

Parson Lathams Hospital in Barnwell Financial Guidance

The Financial Guidance was approved on January 12th 2023

1. General

1.1. This guidance governs the conduct of financial management by PLHB and may only be amended or varied by resolution of the trustees

1.2. The trustees are responsible for ensuring that the financial management is adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of the Charity's functions, including arrangements for the management of risk.

1.3. The accounting control systems should include measures:

- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of the Charity's money;
- to prevent and detect inaccuracy and fraud;

1.4. The Clerk to the Trustees;

- acts under the direction of the trustees;
- administers the Charity's financial affairs in accordance with best practice;
- determines on behalf of the Charity its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains that accounting records are up to date;
- assists the trust to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the trustees.

1.5. The Charity must:

- determine and keep under regular review the bank mandate for all bank accounts;
- approve any grant or a single commitment in excess of £2,000;

2. Accounting and audit

2.1. The Clerk will reconcile the bank statement to the cashbook before each meeting and present to the Trustees at the meeting.

2.3. The Clerk will finalise all accounts at the years end ready for audit.

3. Annual estimates (budget) and forward planning

3.1. The Clerk, working with the Chair, must each year, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Trustees.

3.2. The approved annual budget shall form the basis of financial control for the ensuing year.

4. Budgetary control and authority to spend

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the Trustees for all items over £2,000;

- a duly delegated committee for items over £500;

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Trustees.

4.3. In cases of extreme risk to the delivery of the Charity's services, the Chair may authorise revenue expenditure on behalf of the Charity which in the Chair's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Chair shall report such action to the Trustees at the earliest opportunity.

4.4. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Charity is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

4.5. The Clerk shall regularly provide the Charity with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least half yearly and shall show any variances.

5. Banking arrangements and authorisation of payments

5.1. The council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Charity; They shall be regularly reviewed for safety and efficiency.

5.2. The Clerk shall prepare a schedule of payments made, for each meeting and, together with the relevant invoices, present the schedule to Trustees.

5.3. All invoices for payment shall be examined, verified and certified by the Clerk to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Trustees.

5.4. The Clerk shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.

6. Instructions for the making of payments

6.1. The Charity will make safe and efficient arrangements for the making of its payments.

6.2. All payments shall be affected by cheque or other instructions to the Charity's bankers.

6.3. If thought appropriate by the Charity, payments may be made by variable direct debit provided that the instructions are signed by two members. The approval of the use of a variable direct debit shall be reviewed annually.

6.4. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.

6.5. Any computers used for the Charity's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.

6.6. Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator.

6.7. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for the Charity's banking work.

6.8. Any Debit Card issued for use will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by Trustees.

6.9. Any corporate credit card or trade card account opened by the Charity will be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end.

6.10. The Charity will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis.

7. Payment of salaries

7.1. As an employer, the Charity shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.

7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts.

7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Trustees.

8. Loans and investments

8.1. All borrowings shall be affected in the name of the Charity, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Trustees as to terms and purpose.

8.2. All loans and investments shall be negotiated in the name of the Charity and shall be for a set period in

8.3. All investments of money under the control of the Charity shall be in the name of the Charity.

8.4. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

9. Income

9.1. The collection of all sums due to the Charity shall be the responsibility of the Clerk under the supervision of the Chair.

9.2. Any sums found to be irrecoverable and any bad debts shall be reported to the Charity and shall be written off at the end of the financial year.

9.3. All sums received on behalf of the Charity shall be banked intact.

9.4. The origin of each receipt shall be recorded in the cashbook

9.5. Where any significant sums of cash are regularly received by the Charity, the Chair shall take such steps as are agreed by the Trustees to ensure that more than one person is present when the cash is

counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for work, goods and services

10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate.

10.2. All Trustees and employees are responsible for obtaining value for money at all times.

10.3. No individual Trustee may issue an official order or make any contract on behalf of the Charity.

11. Contracts

11.1. Procedures as to contracts are laid down as follows:

a) Every contract shall comply with this guidance, and no exceptions shall be made otherwise than in an emergency provided that this guidance need not apply to contracts which relate to items (i) to (vi) below:

- i. for the supply of gas, electricity, water, sewerage and telephone services;
- ii. for specialist services such as are provided by legal professionals acting in disputes;
- iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
- iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Charity;

e) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post.

f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one Trustee.

h) When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Trustees shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3000 and above £100 the Trustees shall strive to obtain 3 estimates. Otherwise, Regulation 10.2 above shall apply.

i) The Charity shall not be obliged to accept the lowest or any tender, quote or estimate.

12. Assets, properties and estates

12.1. Appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Charity shall be made.

12.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Charity, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.

12.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Charity, together with any other consents required by law. In each case a report in writing shall be provided to the Charity in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

12.4. No real property (interests in land) shall be purchased or acquired without the authority of the Charity. In each case a report in writing shall be provided to the Charity in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

12.5. The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

13. Insurance

13.1. The Clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

13.3. The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Trustees at the next available meeting.

13.4. All Trustees and employees shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined.