to the summary sheets. If an official receipt cannot be obtained the department budget holder must countersign the expenditure on the summary sheet to confirm the expenditure type.

Requests to replenish the petty cash float should be made to the Finance Department and authorised by the department budget holder. A cheque will be raised for cash and the

Finance Department will obtain the cash from the bank. Transfer of the cash to the petty cash holder will be formally evidenced on the written request made.

Spot checks are undertaken periodically by the Finance Department.

The petty cash reconciliations are to be reviewed periodically by the Finance Department.

## 5 Receipts

Post is sorted by the Membership Services Department and distributed to the relevant departments and any cheques are passed to the appropriate officer within that department for any action to be taken. Once the appropriate officer has completed their work the cheques are passed to the Finance Department.

Cheques received for membership subscriptions are logged on the master income spreadsheet completed by the Membership Services Department. This spreadsheet records the type and number of membership fees being paid and ensures this reconciles back to the cheque received. Any over or under payments are then investigated & managed by the Membership Services Department.

The cheques are then batched together by date and passed on to the Finance Department.

When the cheques are received by the Finance Department they are matched to the entries on the master income spreadsheet. The membership subscription breakdown is extracted and the taxable supply calculated.

The cheques are then recorded on a banking's spreadsheet showing the breakdown of the taxable supply. All other cheques and cash received are also recorded on the banking's spreadsheet.

The banking spreadsheet is prepared by the finance assistance and signed as evidence of review by the Head of Finance

On a weekly basis, the banking's spreadsheet is used to prepare the paying-in slip and the Finance Department takes the cheques and cash to the bank.

All cheques and cash in hand should be stored in a secure location.

A receipt is prepared by the relevant department office staff within a word processing program and sent to the customer when requested.

All amounts received should be banked intact. Payment of expenses should not be made from funds received.

Any remittance advices or other documents accompanying the receipt should be retained by the Finance Department or, where supporting documentation needs to be returned to the relevant department, details of the banking's sheet should be recorded on the documentation.

The income recorded on the banking's sheet should be entered to the finance system on a regular basis. The banking's sheet should have evidence of input into sage by the finance

clerk initialling the sheet. There should be evidence of review by the Finance Manager also initialling the banking's sheet.

Sage Pay receipts relating to card payments taken by Membership Services and Performance Staff are passed on to the Finance Department on a regular basis. These receipts are filed in a folder in the Finance Department in date order.

The Sage Pay Receipts are processed individually in Sage on a weekly basis. The total receipts are verified to the bank statement each week. All missing receipt confirmations are investigated through the Sage Pay Portal which records all the Sage Pay card payment transactions by the individual processing the payment. The missing paperwork can then be obtained from the relevant department.

All payees to Archery GB should be requested to make payments by cheque or electronic transfer, not cash.

## **6 Bank Reconciliation**

Bank reconciliations must be prepared for each bank account on a weekly basis.

Bank reconciliations are to be performed within the accounting software and should provide a full reconciliation between the balance on the bank statement and the balance on the finance system.

Copies of the bank reconciliation should be retained and should be reviewed by the Head of Finance on a weekly basis. The reconciliation should be signed as evidence of completion by the Accounts Supervisor and evidence of review by the Head of Finance.

An independent check will be carried out periodically by the CEO.

Any cheques, which remain outstanding for a period greater than six months should be identified, reviewed and written back after approval by the Head of Finance.

## **7 Purchase Orders**

A purchase order must be completed for the supply of all goods or services where possible, except those made using the company credit card or petty cash.

The purchase order must contain details of the quote that has been received and the price quoted.

The purchase order must be authorised by the designated budget holder in accordance with the authority limitations and delegated authorities' framework. Purchases that are repeated on a regular basis are not required to have individual purchase orders created each time a purchase is made.

All purchase orders are to be retained by the relevant department.

Once the invoice has been received for the supply of the goods, the purchase order must be matched with the invoice, and any differences should be reviewed. The invoice should be stamped with the invoice correct stamp and then signed as correct and the purchase Order number recorded on the invoice.

The purchase order should be kept in a file by the relevant department.

## **8 Recording of Purchases and Expenditure Invoices**

Upon receipt of invoices the member of staff responsible for placing the order must review the invoice, match it to the purchase order (if available) and investigate any discrepancies before passing the invoice to the budget holder for authorisation.

It is the responsibility of the budget holder to ensure that invoices are coded to the correct nominal ledger codes.

The authorised invoice is passed to the Finance Department where the invoice is date stamped and grid stamped for evidencing processing.

The invoice is stamped with a unique number. Numbers are allocated on a sequential number basis. The invoice is entered into Sage on the relevant supplier account within the purchase ledger.

The grid stamp is evidence by signature by the finance clerk to confirm processed into Sage.

The grid stamp is also completed with input vat category (standard, zero, exempt, partial).

All invoices are signed off by the Head of Finance to ensure all relevant checks have been carried out and vat correctly recorded.

All invoices above £2,000 are signed by the CEO in line with the Bank Mandate.

## **9 Payments**

Where ever possible all payments over £100 should be made by BACS.

A cheque payment run report is produced each week itemising all supplier & expense payments due. The cheques are prepared and are passed onto a cheque signatory along with the cheque payment run report. The cheque signatory authorises the cheque payment report and signs the cheques in line with the bank mandate.

The Accounts Supervisor then manually enters the cheque payments authorised on each supplier account. The Accounts Supervisor signs the report as evidence of input.

A BAC's payment run report is produced each week itemising all supplier & expense payments due. The BAC's payment report is passed on to the CEO for authorising.

Once the BAC's payment report has been authorised by the CEO the Accounts Supervisor uploads the payment file into NatWest Bankline using the automated imported payments routine within Sage and NatWest Bankline.

The Accounts Supervisor then manually enters the payments authorised on each supplier account. The Accounts Supervisor signs the report as evidence of input.

The Head of Finance is then notified that the BAC's payment file is ready for releasing. The Head of Finance also reviews the BAC's payment report and this should be evidenced by signing and dating the report.

The Head of Finance can then release the BAC's file within NatWest Bankline. Once released a confirmation email is sent by the Head of Finance & Accounts Supervisor confirming the BAC's payments have been released.

Remittance advices are produced for all payment made and emailed to suppliers, volunteers & staff.

All invoices and other supporting documents should be filed, in sequential number order.

There are some payments not paid on a supplier's invoice, these payments should still go through the normal invoice processing procedures with the request to make payment used as supporting documentation.

Spoilt cheques will be cancelled and retained as evidence for cheque serial number purposes.

Separate profiles should be maintained within NatWest Bankline to ensure there is a segregation of duties surrounding the inputting and releasing of payments. The Account Supervisor & Finance Clerk do not have the authority to release payments and the Head of Finance does not have authority to enter payments.

## **10 Cheque Signatories**

The Chairman, Chief Executive, Designated Elected Director and Head of Finance each has authority to sign cheques up to and including the value of £2,000.

Any payments over £2,000 must be signed by any two of the above.

Under no circumstances should blank cheques be signed.

## **11 Credit Cards**

The Finance Department receives all the credit card statement from NatWest and is responsible for obtaining finance codes and receipts from the card holders and entering the expenditure to the finance system.

Copies of the credit card statements are passed to the individual card holders for reviewing coding and at attaching official receipts. These are then returned to the Accounts Supervisor in a timely manner.

Cards must not be used for personal or private purchases and the Credit Card Policy must be adhered to at all times.

The statements must be reviewed by the card holder's line manager to confirm that the expenditure is appropriate and reasonable and this should be evidenced.

Payment of the credit cards is made in full by direct debit each month and the Finance Department is responsible for ensuring that the amount paid is supported by the statement.

Any issues regarding the use of credit cards should be referred to the Chief Executive.

## **12 Fixed Assets**

The Finance Department will maintain a fixed asset register.

In Line with the accounting policies any asset with a value greater than £500 will be capitalised, any assets less than this value will be written off in the year of purchase.

The register will maintain an accurate record of the assets owned, a record of the location of the asset, the purchase date, the purchase price (excluding VAT) and the assets written down value.

The accounting policy for depreciation is as follows:

Target, Coaching & Publicity equipment: 33 1/3%

Office Furniture: 10%

Office Equipment: 20%

Computer Equipment: 33 1/3%

Copies of invoices for the purchase of assets will be filed in the asset register file.

The fixed asset register will be reviewed updated on a regular basis to reflect new purchases and the depreciation charge will be calculated and entered onto the finance system each month.

Disposals will be identified during the year and recorded on the fixed asset register and the finance system. All disposals must be approved by the CEO.

Additions will be depreciated from the date of their purchase.

The fixed asset register will be reconciled with the finance system on a regular basis and full working papers provided at year-end.

A copy of the asset register will be reviewed by the auditors.

The Finance Department should undertake a physical inspection of a sample of fixed assets detailed on the fixed asset register during the year to ensure that the details are accurate. A sample of assets will be elected by the auditors at year-end to be independently verified.

## **13 Debtors and Invoices**

The Sales Ledger function within the accounting software is utilised for income streams with the exception of income generated through the coaching booking system and membership services subscriptions.

Copies of invoices should be filed in invoice number order. Any documentation supporting the invoice should also be retained.

The Sales Debtors Report will be run monthly and distributed to budget holders for updates on any amounts outstanding.

The Debt Management procedures below will allow budget holders with the assistance of the Finance Department to actively manage any outstanding debts.

The procedures incorporate a three-stage approach before being assigned to our debt collection agency. Our **standard credit terms** are **14 days** from date of invoice.

The Debt Management process is as follows:

First letter to debtor informing them it is now overdue – **Automatically sent out by finance 21 days after invoice date.**

Second letter to debtor informing them the amount it still outstanding and that their account is now suspended- **Automatically sent out by finance 28 days after invoice and the budget holder advised so that no further services / costs are incurred on behalf of the debtor.**

Third Letter to debtor advising that their debt has now been assigned to our debt collection agency – **Theses will only be sent out once the budget holder has agreed.**

Once the third letter has been sent we will assign the debt to our debt collection agency who will send out a **'legal letter before action'**. The **budget holder** will incur a **charge (currently £15) per letter** plus vat (partial exemption 49%).

If budget holders' request that third letters **are not sent**, then they must say how they propose to recover the debt and the time scales involved. All debts will be written off after 6 months with the approval of the **Budget Holder / HoF /CEO.**

For contracts negotiated with credit terms greater than 14 days these need prior approval by the CEO and Head of Finance after appropriate credit checks are carried out by the Finance Department. Budget holders need to contact the Finance Department to complete the customer 'Credit Account' form.

Before invoices are written off, individual invoices greater than £2,000 should be authorisation by the Chief Executive.

Credit notes issued should be approved by the Chief Executive if the values are greater than £2,000.

## **14 Inventory**

Whilst Archery GB uses an Archery retailer for its online shop it currently holds rulebooks, publications and some shop items which it sells. These items are to be considered as inventory and will be valued at the lower of cost or net realisable value.

Archery GB prints a quarterly magazine for distribution to members, these magazines are not to be treated as inventory, as they are of low value and quickly become obsolete.

Running totals of all items of shop stock (except rulebooks and publications) are kept on stock cards.

At the end of the financial year a stock take is to be performed on all shop stock items. Any discrepancies are to be written off.

Before items are written off authorisation must be obtained from the Finance Manager and Chief Executive if values greater than £2,000.

### **15 Prepayments**

Prepayments are calculated on a monthly basis. Only those with a value greater than £500 should be treated as a prepayment.

### **16 Accruals**

Accruals are calculated on a monthly basis. Only those with a value greater than £500 should be treated as an accrual.

### **17 Employee and Director Expenses**

Employees and Directors are required to complete an expense claim form for all expenses which they require reimbursement. These claims should be submitted to the appropriate budget holder for their authorisation.

Claims can only be made in accordance with the Travel & Subsistence Policy.

Official receipts should be obtained for all amounts claimed and attached to the expense claim form. Where receipts are not attached the budget, holder must refer to the Travel & Subsistence policy to seek appropriate action.

Expense claim forms are to be authorised by the delegated budget holder or CEO for Heads of Department. Expense claims forms submitted by the CEO are to be authorised by either the Head of Finance or another Head of Department.

The authorised claims are passed to the Finance Department where they are input to the purchase ledger as a creditor and payment is made either by cheque or Bankline as detailed above under payments. Every effort is made to pay expense claims within ten working days.

### **18 General Journal Entries**

Journals are to be signed by the person creating the journal. Journals should be processed in Sage using a unique sequential reference so that the documentation is easily traceable on the management accounts file. All supporting documentation should be attached to the journal sheet.

### **19 Management Accounts including Balance Sheet**

By the 10<sup>th</sup> of the month (or next working day) the Sage activity reports will be emailed to all budget holders for review and cleansing. All amendments must be documented and advised to be Finance Department by the 15<sup>th</sup> of the month (or next working day). All documents relating to amendments will be retained on the management account file.

Any inter-department recharges must be approved by both the receiving and transferring budget holders.

The monthly management accounts are extracted from Sage and will consist of Excel spreadsheets (Summary and Detailed) in a format required by the Board, CEO and Heads of Department.

Monthly management accounts will be prepared by the fourth week of the new month by the Head of Finance and emailed to the CEO and Heads of Department.

All management accounts are saved on SharePoint in a secure location for all Heads of Department to access.

The most current Management Accounts and supporting Finance report are submitted to the Board in line with the board meetings dates.

The Management accounts are reviewed monthly by the CEO & Head of Finance.

Should the Management Accounts identify potential concerns the budget holders will be contacted by the CEO as soon as possible for review & investigation. Depending on the outcome the Board will be notified as appropriate and in line with the risk tolerance levels with the risk policy.

## **20 Budgets**

Before the beginning of each financial year a Business as Usual (BAU) budget must be presented and agreed by the Board at the July / October Board meeting. The BAU budget will consist of the core costs of Archery GB based on normal activity levels including an assumption of membership growth / decline.

If for any reason the budget is not approved by the Board the fall-back position will be to financially support essential services to maintain an office function.

This emergency position will not affect any of the grant budget holders

Requests for project specific budgets must align with the societies' business plan and are to be submitted to the CEO for review.

The CEO will submit the main project specific budget requests to the Board for approval at the July / October Board meeting unless prior approval has been given by the Board for a different submission date. The submissions will be made on the basis of priority in achieving the strategic objectives.

The budget is to be reviewed on a regular basis, and adjustments are to be made where necessary and must be authorised by the CEO. The Board are to be made aware of any significant budget amendments in line with the risk tolerance levels set within the managements Risk Policy.

A Forecast Outturn will be prepared each quarter and any significant deviations from budget will be investigated by the CEO.

## **21 Document Retention**

All financial documents will be retained for at least seven years.

## **22 Value Added Tax (VAT)**

Archery GB is partial exempt from VAT.

Archery GB is required to submit quarterly returns.

The Head of Finance prepares the quarterly returns which is countersigned by the CEO.

Archery GB should review its VAT situation annually in line with any recommendations made by the external audit.

## **23 Bank Mandates**

Bank Mandates should be retained for all bank accounts. The bank mandates should show:

- Cheque Signatories for each account
- Financial limits for each cheque signatories

The Chief Executive and Head of Finance (dual authorisation) are authorised to transfer funds between accounts where funds remain under the control of Archery GB.

## **24 Post**

All items of post will be date stamped when delivered.

The Membership Services Department will be responsible for the overall mail distribution to departments.

The designated officer for each department will open all post unless marked private and confidential.