

RED BALLOON - NORWICH

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Trustees at their Meeting held on 18 March 2021

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by Red Balloon - Norwich (RB-N) and may only be amended or varied by resolution of the Board of Trustees. The Board of Trustees is responsible in law for ensuring that its financial management is adequate and effective and that RB-N has a sound system of financial control which facilitates the effective exercise of RB-N's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Board of Trustees meets these responsibilities.
- 1.2 The Finance Director (FD) shall be appointed by the Board of Trustees. The FD, acting under the policy direction of the Board of Trustees, shall administer the financial affairs of RB-N in accordance with proper practices. The FD shall determine on behalf of the Board of Trustees its accounting records, and accounting control systems. The FD shall ensure that the accounting control systems are observed and that the accounting records of RB-N are maintained and kept up to date in accordance with proper practices.
- 1.3 The FD shall produce financial management information as required by the Board of Trustees.
- 1.4 At least once a year, prior to approving the annual accounts, the Board of Trustees shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the FD in the form of a budget to be considered by the Board of Trustees.
- 2.2 The Board of Trustees shall review the budget not later than the end of June each year. The FD shall supply each trustee with a copy of the approved budget.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.4 The FD shall prepare a Business Plan covering the following three years which may be prepared at the same time as the annual Budget.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of the Board of Trustees having considered fully the implications for the Business Plan, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The Administrator shall regularly provide the FD with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. The FD will provide a summary statement to the Board of Trustees. These statements are to be prepared at the end of each month.
- 3.4 The Co-ordinator may incur expenditure on behalf of the Board of Trustees which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of [£3,000]. The Co-ordinator shall report the action to the Board of Trustees as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Board of Trustees.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Board of Trustees is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7 All capital works shall be administered in accordance with the financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of RB-N shall be determined by the FD in accordance with Accounts and Audit Regulations.
- 4.2 The annual financial statements for RB-N shall be prepared by RB-N's accountants as soon as practicable after the end of the financial year and shall be submitted to the Board of Trustees.
- 4.3 The FD shall submit the Annual Accounts for approval and authorisation by the Board of Trustees within the timescales set by the Accounts and Audit Regulations.
- 4.4 This section only applies when the turnover threshold is exceeded.

The FD shall ensure that there is adequate and effective system of internal audit of RB-N's accounting, financial and other operations in accordance with proper practices. Any officer or trustee shall, if the FD or External

Examiner requires, make available such documents of RB-N which appear to the FD or External Examiner to be necessary for the purpose of the examination and shall supply the FD or External Examiner with such information and explanation as the FD or External examiner considers necessary for that purpose.

4.5 This section only applies when the turnover threshold is exceeded.

The External Examiner or Auditor as appropriate shall be appointed by and shall carry out the work required by the Board of Trustees in accordance with proper practices. The External Examiner or Auditor, who shall be competent and independent of the operations of RB-N, shall report to the Board of Trustees in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the External Examiner or Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of RB-N.

4.6 The FD shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by the Accounts and Audit Regulations.

4.7 This section only applies when the turnover threshold is exceeded.

The FD shall, as soon as practicable, bring to the attention of all trustees any correspondence or report from the External Examiner or Auditor, unless the correspondence is of a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

5.1 RB-N's banking arrangements, including the Bank Mandate, shall be made by the Co-ordinator and approved by the Board of Trustees. They shall be regularly reviewed for efficiency.

5.2 Cheques drawn on the bank account shall be signed by two members of the Board of Trustees; electronic payments shall be authorised by two members of the Board of Trustees or one member of the Board of Trustees and the Administrator or Co-ordinator.

5.3 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6 PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by cheque or other order drawn on RB-N's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the Administrator. The Administrator shall satisfy him/herself that the work,

goods or services to which the invoice relates shall have been received, carried out, examined and approved.

- 6.3 The Administrator shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Administrator shall take all steps to settle all invoices submitted and immediately record the same on RB-N's financial systems.
- 6.4 The Administrator may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Administrator with a claim for reimbursement.:
- a) The Administrator shall maintain a petty cash float of no more than £200 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 6.5 Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members of the Board of Trustees and any payments are reported to the FD as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Board of Trustees at least every two years.

7 PAYMENT OF SALARIES

- 7.1 As an employer, RB-N shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by the Board of Trustees.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Meeting of the Board of Trustees.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of RB-N and shall be for a set period in accordance with RB-N policy.
- 8.2 The Board of Trustees shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.
- 8.3 All investments of money under the control of RB-N shall be in the name of RB-N.

- 8.4 All borrowings shall be effected in the name of RB-N after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Board of Trustees as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Administrator.

9 INCOME

- 9.1 The collection of all sums due to RB-N shall be the responsibility of the Administrator and under the supervision of the FD and the Co-ordinator.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Board of Trustees, notified to the FD and the Administrator shall be responsible for the collection of all accounts due to RB-N.
- 9.3 The Board of Trustees will review all fees and charges annually, following a report of the FD.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Board of Trustees and shall be written off in the year.
- 9.5 All sums received on behalf of RB-N shall be banked intact as directed by the FD. In all cases, all receipts shall be deposited with the RB-N's bankers with such frequency as the Administrator considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip and into RB-N's financial systems
- 9.7 Personal cheques shall not be cashed out of money held on behalf of RB-N.
- 9.8 The Administrator shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end. [Currently, does not apply]
- 9.9 Where any significant sums of cash are regularly received by RB-N, the Administrator shall take such steps as are agreed by the Board of Trustees to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

- 10.2 Order books shall be controlled by the Administrator.
- 10.3 All trustees and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (l) below.
- 10.4 The Administrator shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Administrator shall ensure that the purchase shall be reported to the meeting at which the order is approved so that the Minutes can record the same.

11 CONTRACTS

- 11.1 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing buildings, machinery or equipment or plant;
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by RB-N;
 - (v) for additional audit work of the External Examiner or Auditor up to an estimated value of £250 (in excess of this sum the Co-ordinator and FD shall act after consultation with the Chairman of the Trustees);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding [£30,000] in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Administrator shall invite tenders from at least three firms.

- (c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Board of Trustees.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Administrator shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Co-ordinator in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Co-ordinator in the presence of at least one trustee.
- (g) If less than three tenders are received for contracts above [£30,000] or if all the tenders are identical the Board of Trustees may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (h) When it is to enter into a contract less than [£30,000] in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Administrator or officer shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£1,000] and above [£100] the officer or trustee shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (i) The Board of Trustees shall not be obliged to accept the lowest or any tender, quote or estimate.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the FD upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the FD shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Board of Trustees.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Board of Trustees and Clerk to the Contractor in writing, the Board of Trustees being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

- 13.1 The officer in charge shall be responsible for the care and custody of stores and equipment.
- 13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The Administrator shall be responsible for periodic checks of stocks and stores at least annually.

14 ASSETS, PROPERTIES AND ESTATES

- 14.1 The Administrator shall make appropriate arrangements for the custody of all title deeds of properties owned by RB-N. The FD shall ensure a record is maintained of all properties owned by RB-N, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Board of Trustees, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.
- 14.3 The Administrator shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15 INSURANCE

- 15.1 Following the annual risk assessment (per Financial Regulation 16), the Administrator shall effect all insurances and negotiate all claims on RB-N's insurers in consultation with the FD.
- 15.2 The Administrator shall keep a record of all insurances effected by RB-N and the property and risks covered thereby and annually review it.
- 15.3 The FD shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Board of Trustees at the next available meeting.

16 RISK MANAGEMENT

16.1 The Board of Trustees is responsible for putting in place arrangements for the management of risk. The FD with the Chairman of Trustees and Co-ordinator shall prepare, for approval by the Board of Trustees, risk management policy statements in respect of all activities of RB-N. Risk policy statements and consequential risk management arrangements shall be reviewed by the Board of Trustees at least annually.

16.2 When considering any new activity, the FD with the Chairman of Trustees and Co-ordinator shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Board of Trustees

17 REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Board of Trustees to review the Financial Regulations of RB-N from time to time. The FD shall make arrangements to monitor changes in legislation or proper practices and shall advise the Board of Trustees of any requirement for a consequential amendment to these financial regulations.

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Notes to the Model.

The value inserted in any of the paragraphs may be varied by the Board of Trustees and should be reviewed regularly and confirmed annually by the Board of Trustees

- X RB-N's system of internal control shall cover:
- a. Appointment of Administrator and Finance Director
 - b. Proper book-keeping and financial reporting arrangements
 - c. Financial regulations including payment controls
 - d. Risk management arrangements
 - e. Budgetary controls
 - f. Income controls
 - g. Petty cash controls
 - h. Payroll controls
 - i. Capital controls covering asset management, investments and borrowing
 - j. Bank reconciliation
 - l. Other areas identified from time to time in risk assessments.

Y The accounting records determined by the Administrator shall be sufficient to show RB-N's transactions and to enable the FD to ensure that any income and expenditure account, statement of balances or record of receipts and payments and additional information to be provided or management information requested by the Board of Trustees from time to time, as the case may be, comply with the Accounts and Audit regulations.

The accounting records determined by the Administrator shall in particular contain:

- a. entries from day to day of all sums of money received and expended by RB-N and the matters to which the income and expenditure or receipts and payments account relate
- b. a record of the assets and liabilities of RB-N, and
- c. wherever relevant, a record of RB-N's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

The accounting control systems determined by the FD / Administrator shall include:

- a. procedures to ensure that the financial transactions of RB-N are recorded as soon as reasonably practicable and as accurately and reasonably as possible, procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
- b. identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions
- c. procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Board of Trustees for approval to be written off except with the approval of the FD and that the approvals are shown in the accounting records, and
- d. measures to ensure that risk is properly managed.