

## SP6 STANDING FINANCIAL ORDERS POLICY

Policy Number	SP6
Policy Name	Standing Financial Orders
Issue Date	March 2023
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Owner	Finance Director
Reviewing Body	Board of Trustees

Version	Amendments	Date	Initials	Publish on
0.0	Original	February 2021	FD/ET	Website?
1.1	3 year review	March 2023	FD/ET	No

### 1. Purpose

- 1.1 These Financial Standing Orders (FSOs) set out the high level financial policies and internal financial controls for Autism Wessex. Any changes to these FSOs require the approval of the Finance and Audit Committee. Executive management will then put in place the more detailed policies and arrangements to ensure these are delivered.

### 2. Overall financial responsibility

- 2.1 Overall accountability for financial activity sits with the Chief Executive who delegates it to the Finance Director. Budget holders are responsible for financial activity in their areas of operational responsibility.

### 3. Budget, planning and management accounts

- 3.1 A three year financial plan is maintained, and is updated annually, in line with the latest charity strategy and reserves policy. The updated plan is reviewed by the Finance and Audit Committee before final approval from the Trustee Board for approval.
- 3.2 The reserves policy will be reviewed annually by the Finance and Audit Committee before presentation to the Trustee Board for approval.
- 3.3 The financial budget is prepared annually and approved before the start of the financial year. The budget is approved by the Trustee Board, following review by the Finance and Audit Committee, and will include the Statement of Financial Activities for the charity as a whole, analysed into its main operating activities, planned capital expenditure, balance sheet and cash flow projections. A more detailed budget will be prepared at departmental level to support this. A budget holder will be designated as having responsibility for each department budget.
- 3.4 Budgets are expected to be used for the overall purpose for which they were approved. Any adverse variation to budget over £50k (to income and expenditure) should be approved by the

Finance & Audit Committee as soon as it is anticipated to materialise. Any variation over £250k should also be approved by the Trustee Board. Any variation should be mitigated where possible by considering other opportunities to save costs or grow income. Any positive variation will be reported through the quarterly forecast.

- 3.5 All capital projects should be identified and included in the budget for the year, itemising any individual items over £25k. In addition, before funds are committed to a project exceeding £50k, the business case and initial project plan must be presented for approval to the Finance and Audit Committee. The Finance Director will maintain project approval and management guidelines for all projects, including those below £50k.
- 3.6 The Finance Director will maintain reporting of progress against budget and will share this with the Finance and Audit Committee on a quarterly basis. This will include a forecast for the full financial year and any expected variance to budget.

#### **4. Annual report and accounts**

- 4.1 The Annual Report and Accounts must be reviewed by the Finance and Audit Committee prior to their approval by the Trustee Board. This includes the approval of any changes to accounting policy.

#### **5. Income**

- 5.1 The Finance Director is responsible for setting and maintaining procedures to ensure that all income is recognised and collected and that any restrictions on income are properly accounted for.
- 5.2 All relationships with local authorities will be agreed in writing and provisions made for the necessary annual review.
- 5.3 The write-off of any amount in excess of £25k must be reported to the Finance and Audit Committee for approval.

#### **6. Expenditure**

- 6.1 The Finance Director is responsible for setting and maintaining procedures for controlling expenditure, including the operation of a purchase order system.
- 6.2 Any commitment to spend over £25k (including VAT):
  - requires approval from the Chair of the Finance & Audit Committee or the Chair of the Trustee Board;
  - should be subject to a competitive tender process if over £50k;
  - should be subject to a minimum of three quotes if below £50k;
  - should have a documented contract in place;
  - should have any contractual relationship reviewed at a minimum interval of five years;
  - must fit within the overall budget or an approved variation in line with 3.4.

Any commitment over £250k requires approval from the Trustee Board after review by the Finance and Audit Committee.

- 6.3 Below £50k, the Chief Executive will maintain an expenditure policy and authorisation matrix to set out management's responsibility for expenditure, in line with budget ownership.
- 6.4 No contract may be placed with a related party without disclosure to, and agreement of, the Chief Executive. If the relationship is to the Chief Executive then this must be to the Chairman of the Trustees. A related party is defined as a close family member or organisation the family member has control over.

## **7. Bank and cash arrangements**

- 7.1 Any new banking relationship must be approved by the Finance and Audit Committee. No more than £3m may be held with the same bank without approval from the Finance and Audit Committee with a maximum increase of up to £5m.
- 7.2 All individual payments over £5,000 must be subject to dual authorisation.
- 7.3 All bank signatories, including electronic banking authorities, must be selected from the list in Appendix A. Banking systems must be held under dual administration and must also be selected from the list in Appendix A. This list may be updated from time to time with approval from the Chief Executive and either the Chair of the Trustee Board or the Chair of the Finance & Audit Committee.
- 7.4 Any lease, loan or financing arrangement in excess of £25k must approved by the Finance and Audit Committee.
- 7.5 The Finance Director will put in place cash handling procedures to protect cash and to protect the charity and employees from allegations of improper conduct.

## **8. Investments**

- 8.1 Any investment activity must be supported by an Investment Policy approved by the Trustee Board after review by the Finance and Audit Committee.

## **9. Property and fixed assets**

- 9.1 The acquisition, lease or disposal of all land and property must be approved by the Property Sub-Committee, a sub-committee of the Finance and Audit Committee. The Property Sub-Committee will also consider and approve transactions in relation to supported living or other arrangements where there is an exposure to voids.
- 9.2 Any property development or maintenance expenditure over £25k must also be approved by the Finance and Audit Committee.
- 9.3 All fixed assets will be recorded in a fixed asset register and reviewed on a regular basis for existence and condition.

## **10. Payroll and remuneration**

- 10.1 The Finance Director is responsible for operating the payroll system and controls, ensuring the correct calculation of deductions and ensuring compliance with HMRC. The HR Director is responsible for the recording and changes to employee salaries and conditions. Budget holders are responsible for the accurate reporting of hours worked and absence.
- 10.2 The total of the annual pay review is agreed as part of the budget process and signed off by the Trustee Board after review by the Finance and Audit Committee. Any changes to the remuneration packages of [to be agreed] must be agreed by the Trustee Board following review by the Finance and Audit Committee.
- 10.3 Any redundancy or ex gratia payment in excess of £10k must be notified to the Finance and Audit Committee.

## **11. Systems**

- 11.1 The Finance Director is responsible for implementing and maintaining appropriate accounting systems. The IT Department is responsible for assuring the availability of that system.
- 11.2 Regular reconciliations are completed between the accounting systems, records and underlying accounting records to ensure their integrity.

## **12. Financial compliance & monitoring**

- 12.1 The Finance Director is responsible for maintaining systems of internal financial control and for reporting on their effectiveness to the Finance and Audit Committee.
- 12.2 The Finance and Audit Committee will meet with the external auditors to ensure they are aware of any concerns or issues that arise as part of the annual audit process.
- 12.3 All incidents of fraud must be reported to the Finance Director for appropriate investigation and reporting. Depending on the severity of the incident, the police may be notified. A fraud register will be maintained by the Finance Director.

## **13. Insurance**

- 13.1 The Finance Director is responsible for ensuring the necessary insurance cover is in place. A schedule of insurance will be shared with the Finance and Audit Committee on an annual basis.

Appendix A

**AUTHORISED BANK SIGNATORIES**

This list sets out the current employees from whom bank signatories and bank system administrators may be selected, in line with Autism Wessex’s Standing Financial Orders. Section 7.3:

***Bank signatories (including electronic banking):***

Any two may sign from:

- Chief Executive
- Finance Director
- Head of Finance
- Company Secretary

For the NatWest subsidiary bank accounts, the Registered Manager will be named to allow the provision of a bank debit card (such bank accounts to hold less than £3,000).

***Bank system administration:***

Any two selected from:

- Chief Executive
- Finance Director
- Head of Finance
- Company Secretary

Authorised on [date]

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[ ]

Chief Executive

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[ ]

Chair of Trustees / Chair of  
Finance & Audit Committee