

**NATIONAL BACK EXCHANGE
STANDING FINANCIAL INSTRUCTIONS**

Effective Date: 04/12/09

FOREWORD

These Standing Financial Instructions (SFIs) are based on the Code of Accountability for NHS Boards (published by the Department of Health in April 1994, EL (94)40). The Code requires Boards to ensure that there are management arrangements in place to enable responsibility to be clearly delegated to senior executives, effectively setting the business rules which all officers must follow when taking action on behalf of the Association.

These SFIs recognise the Chairman, Treasurer and Secretary as the “accountable” officers to the Trustees, with a measure of delegation given to other Executive members and the Associations Employees.

CONTENTS

Section 1 – Accounts

- 1.1. Accountants
- 1.2. Appointment of Accountants
- 1.3. Annual Accounts
- 1.4. Record Keeping

Section 2 – Accounting Procedures

- 2.1. Invoicing
- 2.2. Expenses
- 2.3. Invoice Payments
- 2.4. Stock and Asset Control
- 2.5. Authorisation of Expenditure
- 2.6. Authorisation of Unplanned Expenditure
- 2.6. Debit Cards

Section 3 – Business Activity

- 3.1. Business Planning
- 3.2. Budget Targets
- 3.3. Conference Budgetary Control
- 3.4. Other Projects
- 3.5. Recording Mechanism
- 3.6. Financial Reserves
- 3.7. Bank Accounts
- 3.8. Insurance Cover

Section 4 – Tendering Policy & Procedure

- 4.1. Responsible Officer
- 4.2. Authorisation Levels
- 4.3. Invitations
- 4.4. Receipt, Custody & Recording
- 4.5. Opening Tenders
- 4.6. Admissibility & Acceptance
- 4.7. Notification
- 4.8. Timescale

Section 5 – Employees

- 5.1. Payroll
- 5.2. Annual Review
- 5.3. Expenses
- 5.4. Contracts of Employment
- 5.5. Contracted Hours

1. ACCOUNTS

- 1.1. The “terms of engagement” with the Associations accountants will be reviewed annually by the Treasurer and agreed by the Executive Committee. The accountants’ fees being excluded from the authorisation levels below.
- 1.2. A proposal for adoption of accountants will be submitted annually to the membership at AGM.
- 1.3. Annual accounts will be produced and circulated 28 days prior to AGM. A verbal account will also be presented at AGM.
- 1.4. Annual accounts and records will be retained for a period of not less than 7 years. The electronic accounts will be backed-up monthly and kept separately.

2. ACCOUNTING PROCEDURES

- 2.1. All invoices will be generated by the Office Administrator with payment terms of 30 days. Suppliers will be sent a reminder for non-payment after 30 days. A formal collection letter will be sent after 60 days with a debt collection letter being sent after 120 days. Any debt not paid after 130 days will be brought to the attention of the Executive Committee for discussion and action.
- 2.2. All invoice payments will be sent to the Administration Office for processing. Payment will be received by the supplier within 30 days of the invoice date. Each invoice will be dated, checked against supplied services / goods, and if correct, a cheque payment will be raised by the Office Administrator. Any discrepancies will be addressed with the supplier within 5 working days. Once processed, the invoice and cheque will be sent to the Treasurer or Chairman for re-checking and counter signature. Invoices will be filed and payment recorded on the accounts database under the appropriate budget line.
- 2.3. Expenses will be paid against a duly authorised expenses form submitted within 3 months of the expense claim. All expense forms will be processed by the Office Administrator and will be dated and checked against the expense incurred. Any discrepancies will be addressed with the claimant within 5 working days. No expenses will be paid unless accompanied by receipt or proof of travel (requiring an Executive signature). Lost receipts may be honoured at the discretion of the Treasurer or Chairman and a note made for reconciliation in the annual accounts. Once processed the expenses form and cheque will be sent to the Treasurer or Chairman for re-checking and counter signature. Expenses forms will be filed and payment recorded on the accounts database under the appropriate budget line.
- 2.4. Stock control will be the responsibility of the Office Administrator. Stock accounting will be updated against day sheets and income levels and stock value will be reported upon in the annual accounts. The purchase of stock as a disposable asset will be authorised by the Executive Committee. The value of stock will not exceed £3,000 unless part of a promotional programme justified against a robust business case. Stock is valued according to the principle of the lower of cost and net realisable value. Stock will be counted at the start and end of any marketing venture by two nominated officers. Stock & Assets will be adequately insured for loss, damage and theft provided it is cost effective. This decision will be made by the Treasurer and presented to Executive Committee for ratification. Assets will be recorded at cost and depreciated at a rate of 25% of cost per annum.

- 2.5. Authorisation of expenditure will wherever practicable take place through quorum permission from the Executive Committee and be recorded in the Executive minutes with any expenditure approved by the Executive Committee over £10,000 being brought to the attention of the Trustees. It should be the recommendation of the Trustees that any expenditure / liability incurred that is in excess of 30% of the annual budget be brought to the attention of the membership as a whole.
- 2.6. For reasons of practicality it is however necessary to have measurers in place to manage unplanned expenditure in a timely and efficient manner. Any single episode of unplanned expenditure will require the authorisation of 2 Executive Officers, one being the authorising officer (see below) and the other being either the Treasurer or Chairman. To safeguard the Associations funds the authorising officers cannot be both the Treasurer and Chairman alone and the maximum level of expenditure will be £1,500.

Budget Line	Authorising Officer	Budget Limit Authorisation
Executive Meeting	Secretary	£1,000
Conference	Conference Coordinator	£500
Business Planning Weekend	Secretary	£1,500
Publications and Printing	Conference Coordinator / PRO	£500
Merchandise	Conference Coordinator / PRO	£500
Column	Vice Chairman	£2,000
Stock Loss / Discount	Conference Coordinator / PRO	£100
Admin Office Overheads (max 2 per month)	Secretary	£200
IT consumables	Secretary	£200

- 2.7. A debit card will be issued for the Associations administrative overheads and will be held by the Office Administrator. However, where practicable, invoices will be requested and paid through the normal process as the debit card must not be used as a substitute for the normal systems detailed within these SFI's. Individual items of expenditure in one episode of purchase will be limited to those listed below and in addition will always be subject to the Expenses and Travel Policy.

Item	Administrator
Postage & Stamps	£200
Stationery	£250
Refreshments	£50
Personnel Expenses	£70
Venue (as authorised by Executive)	£200
IT Consumables & Hardware	£100
Office Sundries (as authorised by Executive)	£100
Photocopying & Faxing	£100
Misc	£25

3. BUSINESS ACTIVITY

- 3.1. An annual business plan with both short and longer term objectives will be published and made available to affiliated groups via the Associations website. The business plan will include budget targets proposed by the Treasurer and agreed by the Executive Committee.
- 3.2. An annual budget will be set according to expenditure trends and strategic objectives as agreed at the business planning meeting. Budget lines will be established for accounting and monitoring purposes and reported upon quarterly by the Treasurer to the Executive Committee.
- 3.3. Budget targets against Conference related income / expenditure will be set by the Treasurer, in consultation with the Conference Coordinator and agreed by the Executive Committee. These will be reported upon quarterly by the Treasurer to the Executive Committee.
- 3.4. All business projects presented to the Executive Committee will be fully costed by the project leader prior to approval by the Executive Committee.
- 3.5. The accounts will be maintained utilising “QuickBooks” software and “day-sheets” will be produced for all financial activities and reconciled for accuracy by the Treasurer against the Associations bank statements. Variances to the budget will be highlighted and justified or corrected by the Treasurer as appropriate.
- 3.6. The Association will retain a capital reserve on deposit of 18 months operating funds. Authorisation to change this threshold and utilise reserves will have the agreement of the Trustees. The current account balance should not fall below 25% of the annual budget. In addition, the current account will not be in credit to the detriment of return on capital.
- 3.7. The Associations bank accounts will be maintained and monitored through monthly statements reconciled to invoices, receipts and payments. The signatories to the account will be authorised annually by the membership at the AGM. Changes to the account, either opening, transfer, or closing must be with the agreement of the Executive Committee.
- 3.8. The choice of insurance broker and level of cover, excesses borne, claims procedures shall be reviewed by the Executive committee on the advice of the Treasurer. Adequate insurance will be maintained for contents, stock & assets, third party liability and Conference. Buildings insurance will be addressed through the office rental agreement.

4. TENDERING POLICY & PROCEDURE

- 4.1. The Treasurer is responsible for commissioning agreements for the provision of services and goods in accordance with the business plan. All contracts will identify payment terms and conditions, responsibilities, and performance indicators.
- 4.2. Tenders will be canvassed for the following levels of expenditure:
 - £500 – Authorisation by nominated executive officer under authorisation levels below.
 - £500 - £1,500 – Minimum of three quotes.
 - £1,500 - £10,000 – Tender canvas from minimum of three suppliers.
 - £10,000 and above – Full tender with authorisation from the trustees.

- 4.3. The Association will compile a list of firms / individuals from whom a tender will be invited, and approach them directly and / or arrange for publication of the tender on the Associations website. Invitations to tender will only be considered if:
- (i) Submitted in an unmarked sealed package bearing the words `Tender' followed by the subject to which it relates.
 - (ii) They embody standard Contract Conditions as applicable.
 - (iii) A written undertaking not to engage in collusive tendering or other restrictive practice is given.
- 4.4. All tenders shall be addressed to the Chairman. The Chairman will designate the Office Administrator to receive tenders and be responsible for their endorsement and safe custody until the time appointed for opening. The date and time of receipt of each tender will be recorded on the unopened tender envelope / package.
- 4.5. As soon as practicable after the date / time stated as the latest date / time for the receipt of tenders, they shall be opened in the presence of the Chairman or Treasurer. Every tender received shall be stamped with the date of opening and initialled by at least 2 persons present at the opening. A record shall be maintained to show:
- (i) The names of the firms / individuals invited.
 - (ii) The names of and number of firms / individuals who submitted tenders.
 - (iii) The total price(s) tendered.
 - (iv) The closing date and time.
 - (v) The date and time of opening.
 - (vi) The names and signatures of the persons present at the opening.
- 4.6. In considering which tender to accept (if any) the designated officers will have regard to whether value for money will be obtained and whether the number of tenders received provided adequate competition. In cases of doubt they will consult the Trustees. Tenders received after the due time / date will be considered only if the Chairman or nominated officer decides that there are exceptional circumstances which will be documented. Incomplete tenders will not be considered. Where the examination of tenders reveals errors which would affect the tender figure, the tender provider will be given details of the error and afforded the opportunity of confirming or withdrawing their offer. Necessary discussions with a tender provider, in order to elucidate technical points etc, need not disqualify the tender. Where only one tender is received the Association shall, as far as practicable, ensure that the price to be paid is fair and reasonable. All tenders will be treated as confidential and retained for inspection for a minimum of 7 years.
- 4.7. All successful / unsuccessful tender providers will be notified in writing by the Chairman as soon as practicable once a decision has been made.
- 4.8. The timescale for receipt of tenders following invitation will be 52 days.

5. EMPLOYEES

- 5.1. Payroll will be managed by the Associations accountants. Following calculation of the monthly NI / PAYE contributions the required paying-in slip to HMR&C will be forwarded to the Treasurer for payment. This will be paid promptly in order to avoid surcharge. Any discrepancies will be addressed by the Treasurer and reasonable measures taken to rectify any problems as soon as reasonably practicable. Payroll will be made by monthly standing order.

- 5.2. Employee salaries will be reviewed on an annual basis and actioned by the treasurer for the June payroll. They will be in line with the “average rate of growth in earnings (AEI) excluding bonuses” from the Office of National Statistics website (<http://www.statistics.gov.uk/default.asp>). All salary increases must be agreed by the Executive Committee and recorded in Exec Minutes.
- 5.3. Any additional authorised expenses will be paid either at the time of claim or included in the monthly pay.
- 5.4. The Chairman will ensure that all employees are issued with a Contract of Employment, and sanction any variations to, or termination of Contract of Employment.
- 5.5. The Secretary is responsible for day to day management of the office including working within contracted hours and reporting of sickness absence and return to work. Both aspects should be reported promptly to the Treasurer for action by the accountants as required.