

FINANCIAL PROCEDURES

These rules govern the manner in which all the financial business of Southsea Self Help Housing Co-operative is transacted.

1 PRINCIPLES OF FINANCIAL CONTROL

OBJECTIVES

The main objective of these procedures will be to ensure that the finances of Southsea Self Help Housing Co-operative are fully recorded, payments only made within approved guidelines, and that monies put aside for specific purposes are used for that purpose.

The procedures will not be changed without the approval of the Management Committee Meeting of the co-operative.

GENERAL

It is the responsibility of the Treasurer to ensure that these standing orders are adhered to.

All members of Southsea Self Help Housing Co-operative shall be supplied with a copy of this document, together with any changes to it.

2 BANKING ARRANGEMENTS, BORROWING & INVESTMENTS

- 2.1 Accounts shall be maintained in the name of Southsea Self Help Housing Co-operative with any banks approved by the Management Committee Meeting.
- 2.2 Payment Approval: The co-operative will maintain a minimum of 3 members to authorise payments; this authorisation may be transfers between bank accounts, electronic payments or cheques. All payments must be authorised by any 2 of these members.
- 2.3 Payments over £1000 require the prior approval of the Management Committee, unless already authorised by the Management Committee Meeting, the following being exempt:
 - Insurance payments

- Auditor's fees
- Gas, electricity and water rates payments
- Payments to external contractors and consultants that are covered by agreed contracts and by the approved budget.

2.4 The balances in the co-operative's bank accounts and the books of account shall be reconciled monthly.

2.5 The co-operative will only negotiate borrowing facilities with prior authorisation by the Management Committee Meeting.

2.6 Reserve funds will be identified for investment by the Treasurer.

2.7 All borrowing and investment decisions will be notified to all members of the co-operative before being entered into.

3 BUDGETARY CONTROL

3.1 The co-operative shall approve an annual revenue budget incorporating all income and expenditure, and circulate it to all members of the co-operative at least one month in advance of the financial year.

3.2 Supplementary estimates shall be submitted by the Treasurer if and when it becomes apparent that an annual provision is likely to be exceeded. A report on the reason for the excess shall be submitted also.

3.3 Transfers between different budget categories (above £250) shall be submitted to the Management Committee for approval.

3.4 Budgetary control statements shall be presented to the Management Committee on a monthly basis. Reasons for variance between the original budget and the actual income and expenditure shall accompany the budget control statement.

4 MEMBERS' EXPENSES

When undertaking business on behalf of the co-operative, for example training or meetings with external bodies outside of the co-operative's buildings.

members are permitted to claim for any reasonable personal expenses that they may incur but these costs must be approved by the Treasurer in advance of them being incurred (or in the case of the Treasurer making a claim, by the Secretary). All such claims must be fully receipted and authorised as outlined in section 2.2 (these must not include the member claiming the expenses).

5 ORDERS & PAYMENTS

ORDERS

- 5.1 All goods and services shall be ordered on an official order form wherever practical.
- 5.2 Individual orders that are estimated to commit the co-operative to an amount in excess of £1000, proposed and recommended, where appropriate, by the relevant sub-committee, shall be authorised by the Management Committee. Three quotations in writing are required, or evidence of best value if this does not occur.
- 5.3 Individual orders costing less than £1000 may be approved jointly by the relevant Officer and the Treasurer.
- 5.4 Detailed specifications, in writing, of goods to be ordered should be prepared, to enable the Treasurer or the relevant Officer to certify the goods when received.

PAYMENTS

- 5.5 All payments will be made against an invoice from the supplier or contractor certified by the Treasurer, as well as the member who has ordered the work if appropriate.

Certification implies:

- 5.5.1 Receipt of the goods / service on satisfactory terms and conditions, or
- 5.5.2 Acknowledgement that advance payment is within the co-operative's existing policy or in line with a decision of the co-operative.

5.5.3 Compliance with the co-operative's Financial Procedures.

5.5.4 The accuracy of the amount and that it does not duplicate a previously certified amount.

5.5.5 The expense can be met within the budget, or is a previously agreed overspend.

5.6 Blank cheques will never be signed.

5.7 Invoice settlement periods will be observed unless there is a dispute; in such cases, the Treasurer shall agree how best to deal with the dispute.

5.8 ONLINE INTERNET BANK PAYMENTS –THE CO-OPERATIVE BANK CURRENT ACCOUNT

Dual authority is required to process any online bank payments. Supporting documents (invoices, purchase orders, contracts etc.) must be provided to both signatories. One signatory will enter the certified details of the bank payment and the second signatory will authorise the bank payment.

5.9 SAVINGS ACCOUNTS

Any transfer of funds from any savings accounts require the approval of the Management Committee. A letter of authorisation to the savings account, signed by two signatories, to be issued to confirm the approved transaction.

5.9.1 BUSINESS CARDS

Debit cards shall not be issued.

Business Charge Cards, with limits will be used for petty cash purchases.

7 INCOME

7.1 All income should be banked promptly, ideally within two working days, and receipted to the provider of the income and by the bank receiving it.

7.2 The co-operative is to be safeguarded against loss of income by:

7.2.1 Prompt action against debtors.

7.2.2 Comprehensive accounting procedures and internal controls for all income sources.

7.3 Outstanding amounts shall only be written off at a Management Committee Meeting.

7.4 Personal cheques shall not be cashed nor shall IOUs be accepted out of monies held on behalf of the co-operative.

8 INSURANCE

8.1 The Management Committee shall review annually all insurances of the co-operative.

8.2 The Treasurer shall affect all insurance cover and instruct the negotiation of all claims.

8.3 The Treasurer is responsible for checking that the co-operative's insurance policy is not invalidated by failure to comply with conditions.

8.4 The Treasurer shall be notified of all new risks, and of any loss, liability or damage or any event likely to lead to a claim against the co-operative's insurers by the relevant Officer.

9 REPORTING

Any member, Officer or external contractor / consultant submitting a report with financial implications, shall notify the Treasurer in advance in order that they may make a report on the financial implications if they so desire.

ACCOUNTS & AUDIT

1 ANNUAL ACCOUNTS

- 1.1 The Finance Officer will maintain the accounts of the Southsea Self Help Housing Co-operative and produce reports that enable the Treasurer to report on income and expenditure over the preceding month to monthly meetings of the Management Committee. This report will include a report of outstanding liabilities at the Southsea Self Help Housing Co-operative.
- 1.2 All financial records will be kept for a minimum of seven years.
- 1.3 The Southsea Self Help Housing Co-operative will draw up a budget at the start of each financial year.
- 1.4 All accounting will be completed according to the appropriate Financial Reporting Standards and the Statement of Recommended Practice (SORP) for Registered Providers.
- 1.5 All financial transactions will be accounted for in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.
- 1.6 Accounts will be maintained on an accrual basis.
- 1.7 The appointed auditor will facilitate management accounting and final account preparation.
- 1.8 Annual Accounts

- Annually the appointed auditor will produce a timetable for draft accounts.
- The income and expenditure headings will match those of the budget.
- The accounting format will be income and expenditure plus a balance sheet.
- Preparation of the accounts will be within one month of the year-end.

2 AUDIT

- 2.1 Auditors will be appointed in accordance with the Rules by considering cost and a proven ability to provide a tailored service suitable for the Southsea Self Help Housing Co-operative. The audit will be tendered in line with an agreed specification which the Management Committee will review as appropriate.
- 2.2 The details of the current auditor will be minuted in the AGM and Management Committee records.
- 2.3 The Treasurer shall be responsible for presenting accounts to the Auditor.
- 2.4 Accounts will be kept in a locked cabinet and key holders will be the Treasurer and Secretary; access to the accounts will be through any of these individuals.

3 ASSETS AND LIABILITIES REGISTER

- 3.1 The co-operative will maintain an accurate register of current assets and liabilities.
- 3.2 The co-operative will produce a long term financial plan and asset management plan which draw on the information contained in the Assets and Liabilities Register, cashflow projections and future rent setting expectations.

4 SURPLUS FUND

- 4.1 Decisions will be made on how the Surplus Fund is to be used as recommended by the Management Committee Meeting. This process will link with the Southsea Self Help Housing Co-operative's forward planning in its Business Plan.

4.2 The Surplus Fund will be used only in accordance with the Southsea Self Help Housing Co-operative's Rules. They shall be applied only to achieving the Objects of the co-operative as stated in Rules and shall not be distributed to members either directly or indirectly.