



Bishopsteignton Heritage

Financial Manual

Introduction

Purpose of this Manual

Bishopsteignton Heritage exists to establish and maintain a heritage facility in Bishopsteignton, Devon, to advance the education of and for the benefit of the community.

The policies and procedures explained in this manual have been developed so that we can manage our finances and resources effectively to enable us to succeed in delivering these aims.

This is a working document, and we welcome recommendations and feedback on the policies and procedures.

Financial Objectives

- Bishopsteignton Heritage aims to achieve at least a break-even situation each year to be able to continue to provide a service to our beneficiaries.
- Bishopsteignton Heritage has identified the provision of a physical and digital archive available to the community via its website and accessible community workspace as core activities and will seek to finance these through income streams that are as secure and long term as possible.

General Points

Bishopsteignton Heritage Financial Year runs from: 1st January to 31st December.

Following examination by an approved Independent Examiner, the Accounts will be presented to the Annual General Meeting within the time allowed by the Charity Commission, to permit statutory information to be filed within the specified time limits.

Review Date

This manual was approved by the trustees at their meeting on 28/05/2021 and will be reviewed every 2 years.

FINANCIAL RESPONSIBILITIES

Delegation of Authority

The board of trustees are responsible for:

- approving the finance strategy, risk management policy and reserves policy
- approving Bishopsteignton Heritage's financial policies and key financial procedures
- establishing financial management priorities, responsibilities and levels of delegated authority
- appointing a Treasurer who would ideally have a working knowledge of the Charities Act accounting requirements. This should include compliance with the Charities Statement of Recommended Practice (SORP) as well as Accounting knowledge (including understanding Accruals concept) and be able to produce the required Financial Statements
- approving properly budgeted annual plans
- monitoring performance against these plans and budgets
- approving the trustees annual report and accounts
- appointing the independent examiner and formal communications with them.

The Bishopsteignton Heritage Treasurer is responsible for:

- reviewing Bishopsteignton Heritage's activities regularly, monitoring compliance with organisational policies and reporting to the board of trustees against agreed budgets.
- ensuring that accounting records are maintained as required by Charity Law to show and explain Bishopsteignton Heritage's transactions, to disclose accurately, the financial position of Bishopsteignton Heritage at any time.
- managing the budgeting process for the annual plan.
- presenting financial reports at each Trustee Meeting which give the board of trustees an understanding of Bishopsteignton Heritage's overall finances and giving advice and information to support decision making.
- liaising with the Independent Examiner.

Reserves Policy

Bishopsteignton Heritage maintains earmarked unrestricted reserves:

- to provide a level of working capital that protects the continuity of our core work.
- to provide a level of funding for unexpected opportunities.

- to provide cover for risks such as unforeseen expenditure or unanticipated loss of income.

The board of trustees will review the above criteria with reference to Bishopsteignton Heritage's strategy and Annual Plan and determine the target level of earmarked reserves to meet these.

The Board of Trustees will at times designate funds from other earmarked reserves for significant project costs or replacement of major assets.

Conflict of Interest Policy

Trustees have a legal duty to act in the best interests of Bishopsteignton Heritage when making decisions, and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other business interests could influence their decision making. Bishopsteignton Heritage expects a similar obligation from staff and volunteers.

Segregation of Duties Policy

To reduce the risk of errors and fraud, the processes in finance will be designed such that no individual is able to oversee a transaction through all its stages from start to finish. The stages are as follows:

- Initiating/authorising transaction.
- Custody of assets relating to transaction.
- Recording transaction in accounting records.
- Reconciling accounting records.

For example, a person who requests a purchase cannot authorise it, pay for it and record it in the cashbook, without another person being involved in at least one of these stages as a check and balance.

EXERCISING BUDGETARY CONTROL AND MONITORING

The Annual Plan and Budget Approval

The Treasurer will draft a business plan to present to the board of trustees for discussion and approval at their strategy planning meeting each year. This will include sections detailing the resources required to deliver the plan, a budget which matches this and a cash flow forecast.

If opportunities arise mid-year, the budget for those projects will be amended in consultation with the Treasurer and the board of trustees.

Reporting and Monitoring Income and Expenditure

The Treasurer will produce regular reports which provide clear financial information to underpin decision making and support trustees to discharge their responsibilities and staff to manage their work.

Reports to each trustee meeting will include:

- comparison of income and expenditure to date against budget and forecast income and expenditure to year-end against budget.
- explanations of any material variances from plan, and suggestions for corrective action where necessary.
- notification if the cash flow forecast for the following 12 months becomes significantly different from that already agreed and approved

If a forecast shows an unplanned deficit overall for Bishopsteignton Heritage the Treasurer will inform the Chairman and board of trustees immediately and seek their approval prior to making any commitments that would result in that deficit.

Grants

Applications

New opportunities for grant funding may be identified by any member of the organisation. The board of trustees will determine whether an application is to be made, with reference to the annual plan.

All applications must be approved by the Chairman and the Treasurer must approve the financial elements.

Management

Trustees are responsible for checking compliance to grant conditions and that where required, appropriate reports are submitted to grant funders in accordance with such conditions.

CONTROLS ON EXPENDITURE

The aim of this policy is to ensure that expenditure is only incurred where it is:

- in pursuance of Bishopsteignton Heritage’s charitable purposes
- an effective use of Bishopsteignton Heritage’s resources
- in compliance with any requirements relating to funding.

Staff need to be aware that Bishopsteignton Heritage is committed to expenditure when an order is placed, or contract is signed, not when the payment is made, so it is vital that orders are made responsibly, and within the approved budget and authority levels.

Any spending beyond the budget must be authorised in accordance with the delegated authorities.

Procurement, estimates and Tendering

As far as possible only trusted local suppliers are utilised and financial references are sought prior to contract placement.

To ensure value for money for significant purchases, research should be carried out on the goods or services in question and a relevant specification drawn up. Written quotes should then be obtained, or the contract put out for tender, dependent on value as follows:

Value of Purchase £	Action Required (minimum)
< £200	No requirement for prior written quotation but purchase must be authorised by two Trustees (see Purchase Orders and Invoices section below)
>£200 ≤ £1,500	Two written quotes
> £1,500	Three written quotes and a ‘best value’ evaluation to be documented

Where two or three written quotes are specified, but a specialist item or service is required for which it is not possible to obtain more than one quote within a reasonable amount of time, a business case must be made and signed off by the Chairman.

Where the supplier chosen is not the cheapest, the reasons for this choice must be documented.

Tender process

1. Agree specification for the service or product and the requirements of the supplier including quality issues.
2. Advertise as widely as possible through local networks and contacts, allowing a minimum of three weeks for responses.
3. Ensure the advertisement gives clear information about how to apply.

4. Send out the specification to interested parties.
5. Evaluate responses based on the specification by a panel of at least two, preferably three trustees.
6. Shortlist if necessary.
7. Invite shortlisted supplies for interview/presentation where required – for specific products and some services the purchase can be made based on the quote, however for other services such as consultancy, it is desirable to interview potential suppliers. For some high value products or services, it may be worth considering inviting a shortlist of suppliers to make a presentation.
8. Take up references if appropriate.
9. Obtain copies of Professional Indemnity / Public Liability insurance certificates from all contracted suppliers of goods and services.
10. Award to supplier issuing appropriate contract.

Purchase Orders and Invoices

Purchase orders

Purchase orders will be authorised in line with delegated authorities. Individuals authorising a purchase are confirming whether the expenditure is in line with budget, and that there are funds to purchase it. It is the responsibility of the person requesting the purchase to check whether this is the case.

Purchases under £200 can be made at the Trustees' discretion. Such expenditure may be authorised by 2 Trustees provided one of these is either the Chairman or Treasurer.

To mitigate unauthorised expenditure, trustees must seek prior approval for expenditure in excess of £200 from the Chair and Treasurer during regular Board Meetings. In exceptional circumstances (e.g. for an emergency property repair, health and safety concern, etc.) approval can be granted by the Chairman and the Treasurer without prior discussion at a Board Meeting.

No one should authorise any transaction from which they, their partner or a relative will personally benefit, for example their expense claims.

Invoices

All invoices should be sent when received to Treasurer for payment and recording.

The person who requested the goods or services is responsible for checking the quality of what has been received and that it matches the order, and that the invoice is accurate.

Once an invoice has been authorised, suppliers will be paid according to their payment terms, or if no terms stated within 30 days.

Petty Cash

A petty cash float of £50 (maximum) will be maintained for sundry expenditure (e.g. small stationery items, refreshments, stamps, etc.). All expenditure must be recorded and signed for in a Petty Cash Book and receipts placed within the lockable Petty Cash Box.

INVESTMENT STRATEGY

Investment Considerations

Bishopsteignton Heritage is a Charitable Incorporated Organisation (CIO for short), which is a type of charitable trust which provides the protection of limited liability for the Trustees. It is regulated by the Charity Commission.

The Trustees have wide powers of investment. In exercising their power of investment, they are subject to certain legal duties as follows:

Legal Duties

There is an over-riding duty to exercise investment powers with care and prudence.

Section 4 of the Trustee Act 2000 provides that Trustees must have regard to certain “standard investment criteria” namely;

- (a) the suitability of the investment to the trust.
- (b) The need for diversification of investments of the trust in so far as appropriate to the circumstances of the trust

The Act also provides that Trustees must review the investments from time to time and consider whether, having regard to the standard investment criteria above, they should be varied.

Section 5 of the Act imposes a duty to obtain and consider professional investment advice unless unnecessary or inappropriate to do so.

Decision-making Process for Trustees

Suitability

Taking into account the purpose of the trust and the spread and type of existing investments, trustees will consider whether it would be more appropriate to invest in other categories of investment.

Diversification

Trustees will consider a spread of investments between different classes (property, bonds, stocks and shares, cash etc) with a view to reducing the overall risk profile of the trust.

Periodic reviews

The suitability of investments will be periodically reviewed by the trustees. There is no set timetable for this, but an annual review will be the minimum.

Investment Advice

As mentioned above, there is a duty to take professional advice unless it is deemed unnecessary or inappropriate. The adviser would then normally be involved in the periodic review.