

# **FINANCIAL REGULATIONS AND PROCEDURES**

**2018-2019**

# Contents

## Contents

Contents.....	2
Introduction .....	5
1. Background .....	5
Staff, Contractors, Associates and Volunteers .....	5
SHAP Treasurer.....	6
Budget Managers.....	6
Audit and Scrutiny .....	7
Chapter 1: Financial Management .....	8
FINANCIAL MANAGEMENT STANDARDS .....	8
Key Controls .....	8
Responsibilities of the Treasurer .....	8
Responsibilities of the SHAP Board .....	8
MANAGING EXPENDITURE .....	9
Key Controls .....	9
ACCOUNTING POLICIES .....	9
Key Controls .....	9
Responsibilities of the Treasurer .....	10
ACCOUNTING RECORDS AND RETURNS .....	10

Key Controls .....	11
Responsibilities of the Treasurer .....	11
THE ANNUAL STATEMENT OF ACCOUNTS .....	12
Key Controls .....	12
Responsibilities of the Treasurer .....	13
Chapter 2: Financial Planning .....	14
Responsibilities of the Treasurer and Board .....	14
BUDGETING .....	14
Format of the budget .....	14
Revenue Budget Preparation, Monitoring and Control .....	15
Allocation of Resources .....	17
Maintenance of Reserves .....	18
Chapter 3: Risk Management and Control of Resources .....	20
RISK MANAGEMENT .....	20
Key Controls .....	20
Responsibilities of the Treasurer .....	21
Responsibilities of the Board and SHAP co-ordinator .....	22
AUDIT REQUIREMENTS .....	23
Internal or External Audit .....	23
Preventing Fraud and Corruption .....	25
ASSETS .....	27
SHAP has no physical assets.....	27

Intellectual Property .....	27
Chapter 4: Financial Systems and Procedures .....	28
GENERAL .....	28
Key Controls .....	28
Responsibilities of the Treasurer .....	29
INCOME AND EXPENDITURE .....	29
Income .....	29
Payment - General.....	37
Payments Systems .....	39
TAXATION .....	39
Key Controls .....	39
Responsibilities of the Treasurer .....	40
Chapter 5 : External Arrangements .....	41
PARTNERSHIPS .....	41
General .....	41
Key Controls .....	42
Responsibilities of the Treasurer .....	43
Responsibilities of the SHAP Board and SHAP co-ordinator.....	43
EXTERNAL FUNDING.....	44
Key Controls .....	44
Responsibilities of the SHAP as a Grant Recipient .....	45
Responsibilities of the Treasurer .....	46

## *Introduction*

### 1. Background

1.1 To conduct its business efficiently, SHAP needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations & Procedures that set out the financial policies of SHAP.

1.2 Financial Regulations & Procedures provide the framework for managing SHAP's financial affairs. They apply to every Board Member, appointed contractor anyone acting on its behalf who can be reasonably expected to be aware of them.

1.3 The Regulations identify the financial responsibilities of the Board Members and those contracted by SHAP and acting on behalf of SHAP.

### 2. General

#### **Staff, Contractors, Associates and Volunteers**

2.1 SHAP does not employ staff. All Directors, Board Members, Contractors, Associates and Volunteers have a general responsibility for taking reasonable

action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

- 2.2 All Directors, Board Members, Contractors, Associates and Volunteers must read and understand the Financial Regulations & Procedures and any related documents. It is the individual's responsibility to clarify any areas that they do not understand with the SHAP Board and/or the officers referred to in this document.

### **SHAP Treasurer**

- 2.3 The Treasurer is responsible for maintaining a continuous review of the Financial Regulations & Procedures and submitting any additions or changes necessary to the SHAP Board for approval. The Treasurer is responsible for reporting, where appropriate, breaches of the Financial Regulations & Procedures to the SHAP Board.

- 2.4 The Treasurer is responsible for issuing advice and guidance to underpin the Financial Regulations & Procedures that Directors, Board Members, Contractors, Associates and Volunteers and others acting on behalf of SHAP are required to follow.

### **Budget Managers**

- 2.5 A Budget Manager is a named individual with financial responsibility for one or more cost centres.

- 2.6 Budget Managers must ensure that they read and understand the requirements of Financial Regulations & Procedures and other documentation relating to their role.
- 2.7 Budget Managers must ensure that they use adequate systems that enable them to monitor their budget effectively and highlight concerns promptly.
- 2.8 Budget Managers must be mindful of any changes in activities, which will have a material effect on their budget and report these to the SHAP Board.

2.9 Budget Managers must be aware of their responsibilities regarding:-

- (a) Monitoring their budget (including actuals and commitments against budget);
- (b) Profiling their budget;
- (c) Reporting underspends and overspends to the SHAP Board
- (d) External funding and understanding Accountable Body status and grant conditions in relation to finance; and
- (e) Complying with the cash limited discipline. i.e. spending within budget.

### **Audit and Scrutiny**

- 2.10 From time to time, the SHAP Board may arrange for an independent audit and scrutiny with a report being prepared for the Board.

# Chapter 1: Financial Management

## FINANCIAL MANAGEMENT STANDARDS

### **Why is this important?**

- 1.01 All those associated with SHAP have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

### **Key Controls**

#### **Responsibilities of the Treasurer**

- 1.02 To ensure the proper administration of the financial affairs of SHAP.
- 1.03 To advise on the key strategic controls necessary to secure sound financial management.
- 1.04 To ensure that financial information is available to enable accurate and timely monitoring and reporting to the Board.

#### **Responsibilities of the SHAP Board**

- 1.05 To promote the financial management standards set by the SHAP Treasurer and to monitor adherence to the standards and practices, liaising as necessary with the Treasurer.

1.06 To promote sound financial practices in relation to working with SHAP Associates, contractors, volunteers, Members, Partners and Sponsors.

## **MANAGING EXPENDITURE**

### **Key Controls**

1.07 are administered by the Treasurer within guidelines agreed by the full Board. Any variation from this scheme requires the approval of the full Board..

- (a) the overall budget is agreed by the Board. The Board must authorise expenditure.

## **ACCOUNTING POLICIES**

### **Why is this important?**

1.08 The Treasurer is responsible for the preparation of SHAP's Statement of Accounts, in accordance with proper practices.

### **Key Controls**

1.09 The Key Controls for accounting policies are:

- (a) systems of internal control are in place that ensure that financial transactions are lawful
- (b) suitable accounting policies are selected and applied consistently
- (c) proper accounting records are maintained

- (d) financial statements are prepared which present fairly the financial position of SHAP and its expenditure and income.

### **Responsibilities of the Treasurer**

- 1.10 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the Statement of Accounts, which must be submitted by 31 December each year, and covers such items as:
- (a) accounts including capital and revenue transactions
  - (b) the basis on which debtors and creditors at year end are included in the accounts
  - (c) details on substantial provisions and reserves
  - (d) fixed assets, depreciation and capital charges
  - (g) work in progress and stocks and stores
  - (i) deferred charges, accounting for value added tax and government grants

## **ACCOUNTING RECORDS AND RETURNS**

### **Why is this important?**

- 1.11 Maintaining proper accounting records is one of the ways in which the SHAP discharges its responsibility for stewardship of public resources. SHAP has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These may be subject to external audit. This audit provides assurance that the accounts are prepared properly and that proper accounting practices have been followed

### **Key Controls**

- 1.12 The Key Controls for accounting records and returns are:
- (a) SHAP operates within the required accounting standards and timetables
  - (b) all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
  - (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
  - (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
  - (e) prime documents are retained in accordance with legislative and other requirements.

### **Responsibilities of the Treasurer**

- 1.13 To determine the accounting procedures and records for SHAP.
- 1.14 To arrange for the compilation of all accounts and accounting records under his/her direction.
- 1.15 To comply with the following principles when allocating accounting duties:
- (a) separating the duties of providing information about sums due to or from SHAP and calculating, checking and recording these sums from the duty of collecting or disbursing them
  - (b) individuals engaged by SHAP with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

- 1.17 To make proper arrangements for the audit of SHAP's accounts in accordance with the Accounts and Audit Regulations 1996 when agreed by the SHAP Board.
- 1.18 To ensure that all claims for funds including grants are made by the due date.
- 1.19 To prepare and publish the audited accounts of SHAP for each financial year, in accordance with the statutory timetable and with the requirement for the Board to approve the Statement of Accounts before the 30th November.
- 1.20 To administer any arrangements for under and overspendings to be carried forward to the following financial year.
- 1.21 To ensure the proper retention of financial documents in accordance with the legislative and operational requirements.

## **THE ANNUAL STATEMENT OF ACCOUNTS**

### **Why is this important?**

- 1.22 SHAP has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Board is responsible for approving the statutory annual Statement of Accounts.

### **Key Controls**

- 1.23 The Key Controls for the annual Statement of Accounts are:

- (a) SHAP is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. This is the Treasurer or nominated member of the Board.
- (b) the Council's Statement of Accounts must be prepared in accordance with proper practices.

### **Responsibilities of the Treasurer**

- 1.24 To select suitable accounting policies and to apply them consistently.
- 1.25 To sign and date the Statement of Accounts, stating that it presents fairly the financial position of SHAP at the accounting date and its income and expenditure for the year ended 31 March.
- 1.26 To draw up the timetable and accounting guidance for final accounts preparation and to advise staff and external auditors accordingly.

## *Chapter 2: Financial Planning*

**BUSINESS PLAN – SHAP responds to emerging issues as raised by Members at the SHAP annual conference. The work packages for the following 12 months are agreed at the conference. It is longstanding practice that SHAP therefore does not produce a ‘Business Plan’ but operates an agile response to the needs of SHAP Members.**

### **Responsibilities of the Treasurer and Board**

- 2.01 To ensure that systems are in place to ensure the work packages agreed at the annual conference can be adequately resourced.
- 2.02 To ensure that performance information is monitored sufficiently frequently to ensure funder’s evidence requirements can be met and to allow corrective action to be taken if targets are not likely to be met.

### **BUDGETING**

#### **Format of the budget**

#### **Why is this important?**

2.03 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes the operation of cash limits and sets the level at which funds may be reallocated within budgets.

### **Key Controls**

2.04 The Key Controls for the budget format are:

- (a) the format complies with all legal requirements
- (b) the format reflects the accountabilities of service delivery.

### **Responsibilities of the Treasurer**

2.05 To advise on the format of the budget that is approved by the Board.

## **Revenue Budget Preparation, Monitoring and Control**

### **Why is this important?**

2.06 Budget management ensures that once the budget has been approved by the Board, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Board to review and adjust its budget during the financial year. It also provides the mechanism that calls to account those responsible for defined elements of the budget.

2.07 By continuously identifying and explaining variances against budgetary targets, the Board can identify changes in trends and resource requirements at the earliest opportunity. The Board itself operates within an annual cash limit, approved when

setting the overall budget. To ensure that the Board does not overspend, a financial update will be prepared for each Board meeting.

### **Key Controls**

2.08 The Key Controls for managing and controlling the revenue budget are:

- (a) The Board accepts accountability for the budget and the level of service to be delivered and understands their financial responsibilities
- (b) The Board follows an approved certification/ authorisation process for all expenditure
- (c) income and expenditure are properly recorded and accounted for

### **Responsibilities of the Treasurer**

2.09 To establish an appropriate framework of budgetary management and control that ensures that:

- (a) budget management is exercised within annual cash limits
- (b) the Board has available timely information on receipts and payments on each budget which is sufficiently detailed to enable the Board to fulfil its budgetary responsibilities
- (c) expenditure is committed only against an approved budget
- (d) all individuals responsible for committing expenditure comply with relevant guidance, and the financial regulations
- (e) significant variances from approved budgets are investigated and reported by Budget Managers regularly.

2.10 To prepare and submit reports on the SHAP's projected income and expenditure compared with the budget on a regular basis to the Board.

2.11 To ensure prior approval by the Board for new proposals, of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce SHAP services and activity
- (d) and operation of budget preparation and to ensure that any corrective action is taken.

### **Allocation of Resources**

#### **Why is this important?**

2.12 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

#### **Key Controls**

2.13 The Key Controls for resource allocation are:

- (a) resources are acquired in accordance with the law and using an approved authorisation process

- (b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- (c) resources are securely held for use when required
- (d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

### **Responsibilities of the Treasurer**

- 2.14 To advise on methods available for the funding of resources, such as grants from central government, other grant funding bodies, membership and partnership fees and sponsorship etc.

### **Responsibilities of the Board**

- 2.15 To ensure SHAP works within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.16 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

### **Maintenance of Reserves**

#### **Why is this important?**

- 2.17 SHAP must decide the level of general reserves it wishes to maintain. They enable SHAP to provide for unexpected events and thereby protect it from

overspending, should such events occur. Reserves for specific purposes may also be maintained.

### **Key Controls**

- 2.18 Authorisation and expenditure that would impact on reserves must be agreed by the Board.

### **Responsibilities of the Treasurer**

- 2.19 To advise the Board on prudent levels of reserves.

### **Responsibilities of the Board**

- 2.20 To ensure that resources are used only for the purposes for which they were intended

# Chapter 3: Risk Management and Control of Resources

## RISK MANAGEMENT

### **Why is this important?**

- 3.01 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation, identify and manage barriers to the achievement of SHAP's objectives and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the further action the organisation needs to take to control these risks effectively, and to minimise the severity of the consequences, if they do occur.
- 3.02 It is the overall responsibility of the Board to approve the SHAP's risk management strategy, and to promote a culture of risk management awareness..

### **Key Controls**

- 3.03 The Key Controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively
- (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- (c) Individuals and organisations involved with SHAP know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- (d) provision is made for losses that might result from the risks that remain
- (e) procedures are in place to investigate claims within required timescales
- ( f) acceptable levels of risk are determined and insured against where appropriate
- (g) SHAP has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

### **Responsibilities of the Treasurer**

3.04 To prepare and promote SHAP's risk management policy statement.

3.05 To develop risk management controls in conjunction with the Board.

3.06 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with the Board, where necessary.

3.07 To effect all insurance cover in a manner determined by the Board.

### **Responsibilities of the Board and SHAP co-ordinator**

- 3.08 , to take responsibility for the identification, assessment and management of risk, with a view to ensuring that all threats to the SHAP are minimised and controlled, leading to the reduction of costs associated with risk and the continuance of service provision.
- 3.09 To prepare and maintain a risk register identifying each material risk, its likelihood of occurrence and the impact on service delivery / resources, together with a list of controls and assurances regarding their adequacy/effectiveness and assignment of further risk mitigating actions.
- 3.10 To ensure that there are regular reviews of risk and to include the management of risk specifically, so that risk related threats / weaknesses are addressed within action plans.
- 3.11 To notify the Board immediately of any loss, liability or damage that may lead to a claim against the SHAP together with any information or explanation required by the Board or SHAP's insurers.
- 3.12 To ensure that sound arrangements for the security and continuity of service in the event of disaster are in place.
- 3.13 To ensure that records are properly maintained and securely held.
- 3.14 To consult the Treasurer and the Board on the terms of any indemnity that the Council is requested to give.

- 3.15 To ensure that employees, or anyone covered by the SHAP's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

## **AUDIT REQUIREMENTS**

### **Internal or External Audit**

#### **Why is this important?**

- 3.16 Internal audit is an independent and objective appraisal function established by the Council for reviewing the system of risk management, governance and internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 3.17 The Key Controls for internal audit are:
- (a) that it is independent in its planning and operation
  - (b) the Auditor has direct access as required to individuals and information

#### **Responsibilities of the Treasurer**

- 3.18 To carry out an internal audit on whatever basis he/she determines of the financial and related operations of SHAP.
- 3.19 To ensure that internal auditors and fraud investigators are able to:

- (a) access all assets, records, documents, correspondence and control systems
- (b) receive any information and explanation considered necessary concerning any matter under consideration
- (c) directly access the SHAP Board and SHAP co-ordinator

3.20 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity and ensure compliance with the Bribery Act 2010.

3.21 To prepare reports to the SHAP Board setting out the audit work carried out .

**Responsibilities of the SHAP Board and SHAP co-ordinator**

3.22 To ensure that internal auditors / fraud investigators are given access at all reasonable times to premises, personnel, documents and assets that the auditors / fraud investigators consider necessary for the purposes of their work.

3.23 To ensure that auditors / fraud investigators are provided with any information and explanations that they seek in the course of their work.

3.24 To consider audit reports promptly and reply to recommendations, unless otherwise requested, within four weeks of the date of the audit report.

3.25 To ensure that agreed audit recommendations are implemented, including the identification of an appropriate officer responsible for implementation and the timescale required.

- 3.26 To notify the Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of SHAP's resources. Pending investigation and reporting, the Board should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.27 To ensure that new systems for maintaining financial records or changes to such systems, are discussed with and agreed by the Board prior to implementation and that the provisions of the Bribery Act 2010 are met.

### **Preventing Fraud and Corruption**

#### **Why is it this important?**

- 3.28 SHAP is totally committed to creating an environment where fraud and corruption are not tolerated whether from inside or outside SHAP. Where fraud or corruption are found firm action will be taken against the instigator(s). New legislation [Bribery Act 2010] imposes new duties.
- 3.29 SHAP's expectation of propriety and accountability is that Members, Associates, Contractors and Volunteers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 3.30 SHAP also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption and have particular regard to the provisions of the Bribery Act 2010.

### **Key Controls**

3.31 The Key Controls regarding the prevention of financial irregularities are that:

- (a) SHAP has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- (b) all Members, Associates, Contractors, Volunteers act in accordance with the Members' and employees' Codes of Conduct, with integrity and lead by example
- (c) The Board is required to deal swiftly and firmly with those who defraud or attempt to defraud SHAP or who are corrupt and report all suspected irregularities
- (e) the maintenance of a register of interests, in which any hospitality or gifts offered or accepted must be recorded by the SHAP Board and the SHAP co-ordinator
- (f) whistle blowing procedures are in place and operate effectively

### **Responsibilities of the Treasurer**

3.32 To develop and maintain an anti-fraud and anti-corruption policy.

3.33 To maintain adequate and effective internal control arrangements.

3.34 To ensure that irregularities are reported to the Board

3.35 To ensure that where financial impropriety is discovered and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place. The Treasurer shall inform the Board of the decision to involve the police in any investigation.

## ASSETS

**SHAP has no physical assets.**

### **Intellectual Property**

#### **Why is this important?**

- 3.36 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee/contractor during the course of employment/engagement, then, as a general rule, they belong to the employer, not the employee/contractor. Various Acts of Parliament cover different types of intellectual property.
- 3.37 Certain activities undertaken within SHAP may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

#### **Key Controls**

- 3.38 In the event that SHAP decides to become involved in the commercial exploitation of inventions and research guidance must be sought from the Board.

#### **Responsibilities of the Treasurer**

- 3.39 To provide guidance on Intellectual Property Issues.

### **Responsibilities of Board**

- 3.40 To ensure that controls are in place to ensure that SHAP Associates, contractors and volunteers are aware of SHAP's rights with regard to intellectual property.

## *Chapter 4: Financial Systems and Procedures*

### **GENERAL**

#### **Why is this important?**

- 4.01 Services are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.
- 4.02 The Treasurer has a professional responsibility to ensure that SHAP's financial systems are sound and should therefore be notified of any new developments or changes.

#### **Key Controls**

The Key Controls for systems and procedures are:

- (a) basic data exists to enable SHAP's objectives, targets, budgets and plans to be formulated
- (b) early warning is provided of deviations from target, plans and budgets that require management attention
- (c) operating systems and procedures are secure.

- (d) (e) appropriate division of duties

### **Responsibilities of the Treasurer**

4.03 To make arrangements for the proper administration of SHAP's financial affairs, including to:

- (a) issue advice, guidance and procedures for SHAP
- (b) determine the accounting systems, form of accounts and supporting financial records
- (c) establish arrangements for audit of the SHAP's financial affairs
- (d) approve any new financial systems to be introduced
- (e) approve any changes to be made to existing financial systems.

## **INCOME AND EXPENDITURE**

### **Income**

#### **Why is this important?**

4.04 Income can be a vulnerable resource and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the cashflow.

#### **Key Controls**

4.05 The Key Controls for income are:

## **General**

- (a) all income available or due to SHAP is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- (b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
- (c) effective action is taken to pursue non-payment within defined timescales
- (d) all appropriate income documents are retained and stored for a defined period in accordance with statutory and operational requirements
- (e) all fees and charges are reviewed on an annual basis

## **Receipt of Income, Banking and Reconciliations**

money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

## **Bad Debts**

- (f) formal approval for debt write-off is obtained from the Board
- (g) appropriate accounting adjustments are made in the same month as the write-off action

## **Money Laundering**

- (h) The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 were established to trace money in the economy.
- (i) It is SHAP's money laundering Policy not to accept cash payments.

## **Responsibilities of the Treasurer**

### **General**

- 4.06 To agree arrangements for the collection of all income due to SHAP and to approve the procedures, systems and documentation for its collection.
- 4.07 To review annually SHAP's Fees & Charges policy.

### **Receipt of Income, Banking and Reconciliation**

- 4.08 To arrange for bank reconciliation statements to be regularly prepared for all bank accounts and for all matters arising from the reconciliations to be cleared as soon as practicable.

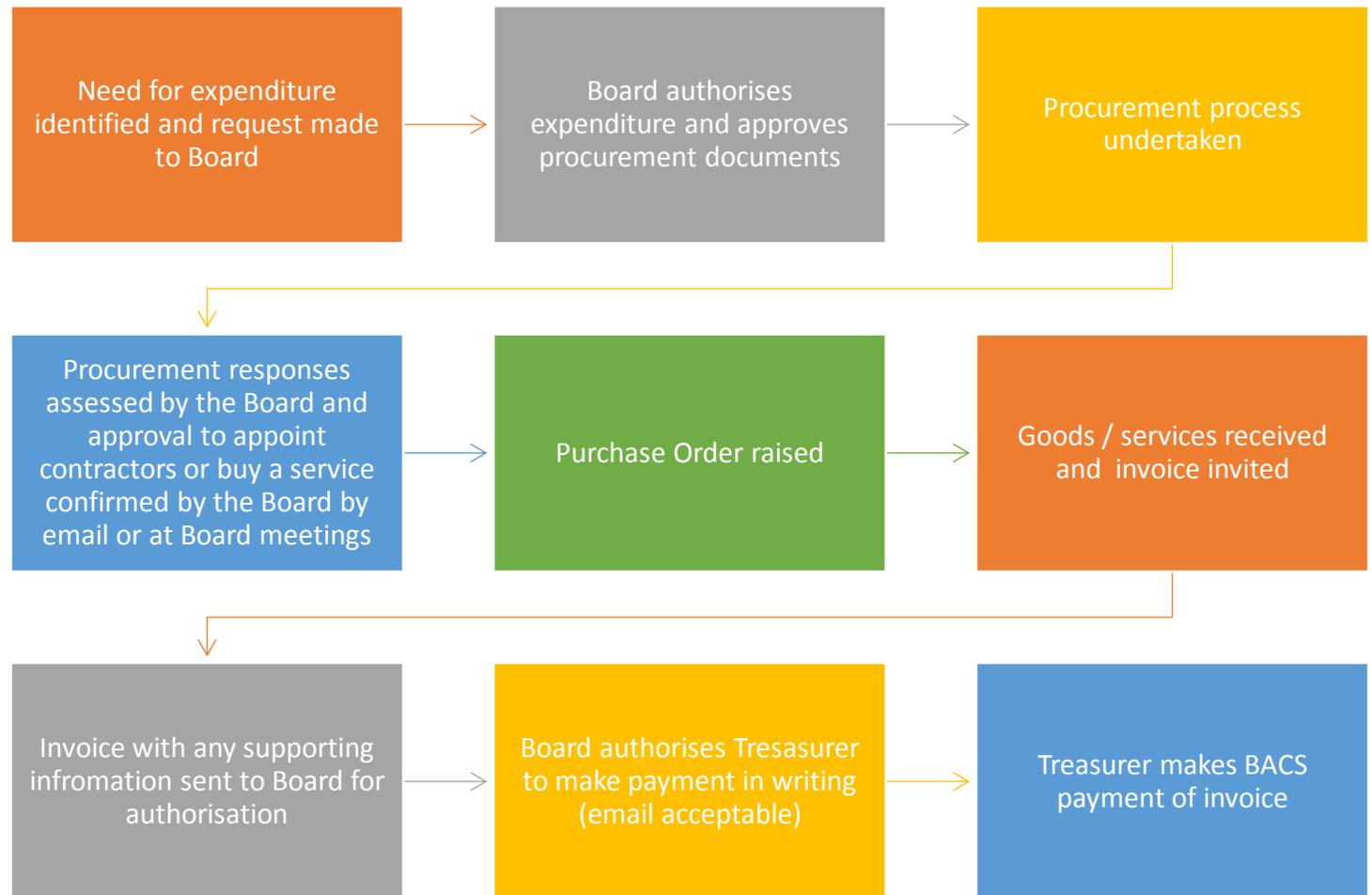
### **Bad Debts**

- 4.09 To approve all debts to be written off in consultation with the Board.
- 4.10 To obtain the approval of the Board for writing off debts.
- 4.11 To ensure that appropriate accounting adjustments are made following write-off action.
- 4.12 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

### **Money Laundering**

4.13 To maintain, update and ensure that all SHAP Members, Associates, Contractors and Volunteers are aware of the Council's Money Laundering Policy

**Expenditure [ordering and paying for work, goods and services]**



### **Why is this important?**

4.14 SHAP funds should be spent with demonstrable probity. These procedures should be read in conjunction with SHAP's code of practice on tenders and contracts specified in the Procurement & Contract Procedure Rules.

### **General Responsibilities**

- 4.15 Every SHAP Members, Associate and Volunteer has a responsibility to declare any links or personal interests they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of SHAP, in accordance with appropriate codes of conduct.
- 4.16 Purchase Orders shall be raised for all works, goods and services to be supplied to SHAP.  
The Purchase Order [PO], and therefore the recognised approval, shall precede the acquisition of goods and services. The PO shall show the quantities and terms of transaction.
- 4.17 Goods and services that have to be obtained to respond to an urgent situation shall be confirmed by the raising of an PO (confirmation) duly approved within 4 working days of the urgent request being made on the supplier.
- 4.18 Each PO must conform to the guidelines approved by the Board. Standards terms and conditions must not be varied without the prior approval of the Treasurer.
- 4.19 The standard method of payment By SHAP shall be by BACS or other instrument or approved method, drawn on the SHAP bank account by the Treasurer. The use of direct debit shall require the prior agreement of the Board.
- 4.20 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of SHAP contracts.

### **Key Controls**

- 4.21 The Key Controls for ordering and paying for work, goods and services are:

- (a) all goods and services are ordered only by appropriately authorised persons and are correctly recorded
- (b) all goods and services shall be ordered in accordance with the SHAP's code of practice for tenders and contracts
- (c) Approval of a transaction must be sought in its entirety at the correct level. The raising of two or more orders for a transaction and obtaining multiple approvals at a lower level is not permitted
- (d) goods and services received are checked to ensure they are in accordance with the order. Goods above £100 should not be received by the person who authorised the order
- (e) payments are not made unless goods have been properly receipted by SHAP to the correct price, quantity and quality standards
- (f) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- (g) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- (h) all expenditure, including VAT, is accurately recorded against the right budget and any errors are corrected
- (i) the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

### **Responsibilities of the Treasurer**

- 4.22 To ensure that all SHAP's financial systems and procedures are sound and properly administered.
- 4.23 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 4.24 To approve the form of official orders and associated terms and conditions.
- 4.25 To make payments from SHAP's funds on the Boards authorisation that the expenditure has been duly incurred in accordance with financial regulations and procedures.
- 4.26 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 4.27 To provide advice on making payments by the most economical means.
- 4.28 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- 4.29 To ensure that all SHAP purchase invoices are set against an approved valid PO and validated

### **Responsibilities of the SHAP Board and SHAP co-ordinator**

### **Ordering – General**

- 4.30 To ensure the requirements of the Procurement & Contract Procedure Rules are observed in respect of all purchases.
- 4.31 To ensure that only those are authorised approve POs and to maintain and copy to the Treasurer an up-to- date list of such POs. The authoriser of the PO should be satisfied that the goods and services ordered are appropriate and necessary, that there is adequate budgetary provision and that the requirements of the Procurement & Contract Procedure Rules are adhered to.
- 4.32 All POs are to be approved by the SHAP Board before issue.

### **Delivery**

- 4.33 All satisfactory deliveries of reports and other goods and services must be duly recorded against the relevant purchase order within 10 working days of actual delivery.

### **Payment - General**

- 4.34 All invoices must be authorised for payment by the SHAP Board.
- 4.35 To ensure that for any invoices or payment documents that are exempt from POs and are presented for payment, the Board must have satisfied themselves that:
- (a) the goods have been received and are satisfactory in respect of quantity, quality and compliance with specification;

- (b) the work done, or services rendered have been satisfactorily performed and comply with specification;
- (c) grants, awards, allowances, reimbursements and gratuitous payments are authorised for payment by the Board
- (d) the prices, extensions, totals, calculations, trade discounts, other allowances, credits and value added tax are correct;
- (e) the expenditure has been properly incurred and is within the estimated provision;
- (f) the invoice has not previously been passed for payment and is a proper legal liability of SHAP

4.36 To ensure all invoices are properly presented to the Board without delay.

4.37 To ensure that no amendments are made to an original invoice. Invoices must not be part paid. Disputes must be raised with the supplier and any reductions settled via a Credit Note.

4.38 To ensure that where it is necessary to pass a copy invoice for payment a thorough check must be carried out to ensure the original invoice has not previously been paid.

4.39 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from Board.

4.40 To notify the Treasurer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Treasurer

4.41 To notify the Treasurer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

- 4.42 To arrange for all payment documents, following payment processing to be securely retained in accordance with statutory, procedural and operational requirements.
- 4.43 To ensure that all requests for the payment of monies without a PO are authorised for payment by the Board

### **Payments Systems**

- 4.44 Payments made on behalf of SHAP should be made through systems approved by the Board. All policies, procedures and rules in respect to the use of such systems must be strictly adhered to.

## **TAXATION**

### **Why is this important?**

- 4.45 Like all organisations, SHAP is responsible for ensuring its tax affairs are in order.

### **Key Controls**

- 4.46 The Key Controls for taxation are:
  - (b) Advice on taxation will be requested from the Accountant preparing SHAP annual accounts.

- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate authorities within the stipulated timescale.

### **Responsibilities of the Treasurer**

4.47 To complete all HM Revenue and Customs returns

# Chapter 5 : External Arrangements

## PARTNERSHIPS

### **Why is this important?**

5.01 Partnerships are likely to play a key role in delivering SHAP activities and in helping to promote and improve the outcomes from investment in the housing sector. SHAP has a distinctive leadership role in bringing together the contributions of the various stakeholders. They therefore need to deliver a shared vision and programme of activity to support the delivery of the vision.

5.02

### **General**

5.03 The main reasons for entering into a partnership are:

- ( a) the desire to find new ways to share risk
- (b) the ability to access new resources
- (c) to provide new and better ways of delivering services
- (d) to forge new relationships.

5.04 partner is defined as either:

- ( a) an organisation (private or public) undertaking, part funding, bringing financial risk or participating as a beneficiary in a project; or
- (b) a body whose nature or status give it a right or obligation to support the project.

5.05 Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others
- (b) acting as a project funder or part funder or provider of information or other resources
- (c) being the beneficiary group of the activity undertaken in a project.

5.06 Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- ( b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
- (c) be open about any conflict of interests that might arise
- (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature to act wherever possible as ambassadors for the project.

**Key Controls**

5.07 The Key Controls for Council partners are:

- (a) to comply and be aware of their responsibilities under SHAP's Financial Regulations & Procedures and the code of practice on tenders and contracts
- (b) to ensure that risk management processes are in place to identify and assess all known risks

- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, employees and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- (f) to undertake evaluation to determine the effectiveness of the project
- (g) to ensure that checks and balances are in place in respect of SHAP's key partnerships

#### **Responsibilities of the Treasurer**

5.08 To advise on effective controls that will ensure that resources are not wasted.

5.09 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

5.10 To ensure that the accounting arrangements are satisfactory.

#### **Responsibilities of the SHAP Board and SHAP co-ordinator**

5.11 To maintain a register of all contracts entered into with external bodies

- 5.12 To ensure that, before entering into grant funding agreements with external bodies, a full project appraisal and risk assessment has been conducted
- 5.13 To ensure that such agreements and arrangements do not impact adversely upon SHAP
- 5.14 To ensure that all agreements and arrangements are properly documented.
- 5.15 To record and maintain appropriate information to enable the Chief Financial Officer to enter a note into the Council's Statement of Accounts concerning material items.

## **EXTERNAL FUNDING**

### **Why is this important?**

- 5.16 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of SHAP. Funds from external agencies provide additional resources to enable SHAP to deliver services to its Members and the housing sector. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to SHAP's overall plan.

### **Key Controls**

- 5.17 The Key Controls for external funding are:
  - (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood

- (b) to ensure that funds are acquired only to meet the priorities approved by the Board
- (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.
- (d) to ensure that ongoing revenue implications are fully considered before entering into any agreement

### **Responsibilities of the SHAP as a Grant Recipient**

5.18 SHAP receives grant funding from a number of external bodies. The main responsibilities of SHAP as a grant recipient are as follows;

- (a) To enter into a funding agreement on behalf of the SHAP
- (b) To take responsibility for the receipt and proper use of grant until the final grant payment has been made.
- (c) To have internal systems in place to recognise and limit any risks and associated potential financial exposure to SHAP
- (d) To ensure effective business processes are in place with regard to project appraisal, risk assessment and financial management systems to ensure that regularity, propriety and value for money are being achieved in the use of public funds.
- (e) To ensure that partnership management and financial information systems meet the requirements set out in the relevant funding agreements and to

ensure that such systems are accurate and fit for the purpose to fulfill both internal and external audit requirements.

- (f) To ensure both internal and external systems are designed to enable a focus on the monitoring and achievement of the results promised in the approved bid.

### **Responsibilities of the Treasurer**

5.19 To ensure that all funding notified by external bodies is received and properly recorded in SHAP's accounts.

5.20 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

5.21 To ensure that audit requirements are met.

### **Responsibilities of the SHAP Board and SHAP co-ordinator**

5.22 To ensure that all claims for funds are made by the due date.

5.23 To ensure that the Board is informed how the proposed external funding fulfills the SHAP's objectives and desires prior to any bid being submitted for external funding

5.24 To ensure that the project progresses, both in terms of expenditure and impact, in accordance with the agreed project approval and that all expenditure is properly incurred and appropriately recorded.

- 5.25 To comply with rules of the funding body, especially in the preparation of grant claims and the evidence collated and retained in support of those claims..
- 5.26 To ensure that appropriate insurance arrangements are made.
- 5.27 To ensure that SHAP is not put at risk from any bad debts or any other associated risks.
- 5.28 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.29 To ensure that the service/unit has the appropriate expertise to undertake the contract.
- 5.30 To ensure that such contracts do not impact adversely upon the SHAP core activities
- 5.31 To ensure that all contracts are properly documented.