



CANI Financial Policy and Procedures

Policy

CANI Council is conscious of the need to ensure that all funds received by the organisation are used in accordance with the aims and objectives of CANI; that procedures are in place to ensure transparency of all financial transactions and that appropriate checks and balances are in use to guard against any wrongdoing.

Procedures

Segregation of Duties

One of the prime means of control is the separation of responsibilities and duties which, if combined, would enable one person to record and process a complete transaction. This reduces significantly the scope for errors and oversights, as well as deliberate manipulation or abuse. The principle of segregation is important with regard to both income and expenditure, and capital transactions. Therefore there are rules in place to ensure appropriate levels of oversight and/or authorisation of all income and expenditure. These are detailed further down this document.

Staff and Volunteers

CANI will ensure that staff and any volunteers are competent and properly trained for the tasks they perform.

Treasurer

The treasurer is elected from the membership each year at the Annual General Meeting. It is his/her role to have oversight of financial transactions throughout the year and to prepare and present annual accounts at the AGM.

Responsibilities also include:

- Guide and advise CANI Council in the approval of budgets, accounts and financial statements, within a relevant policy framework.
- Keep CANI Council informed about its financial duties and responsibilities.
- Advise CANI Council on the financial implications of strategic plans and key assumptions.
- Understand the accounting procedures and key internal controls, so as to be able assure Council of CANI's financial integrity.

Budget setting

In line with best practice, an annual income and expenditure budget will be prepared by the treasurer for approval by CANI Council, before the start of the financial year under consideration.

The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be reviewed regularly.

Income

The bulk of CANI's income comes from membership fees, course and test fees, and grants.

Receipts will be issued for all monies received and invoices issued for sales as soon as practical for completeness of customer and sales information, this includes where payment is received with order.

All invoices will be sequentially numbered, with each invoice being prefixed by the year in which invoices are issued (e.g. 2013 01). Any accidental deviations from such sequences must be notified to the Treasurer.

Invoice listings will be produced on a monthly basis. Outstanding invoice payments will be followed up at least monthly by the administrator and a report provided for the treasurer showing any overdue amounts.

Information about non-routine and all grant income is to be passed to the Treasurer immediately. This will be filed by the Treasurer for reference, and used to ensure such income is correctly recorded in the accounts and grant conditions etc. noted. It is the responsibility of the Development Officer to ensure all grant income is claimed as it becomes due or available, and that all appropriate staff and the treasurer are aware of relevant grant conditions and exactly how the grant is to be expended.

Post opening (and control of cheques and cash in) will be subject to random management checks. The post should be held securely from the time it is received until it is opened. There should be no undue delay in the opening of the post, the recording of receipts and banking. Payments by bank DD / Paypal / cheque are to be encouraged to minimize risks from cash payments.

Management checks will include

- Records of cash and cheques received agree with bank paying-in slips;
- paying-in slips agree with the bank statements, both in terms of amount banked and date of credit;
- Transfers or other direct payments into the bank are identified and verified against supporting paperwork.

Events

In terms of fundraising, **The Canoe Association of Northern Ireland** has the following controls in place:

Records will be maintained for each fund-raising event, in sufficient detail to identify gross receipts and all costs incurred.

For all events for which there is income or expenditure:
that all income is recorded, including a list of participants and fees paid;

A record is kept of any cash expenditure, including receipts as appropriate

Banking and custody procedures

All income will be paid into the appropriate accounts as soon as possible, not less than once a week. The make-up of each lodgement will be clearly recorded on computer entry.

- Sums of cash exceeding £200 should be banked on the same day wherever possible.
- Cheques totalling over £500 should be banked on the same day wherever possible.
- Cash or cheques must be placed in a safe or locked in a cash box secured in a locked cupboard or drawer in a locked room if they cannot be banked on the day of receipt.
- All incoming money must be banked gross – no amounts be held back for "feeding" petty cash.
- **CANI** money must be kept quite separate from any individual's personal money. For safety, if significant sums of cash are involved, two people should lodge the money in the bank.

The bank mandate (list of people who can sign cheques and make electronic payments on CANI's behalf) will always be approved and minuted by Council as will all the changes to it.

Purchasing

Staff are aware that expenditure is committed when an order is placed on behalf of CANI, not when the cheque is requested (A large proportion of CANI's expenditure requires authorisation by others, and cash flow is often critical. Therefore, it is important that all orders are placed properly, and only within agreed budgets and delegated powers.)

The following identifies the delegated authority for CANI staff and officers to place orders:
Salaries and wages, in accordance with contracts of employment: CANI Council will approve budget figures for the year.

Casual employment of Coaches and booking of facilities for planned events within CANI annual budget: CANI Council to approve

Additional commitments: CANI Council to approve in advance

Procurement of office consumables within annual budget: Delegated to Development Manager. All orders should be placed in writing.

Authorisation of Travel and subsistence expenses for programmed events or programmes, within annual budget: Delegated to Development Manager

Travel and subsistence for events not programmed: CANI Council to approve in advance
Other major expenditure items (e.g.: additional office/canoeing equipment) CANI Council to approve.

Lease, hire purchase agreement or other contract involving expenditure will be subject to approval by CANI council.

Quotes

When purchasing items CANI will get quotes as required by funders otherwise as approved by CANI Council.

The following guidelines are assumed as default:

£0 - £20	Purchasing by staff permissible without quotes so long as within project area budget and substantiated by receipt.
£21 - £250	Verbal quotes or internet comparison from three suppliers will be acceptable
£251 - £1,500	Three written Quotes
£1,501 - £10,000	Four written quotes
£10,001 - £30,000	Five written quotes
£30,001 upwards	Publicly advertised open or restricted tender competition

Payment Authorisation and Purchase Ledger

A Purchase Ledger is operated by the Treasurer / CANI administrator. Incoming invoices are copied to the development manager for checking (and signing) against quotations and deliveries as appropriate. They will then be scanned and copied to the Treasurer by email then filed in the CANI office. They will be recorded on the Purchase Ledger. The CANI treasurer will check all invoices and approve for payment authorisation. Once authorised, suppliers will be paid within the appropriate timescale.

CANI Credit Card

The card is available for use by staff in situations where instant payment is required, such as booking flights, or to minimise cash payments. It has both a transaction limit and a credit limit.

It is to be used only for items where financial authority has been specifically delegated to the Development Officer by Council. Other members of staff may only use it when specifically instructed to do so in accordance with direction in writing by the Development Officer, or in his absence by the Chairman or Treasurer.

Cheque Writing and Signing & Electronic Payments

CANI cheques will be signed by two authorised members of CANI council, one of which should be the CANI treasurer if possible:

Cheque signatories should check that the expenditure has been authorised by CANI Council, or the Development Manager if appropriate, before signing the cheque. Similarly, electronic payments also require authorisation by two members of council who are empowered to do so.

Signatories will not sign cheques payable to themselves, or blank cheques.

Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed. (The only acceptable exception is when the exact amount is not available at the time of signing. Receipts for this type of expenditure must be returned immediately.)

CANI online banking payments will be authorised by two authorised members of CANI council, one of which should be the CANI treasurer if possible. The banking system we currently use for online payments (Santander (formerly known as Alliance and Leicester)) is setup for dual authorisation. Any change in CANI's bank provider would require a similar system to be setup for payments.

Handling of Cash

Petty cash will be topped up on the 'imprest' system, where the amount spent is reimbursed. It is intended only for small items, up to £20. Anything over this should be paid by cheque where possible. Petty Cash has a balance limit of £100. The petty cash balance will be reconciled when re-storing the imprest balance, or monthly if this is more frequent.

The petty cash box is located within a locked drawer in a locked office.

Accounting for Income as it is Received

- **Where cash is received:** record in the pre-numbered multiple-copy receipt book. Give a copy of the receipt to the customer, and place one in the petty cash box.
- **If payment is received by mail or phone (cheque or credit card payments),** enter the amount immediately into the cash receipt journal.
- The type of payment must be indicated (currency or cheque).

Depositing Cash Promptly

- Deposit cash and cheques at least weekly or when the total on hand reaches £200 (also see Banking and custody procedures pg. 3).
- All funds will be banked. They will not be used to make refunds, pay expenditures, or create a change fund. Cheques will not be held for future processing. Cash receipts must not be used to cash cheques from employees or customers.

Reconciling Weekly and Monthly Activity

- Weekly balancing: balance each lodgement by comparing:
 - the **cash receipt records**
 - the completed **cash transmittal**
- Monthly balancing: monthly reconcile the cash and cheque ledgers with the bank statements.
- Document unidentified differences.

Monitoring the Cash Receipts Process

The Treasurer is to periodically:

- Review the nature and extent of overages and shortages.
- Compare actual deposits recorded with expected receipts.
- Review daily and monthly cash activity reconciliation.
- Evaluate overall internal controls to ensure that reasonable controls exist to safeguard cash, and that employees understand and follow them.

Salaries, Payroll and Casual Staff

CANI is required to operate the PAYE system, and make annual returns to the HM Revenue & Customs. All people working directly for CANI, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate. All payments will be made by cheque or direct bank credit.

Payments for additional work over and above standard hours must be approved by the Development Manager and authorised by CANI Council. Clear written authorisation must be given to the CANI treasurer to process it for the relevant payroll. These claims are financial records, and should be treated in the same way as any other.

Payment will usually be made direct to employees' bank account.

Pay scales and new posts/re-structuring are approved by CANI Council, and will usually be reviewed by March for implementation in April.

Staff loans are not issued, but in exceptional circumstances advances may be made against salary due, by arrangement with CANI Council.

The CANI Treasurer is responsible for:

- Paying each employee in accordance with the approved terms and conditions, and issuing payslips.
- Operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
- Making the correct deductions for Income Tax, NI, court orders and any other appropriate deduction authorised by staff; ensuring that deductions are paid to the correct body, and necessary returns made.
- Administering the Statutory Sick Pay and Statutory Maternity Pay schemes, alongside any additional related benefits provided by the Canoe Association of Northern Ireland.

Books of Account and Records

Proper accounting records will be kept. The accounts systems are based on computer facilities, but manual/paper records will also be used if appropriate.

At a minimum, the following records will be kept:

- Appropriate control accounts (i.e. bank control, petty cash control).
- Salary control account.
- Monthly trial balances.

The petty cash account, the Paypal account and all bank accounts will be reconciled at least monthly.

All vouchers entered into the computer system will be clearly initialled by the person entering it, along with date and accounts reference. All income/expenditure information will be recorded within three working days. All corrections and adjustments will be clearly noted in written 'Journal' giving reasons for them, with supporting documentation where available.

Cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.

All fixed assets costing more than £250 (or such other level as may from time to time be agreed by CANI Council) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal.

The Canoe Association of Northern Ireland's financial year is from 1st January to 31st December. Annual accounts will be prepared per any relevant accounting conventions. Final draft should be ready for and presented at the AGM, with accounts signed no later than the June meeting.