
Cerebral Palsy Sport

No: CPS030

Financial Control Policy and Procedures

Version 9

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Purpose:

Cerebral Palsy Sport believes that sound policies in the following areas will significantly benefit the overall efficiency of the organisation, and promote the financial stability and sustainability of the charity, its employees, members and voluntary officers and board members.

1. STATEMENT OF POLICY

- a. Cerebral Palsy Sport recognises that in all aspects of its charitable operations, detailed financial control, systems and oversight is required.
- b. The objective of this policy is that the organisation will ensure that there is adequate and appropriate financial control, operation of financial procedures and due oversight by Board members of the financial operations of the organisation.
- c. This policy will influence and affect every aspect of activities carried out at Cerebral Palsy Sport i.e. service delivery, promotional work, educational services, casework and other functions linked to the organisation, as determined by the Board.
- d. In the provision of services and the employment of staff, Cerebral Palsy Sport is committed to ensuring appropriate financial control and management is in place at all time.
- e. The scope of the policy covers the activities and personnel of Cerebral Palsy Sport whether they are:
 - Paid employees
 - Volunteer Board Members
 - Volunteers
 - Trainee workers and students on work experience or placements.

2. POLICY IMPLEMENTATION

The Chief Executive and members of the Board have specific responsibility for the effective implementation of this policy. Each service manager also has responsibilities and we expect all our team members to abide by the policy.

In order to implement this policy we shall:

- Communicate the policy to team members, Board members, volunteers and relevant others.
- Incorporate specific and appropriate duties in respect of implementing the Financial Control policy into job descriptions and work objectives of all staff.
- Ensure that adequate resources are made available to fulfill the objectives of the policy.

3. FINANCIAL PLANNING

- a. The organisation has a long term financial planning process and this is supported by an annual budget process. The full Board is required to receive and consider the full operational Budget envelope forecast each year and this is presented in the autumn cycle of Board meetings for consideration, feedback and approval.
- b. The level of reserves is also reviewed in this budget planning cycle. Since 2016 a reserves recovery plan has been in place and is under continual review by the Finance, Fundraising and Marketing Sub Committee as well as then reported to the full Board.

4. REPORTING

- a. **Recording of income, analysis and checks of income trends:** This is undertaken by the Chief Executive, Senior Managers and members of the Finance, Fundraising and Marketing Sub Committee on a monthly basis. The scope of the reporting includes:
 - i. **Grant Income** – the level of grant income received and the level of grant income that has been bid for.
 - ii. **Deferred Income and grants profile:** this profile is reported to provide Board members with a clear overview of the grants received, how grant income and income is being deferred and allocated across cost centres.
- b. Fundraising targets are set annually and budget projections and variances are detailed as a computer record each month and presented to Board Members every two months as part of the reporting to the Finance, Fundraising and

Marketing Sub Committee. The fundraising team monitor fundraised income through the Advantage Fundraising system which is used to record all income generation activity for fundraising.

- c. Fundraising activity is evaluated as a monthly/ongoing process undertaken by the Fundraising team and appropriate Manager. Action plans are deployed to ensure a diversity of approach to fundraising to accommodate potential fluctuations, i.e. situations as they arise with the national economy, policies on corporate and grant giving and the general economy within the public sector.
- d. These are reviewed by the Finance, Fundraising and Marketing Sub Committee. A Grants funding pipeline is in operation and details all the funding sources for grants and charitable trusts are recorded in terms of planned and submitted bids as well as outcomes, which is updated on receipt of any funded grants. This information is reported to all members of the Sub Committee and recorded on Basecamp.
- e. A full record of grant applications is detailed on the Grants Profile that has operated since 2013. This includes the details of dates/amounts secured/timescale for re-application, grant awarded, code and month to be applied to the P&L accounts. The income is shown as restricted and non-restricted funding.
- f. The income accruals are also shown on the nominal ledger transaction report that is received monthly from the accountants. These are reviewed for accuracy. Deferred income is also shown on the ledger and on the grants profile. This is reconciled at the end of each month and then at year end.
- g. Major grant applications supporting salaries and core costs: 12 months prior to the expiry of the grant, steps are taken to either secure a continuation period for the grant and/or applications are made to secure alternative sources of funding to ensure continuity of funding and posts; depending on eligibility of funding and grants.
- h. The external book-keeper is responsible for recording all financial transactions in the Sage accounting system.
- i. The external book-keeper is responsible for monthly bank reconciliation and checking accuracy of recording of prepayments, accruals and appropriate recording of ring fenced moneys on Sage.

- j. Printed Balance, Profit and Loss and Balance Sheets are provided for the Senior Management Team (SMT) and the Finance, Fundraising and Marketing Sub Committee members.
- k. All Board Members receive full Financial Reports at Board Meetings (minimum 6 times per year) and they are also available to the organisation's Basecamp system.

5. Year End Procedures

- a. The CEO and all Senior Managers will ensure that all relevant sales and payment invoices are processed in a prompt timescale. Debtors will be chased in the run up to the year end to secure payment on the accounts outstanding.
- b. A year end stock take is taken of all stock and merchandise and reported to the Book-keeper for reconciliation with the Sage account.
- c. Accruals and deferred income is reconciled to ensure accuracy of year-end figures in line with the grants profile and the grants profile is provided to the book-keeper to update Sage.
- d. The book-keeper will undertake a full reconciliation check of the Sage account to ensure all element of the accounts are accurate before yearend figures are cleared on Sage.
- e. The asset register will be checked against the year-end position to ensure accuracy.
- f. The draft accounts are then produced for consideration by the Executive Team and the Finance, Fundraising and Marketing Sub Committee. Only once final adjustments are completed, will the Full Year End accounts by considered by the Board in advance of the audit.

6. AUDITING

- a. Reports and accounts are audited each year following the financial year end (31st December). For the 2018 accounts, there will be a process of an external examination as the charity's income levels does not warrant a full audit.
- b. The current auditor for Cerebral Palsy Sport is UHY Hacker Young.
- c. In advance of the annual external examination process, the timetable will be agreed between the auditors and the Chief Executive and reported to the Finance, Fundraising and Marketing Sub Committee. An open of audit meeting is

held between the CEO and the auditors and an audit closure meeting is held with the CEO, Chair and the auditors.

- d. A letter of engagement will be provided to Cerebral Palsy Sport from the auditors along with the required bank authority request letters for signature.
- e. End of year stock reports and end of year financial accounts will be provided to the auditors.
- f. The annual Trustees Report will be provided to the auditors once it has been drafted and approved by the Chair and trustees. The list of required acknowledgements for funders will be provided and detailed in the report. A tracking log of any funder which wishes to be acknowledged in the annual report is maintained as grants are received.

7. PURCHASING AND PAYMENT POLICY

- a. All requests for major items are approved by Chair or Chief Executive (capital expenditure or large operational items, etc.) in line with agreed budget projections and approval levels.
- b. All small operational purchases as they relate to the day to day operation of the organisation, and in line with agreed budgets, are approved by the relevant Senior Manager (stationery, postage, facility hire, stock, equipment, accommodation bookings etc.)
- c. Purchases of stocks for resale are agreed on a consignment by consignment basis between staff member with responsibility for orders, Fundraising and Business Development Manager and the Chief Executive.
- d. Cheques are raised for signature and authorised and approved by the Chief Executive and/or other mandated signatories (currently the Chair and Vice Chair). The mandate stipulates cheques under £500 – one signature and two signatures for cheques over £500.
- e. The following signing / approval limits apply:
 - i. SMT limit: up to £1,000
 - ii. CEO limit up to £2500
 - iii. Chair limit suggested as up to £10,000
 - iv. Any procurement above £10,000 must be presented to the full Board for decision.

- f. Monthly financial analysis is undertaken which includes detailed scrutiny of expenditure items.
- g. Tendering Process:**
 - i. Marketing testing, requests for quotations or tendering processes have to be approved by the Finance, Fundraising and Marketing Sub Committee.
 - ii. Any tender process will be publicised on the Cerebral Palsy Sport website.
 - iii. The outcome of any tender or market testing process will be reported back for decision making to the Finance, Fundraising and Marketing Sub Committee.
- h. Credit Cards**
 - i. 2 Business charge card for the organisations are used by the Chief Executive and operational team and the other by the National Sports Development Manager and operational team for credit purchases made in line with 2a.
 - ii. The balance is paid off each month by a direct debit payment so no interest is chargeable.
- i. Business Account cards**
 - i. The charity holds two Business Accounts – for Premier Inn and Travelodge. These cards are issued for business use only for us by the Chief Executive, the National Sports Development Manager and operational team for credit purchases made in line with 2a.
- j. Petty Cash**
 - i. Petty cash transactions are recorded and evidenced by the Book-keeper and Manager.
 - ii. The volume of petty cash transactions has reduced during the current financial year and the Business Credit Card is used wherever possible to reduce the requirement for cash payments.
- k. Cash Handling**
 - i. Cash is counted by one or two persons responsible for the receipt of the income (fundraisers/event staff etc.). This cash is then recorded in the receipt book at the time it is received. The numerical sequence of the

receipt book is maintained. Cash is then counted by either the Book-keeper or Chief Executive for recording on the credit folios for deposit at the bank. Large amounts of cash are not allowed to accumulate and is banked within the same operational week. Cash is kept in a locked cabinet.

I. Gifts and Donations

- i. A list of all donated gifts and donations will be recorded in the Donations and Hospitality Register.
- ii. Any hospitality or gifts received from Team Members or Board Members will be recorded in the Donations and Register.

8. SALES AND RECEIPTS

a. Sales policy and procedures

- i. Sales: Prices of imported equipment for resale are determined with each bulk order taking account of currency fluctuations and increases in postage and suppliers costs.
- ii. The pricing structure for educational courses is reviewed annually in line with the preparation of budget forecasts.
- iii. The Book-keeper has responsibility for raising invoices and statements against all sales in the Sage accounting system.
- iv. The Book-keeper has responsibility for posting receipts against invoices in the accounts system.
- v. BACS payments reconciliation: The Chief Executive records the day to day receipts from the bank account onto the BACS payments file. The Book-keeper then reconciles the BACS payments onto Sage with the appropriate codes.
- vi. Stock control is undertaken by the staff member with responsibility for equipment sales and the Book-keeper.
- vii. Cash and cheques are banked on a weekly basis following reconciliation or more frequent if over £2,000.

9. EMPLOYEES AND VOLUNTEERS

a. Payroll and expenses

- i. Payroll processing is outsourced and all payroll matters are undertaken by the organisation's Accountant – currently PeopleShare.
- ii. Written procedures are followed with respect to payroll and expenses: Payment of Salary Procedure, Hours of Work, Travel Expenses, subsistence Allowance. Employee Appraisal, Volunteer Procedure: expenses.

10. FUNDS MANAGEMENT

a. Bank/bank accounts

- i. The opening and closing of Bank accounts is undertaken by the Chief Executive at the instruction of the Board. Signatories for opening and closing bank accounts are those of the Chief Executive and a minimum of two Board Members.
- ii. Bank statements are printed off weekly from the online access for the main Lloyds banking account and they are received monthly and reconciled to Sage internal recording systems monthly.
- iii. Business account statements are received monthly and reconciled to Sage internal recording systems monthly by the book-keeper.

b. Reserves Policy

- i. Cerebral Palsy Sport operate a reserves policy of six month's operating costs. However due to the impact of the World Games in 2015, the organisation is currently operating on a slightly level lower than this and the Board is aware of this issue. The focus is to generate additional funds and reduce operating costs to rebuild the reserves levels by targeting the development of unrestricted funding.

11. DEBTORS MANAGEMENT

- a. The book-keeper produces a monthly debtors report detailing the debtors currently for the organisation. Contact is made after 20 days to follow up with the debtor to chase payment.
- b. If payment is not received, a further formal follow up letter is sent requesting payment within 10 days and indicate that legal action will be taken to cover the debt.

- c. The scope and detail of the bad debt will then be reported to the Finance, Fundraising and Marketing Sub Committee and approval to undertake small claims process in court will be sought.
- d. Bad debts are considered by the Finance, Fundraising and Marketing Sub Committee as part of the management reports presented to the Sub Committee.

12. Risk Management

a. Insurance

- i. The insurance policy is currently arranged through Perkins Slade Brokers and the policies are held with Hiscox.
- ii. The following insurance covers exist:
 - 1. Car insurance – Full comprehensive cover for any driver over 25 years old.
 - 2. Public and Employee Liability Insurance – cover for £10 million
 - 3. Professional Indemnity: cover for £1 million
 - 4. Management Liability
 - a. Directors Liability including corporate liability and trustees liability up to £1 million of cover
- iii. The policies are reviewed annual with Howden / Hiscox and the following areas are included in the review: Review of limits for afore mentioned cover, review of Buildings Cover, review of Contents cover, review of Business Interruption cover limits, review of Employment practise liability cover limits.

13. ASSETS REGISTER

- a. A register of Assets is recorded in the Sage accounting system and are reflected in the year end audited accounts. Tangible fixed assets are capitalised and included in the year end accounts at cost, including any incidental costs of acquisition.
- b. An annual stock take and fixed assets register stock take is undertaken each year and at half year mark.

14. TAX

- a. VAT: Cerebral Palsy Sport is a VAT registered organisation No. 845 2260 36. VAT schedules are prepared by the Accountant to meet reporting deadlines. A procedure of VAT Claim authorisation was introduced in June 2016.
- b. Corporation tax: The Company is exempt from corporation tax on its charitable activities.
- c. PAYE/NI: Payroll and NI processes are outsourced to UHY Hacker Young.

15. SYSTEMS

- a. Accounting Software and chart of accounts
 - i. All accounting processes are undertaken utilising the Sage 50 system.
- b. All financial records are kept on site in hard copy and on our Sage system. Back-ups are taken of the Sage programme and these are stored on our shared drive which has a cloud-based back up.
- c. The Grant Profile is held on an Excel spreadsheet and storage on the Shared Drive.

Document Control:

Policy Details			
Policy	Cerebral Palsy Sport Finance Policy and Procedures – F,F&M SC		
Status	Pending Approval	Version number	V3.0 – 07.06.16
Approved by:	Basecamp Policy Approval process	Date approved	20.09.16
Status	Policy updated to V4	Date approved:	20.09.16
Status	Policy updated to V5 – new signing limits added	Date approved:	28.3.17 Main Board
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