



# Financial Procedures Manual

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Scottish Association of Local Sports Councils

Draft prepared for Audit Working Group:  
November 2015

**Updated by Board of Directors on:**

# 1. INTRODUCTION

1.1 Scottish Association of Local Sports Councils (SALSC) is a company limited by guarantee, **company number SC377206**

1.2 SALSC's financial year is from 1 April to 31 March.

1.3 This document is designed to provide guidance in the standard financial procedures performed by SALSC.

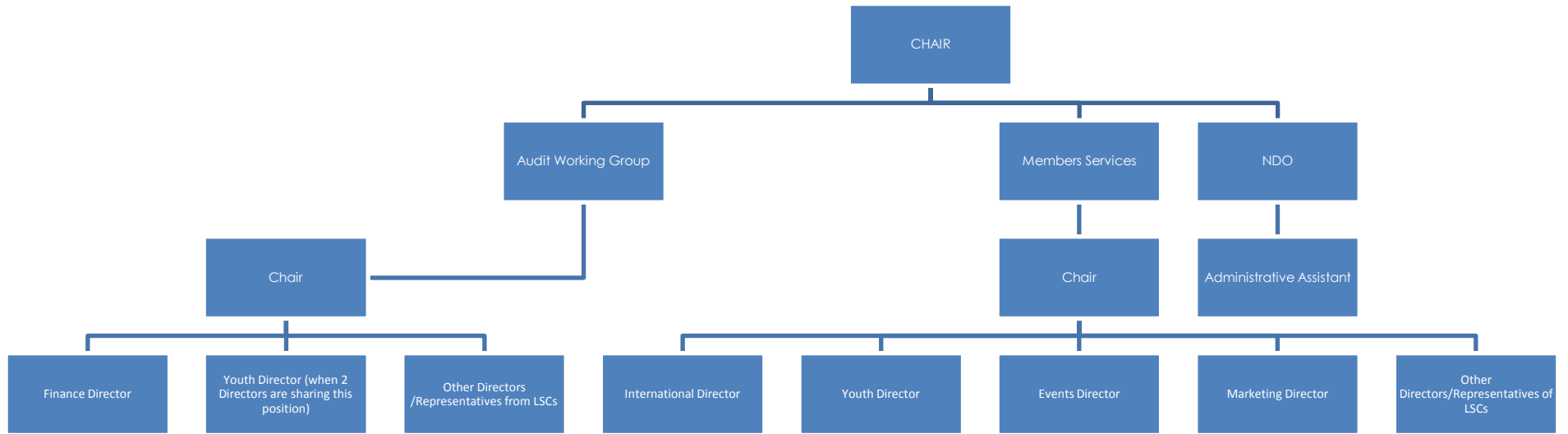
1.4 This document provides basic details of its financial procedures; and is not designed to enable the user to perform the procedures in detail.

1.5 The financial procedures manual is to be updated whenever a change has occurred. This manual is to be reviewed annually, and adjusted where necessary.

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# SALSC STRUCTURE



## **4. ACCOUNTING SOFTWARE**

4.1 SALSC's maintains its accounting records using SAGE accounting software. Back ups are taking on a regular basis.

4.2 The accounting program is password protected, with user access only granted to authorised personnel.

## **5. MANAGEMENT ACCOUNTS**

5.1 SALSC uses SAGE to analyse its financial activities.

5.2 New accounts and departments should be set up by the Finance Director having satisfied themselves of their necessity.

5.3 The basis of the management accounts is to be reviewed on a regular basis to determine if it meets the needs of SALSC.

## **6. RECEIPTS**

6.1 Upon receipt of funds, a banking deposit slip is created detailing the amount received, and whom the funds were received from.

6.2 Ideally funds should be banked promptly.

6.3 All amounts received should be banked intact. Payment of expenses should not be made from funds received.

6.4 When banking is not performed daily, any cheques and cash on hand should be stored securely.

6.5 Any remittance advices or other documents accompanying the receipt should be retained and filed in date order.

6.6 Amounts received should be posted into the accounting software weekly.

6.7 When amounts are received for the payment of invoices, the office copy of the invoice should be annotated to indicate that it has been paid.

## **7. BANK RECONCILIATION**

7.1 A bank reconciliation must be prepared for each bank account at the end of each month.

7.2 Copies of the bank reconciliation should be printed, and reviewed by the Audit Working Group at their meetings.

7.3 After review, the Finance Director should sign the reconciliation and file it.

7.4 Any cheques, which remain outstanding for a period greater than 6 months should be reviewed and written back where necessary.

7.5 Any differences between the nominal ledger and the bank balance are not to be written off, without careful investigation by the Finance Director.

## **8. PURCHASE ORDERS**

8.1 A purchase order must be completed for the supply of goods with a value of greater than £50 but less than £200. For items £200 or over, the order should be presented to the Audit Working Group for review and forwarded to the Board for approval. Orders over £1000 will require to comply with the tendering procedures.

8.2 The purchase order must contain details of the quote that has been received and the price quoted.

8.3 All purchase orders must be authorised by the Finance Director where the value of the order exceeds £50.

8.4 Purchases that are repeated on a regular basis are not required to have individual purchase orders created each time a purchase is made.

8.5 All purchase orders are to be retained by the National Development Officer.

8.6 Once the invoice has been received for the supply of the goods, the purchase order must be matched with the invoice, and any differences investigated.

8.7 The purchase order should be attached to the invoice.

## **9. TENDERING PROCEDURES**

9.1 Any purchases of £1,000 or more (in total) with a single supplier must be submitted to tender.

9.2 Specifications for the purchase are to be drawn up by the relevant employee or Budget Holder.

9.3 Where possible a minimum of three written quotes should be obtained.

9.4 The Board will review the quotes obtained. In the event of an equality of votes the Chair will have the deciding vote.

9.5 Members with a financial interest in the tendering process will not be involved in the evaluation process.

9.6 Each quote will be reviewed and graded on a scale of 1 to 10 on the following criteria.

- Value for money
- Quality of goods/service provided
- Reputation of supplier
- Delivery or completion date
- Maintenance, repair or support facilities

9.7 The quote with the highest total scores the highest for the above criteria will be accepted as the supplier of the goods or service.

9.8 All documentation generated as part of the tender process must be retained.

9.9 A one off tendering process can be performed for the provision of a service or supply of goods, which will be ongoing or on an irregular basis. E.g. travel, stationery.

## **10. AUTHORISING and REVIEWING EXPENDITURE INVOICES**

10.1 Upon receipt of invoices, the National Development Officer should review the invoice, match with a purchase order (if available), investigate any discrepancies and check that it is authorised for payment in accordance with the responsibilities outlined in the budget.

10.2 Ultimately it is the responsibility of the Finance Director to ensure that invoices are posted to the correct nominal ledger codes.

## **11 PAYMENTS**

11.1 See appendix 1 for details of the processes to be followed.

## **12 CHEQUE SIGNATORIES**

12.1 All payments made by cheque must be signed and authorised as per the bank mandate.

12.2 On no occasions should blank cheques be signed.

12.3 The authorised cheque signatories are

- Chair
- Finance Director
- National Development Officer

12.4 The Signing limits on the bank mandate should be reviewed at least annually by the Board.

## **13 DIRECT DEBITS AND STANDING ORDERS**

13.1 SALSC is permitted to pay recurring invoices and payments by either direct debit or standing orders, where possible

13.2 Invoices paid by direct debit or standing orders should be reviewed and authorised annually by the Finance Director.

## **14 CREDIT CARDS**

14.1 SALSC has no credit cards but this needs reviewed by the Board annually.

## **15 FIXED ASSETS**

15.1 SALSC will maintain a fixed asset register.

15.2 SALSC has determined that any asset with a value greater than £500 will be capitalised, any assets less than this value (unless part of a larger project) will be written off in the year of purchase.

15.3 The register will maintain an accurate record of the assets owned by SALSC, a record of the location of the asset, the purchase date, the purchase price and the assets written down value.

15.4 SALSC has adopted the straight line method of depreciation at the following rates:

15.4.1 Computer equipment – 3 years

15.4.2 Fixtures and fittings – 5 years

15.5 Copies of invoices for the purchase of assets will be filed in the asset register file.

15.6 Additions will be depreciated from the month of their purchase.

15.7 Any disposals will be accounted for in the month of disposal.

15.8 At the end of each year the fixed asset register will be reconciled with the Fixed Asset Control Account in the nominal ledger.

15.9 An asset register form will be sent to the appropriate members annually. Each member will be required to document any fixed assets, which are under their control.

15.10 Once a year the Finance Director should conduct a physical check of fixed assets and agree them to the register. This is to be reviewed and signed off by the Board.

## **16 DEBTORS AND INVOICES**

16.1 SALSC maintains a Sales Ledger within SAGE.

16.2 Invoices are electronically prepared.

16.3 Any documentation supporting the invoice should be retained.

16.4 The invoice is posted thru SAGE when payment is received.

16.5 Each month the aged debtor listing is to be reviewed and any outstanding invoices chased for payment.

16.6 Before debtor invoices are written off, written authorisation should be obtained from the Finance Director.

## **17 INVENTORY**

17.1 SALSC does not own any items, which could be considered as inventory.

## **18 ACCRUALS**

18.1 The organisation has minimal accrued expenditure other than its normal creditors.

18.2 Accruals will be calculated as part of the year end process.

## **19 MANAGEMENT ACCOUNTS**



19.1 Management accounts and accompanying commentary are to be prepared by the Finance Director on a quarterly basis and reviewed by the Audit Working Group prior to being sent to the Board for approval.

19.2 Management accounts are to be presented at all Board meetings.

19.3 The management accounts pack will consist of.

- Comparison of Budget vs. Actual
- Forecast to the end of financial year.
- Commentary on variances and other assumptions.
- Debtor and creditor statements
- Cash flow statement

19.4 Any necessary suggestions, amendments and decisions will be made by the Board.

## **20 AUDIT REQUIREMENTS**

20.1 SALSC is required under its Bye Laws to have a yearly audit performed on its financial statements. This should be completed within three months of the end of the financial year.

20.2 SALSC should obtain an annual management letter from its external auditors at the conclusion of their year-end audit.

20.3 The Finance Director is responsible for implementing the recommendations and reporting to the Board. This report should be formally recorded in the Board minutes.

20.4 Audit and Accounting service should be put out to tender at regular intervals.

## **21 BUDGETS AND FORECASTS**

21.1 A detailed budget for each year of operation must be presented to the Board by February of the year preceding the budget period. A summary 3 year budget forecast must also be presented.

21.2 The Board will consider the budget and agree the budget for the following year.

21.3 Once the budget has been agreed by the Board it cannot be changed, except by the Board.

21.4 Formal forecasts are carried out quarterly and reviewed by the Board.

## **22 EMPLOYEE AND VOLUNTEER EXPENSES**

22.1 Employees and Volunteers are required to complete an expenses claim form for all items in which they require to be reimbursed by the end of the first week of each month.

22.2 Expenses are to be authorised by the Finance Director or National Development Officer as appropriate.

22.3 Details of the expenses procedure are contained in appendix 2..

## **23 SALARIES AND WAGES**

23.1 The payroll is run by **sportsotland**

23.2 All staffing matters must be authorised by the Finance Director, both in relation to the hiring of new staff, changes of terms and conditions and salary amendments.

23.3 Salaries and Wages are paid monthly via direct debit by the 28<sup>th</sup> of each month, or the working day before the 28<sup>th</sup> if the 28<sup>th</sup> falls on a weekend.

23.4 **sportscotland** is responsible for the preparation of all statutory Inland Revenue documents.

## **24 DOCUMENT RETENTION**

24.1 All financial documents will be retained for at least 7 years.

## **25 VALUE ADDED TAX (VAT)**

25.1 SALSC is exempt from VAT.

## **26 BANK MANDATES**

26.1 Bank Mandates should be retained for all bank accounts. The bank mandates should show

- Cheque Signatories for each account
- Financial limits for each cheque signatories
- Authorised officers for transferring funds between accounts/forms of investments and financial limits.

26.2 Authorisation levels should be reviewed annually.

## **27 INCOMING POST**

27.1 All items of post will be date stamped.

27.2 All post will be opened by the National Development Officer unless marked private and confidential in the case of CRB checks.

27.3 All payees to SALSC should be requested to make payments by cheque or electronic transfer, not cash.

## **28 INSURANCE**

28.1 SALSC is to have adequate insurance coverage over all of its assets.

28.2 SALSC is to have adequate insurance coverage for public liability.

28.3 SALSC to have adequate insurance coverage employee, director and volunteer indemnity.

28.4 The insurance period for SALSC starts on the 1 April.

28.5 Insurance coverage is to be reviewed regularly to ensure that they have adequate coverage and obtaining value for money.

## **APPENDIX 1**

### **INVOICE PROCESSING**

1. Invoice matched to purchase order (if raised).
2. Expense codes allocated by Finance Director.
3. National Development Officer Director checks authorisation is in order
4. Finance Director prepares cheque for signing or processes on line payments and inputs invoices into accounting system prior to countersigning.
5. Mark invoice with date input into the system.
6. Filed in alphabetical order as follows:
  - a. Third party invoices in invoice folder.
  - b. Personal expenses in expenses folder.

#### *Purchase Ledger*

Normal terms are 30 days from invoice date with the exception of employee expenses and self-employed consultants.

1. Attach invoices / expenses due for payment.
2. Authorised signatory to sign the prepared cheques
3. Print out remittance advices.
4. Check that payments have correctly updated the accounting system
5. File voucher in appropriate file.

## **APPENDIX 2**

### **TRAVEL AND SUBSISTENCE**

1. **Introduction**

1.1 The principle governing the rules on travel and subsistence is that staff should be reimbursed for necessary extra expenses while on official business. In all cases expenses claimed must be justifiable. Spending is to be modest at all times and should represent value for money,.

1.2 Official travel means travel for the purpose of official business and not travel between home and your place of work.

## **2. General Principles**

2.1 Travel and Subsistence for employees should be claimed on a monthly basis using the claim form within 10 days of the end of the month incurred. Travel and Subsistence claims for directors should be claimed on a quarterly basis using the claim form within 30 days of the end of the month incurred. Claims submitted after this date may not be approved and will result in delays in payment.

2.2 If travel is considered essential, meetings should be organised so that wherever possible multiple meetings are arranged for that period. Travel should be planned as early as possible to take advantage of any advance booking discounts wherever possible.

2.3 Where it has not been possible or practicable to book travel or accommodation in advance, the receipted cost of the ticket will be reimbursed to the staff member through an expense claim. Expenses must be receipted wherever possible.

2.4 It is the employee's/director's responsibility to notify the relevant person of any hotel / travel reservations that need to be changed or cancelled and that they do so in a timely manner. SALSC may require the employee to reimburse any charges that could have been avoided if the reservation had been cancelled in a more timely manner. SALSC may recover any excess cancellation costs.

2.5 Expenses will normally be reimbursed by cheque.

## **3. Expense Authorisation**

3.1 All expenses need to be approved and signed by the Finance Director or National Development Officer before they can be paid.

## **4. Travel and subsistence policy**

Travel should be by public transport wherever practicable.

### **4.1 Receipts**

It is Company policy for the expense claims to be supported by receipts wherever possible. Exceptions being:

- Claiming lump sum allowances
- Where receipts cannot be produced e.g. bus and underground fares, on street parking etc then an explanation of the expenditure is required.

### **4.2 Taxis and Parking**

As a guide, taxis should only be used where public transport is not operational or where taking public transport would be unduly difficult or unsafe for example where the venue is in a remote location or when there are time constraints between appointments.

Parking will be reimbursed but where possible a receipt is required. Most machines will issue a receipt but be mindful of requesting one at the time of payment usually by pressing a separate button.

### **4.3 Travel by Private Motor Vehicle**

The use of a private motor vehicle must be approved by the Finance Director if it is deemed that:

- a. This expenditure would either be less than using public transport or
- b. That the use of public transport is impracticable

In cases where employees or directors are using their private motor vehicles for official business, the vehicles must be insured for business purposes. When using private vehicles, the claimable amount for mileage travelled is the Inland Revenue approved rate (40p per mile up to 10,000 miles and 25p thereafter as at January 2009) for employees and directors. Reimbursements will only be paid if private vehicles are insured correctly. All employees must have fully comprehensive vehicle insurance.

### **4.4 Rail and Air Travel**

This should be economy class unless cleared in advance by the Treasurer.

### **4.5 Overnight Accommodation**

All Hotel Reservations are on a **bed and breakfast basis** only.

As a guide this equates to £40.00 a night outside London and £100.00 for London. If an employee/director spends more than the recommended amount without prior agreement from the Finance Director then the company may only pay up to the recommended amount.

An overnight allowance of up to £30.00 towards an evening meal can be claimed, this needs to be supported by a receipt. **It should be noted that claims above the allowance will not be authorised.**

#### **4.6 Hospitality**

There may be occasions when entertainment is required. The claims for these occasions are to be met through the individual budgets. Prior approval from the Finance Director must be obtained before any entertainment can be considered. Receipts must be provided in all instances and approval is at the Finance Director's discretion.

#### **4.7 Induction**

All new employees/directors must be made of the expense procedures as part of their induction process.