



Protecting Orkney's marine mammals through research and education

Financial Management and Control Policy and Procedure

Implementation Date: February 2021

1. General statement

- 1.1 Orkney Marine Mammal Research Initiative (OMMRI) recognises that the Trustees share overall responsibility for financial control and safeguarding the funds of OMMRI and ensuring that the organisation operates in accordance with the financial powers stated in its Constitution. This document sets out how this responsibility will be exercised and where functions have been delegated to particular Trustees, employees or volunteers (team members) of OMMRI

2. The role of Treasurer

- 2.1 The Treasurer takes the lead at board level on:

- ensuring OMMRI keeps proper accounts
- reviewing financial performance
- ensuring policies for finance and if relevant investment are regularly reviewed
- ensuring that OMMRI has robust and effective financial controls in place
- liaising with the Chair, accountants and auditor or independent examiner on financial matters
- reporting on financial matters to the board

- 2.2 The Treasurer will carry out periodic internal checks using a checklist and report back to the board on this activity.

3. Financial Records

- 3.1 Financial records will be kept so that:

- ensuring OMMRI can meet its legal and other obligations, e.g., HM Revenue and Customs, Charities Acts, Companies Acts, Common Law.
- OMMRI Trustees can have control of the organisation's finances.
- OMMRI can meet contractual obligations and the requirements of funding bodies.

- 3.2 The organisation will keep proper books of account using a spreadsheet or appropriate accounts package. These will include:

- A cash book analysing all transactions
- Sales, purchase and nominal ledgers
- Petty cash records
- Payroll records (if appropriate)

4. Budget

- 4.1 The financial year for OMMRI will end on 5th April.
- 4.2 Before the start of each financial year, the OMMRI Trustees will approve a budgeted income and expenditure account for the following year.
- 4.3 A paper comparing actual income, and expenditure with the budget will be presented to the OMMRI Trustees every three months.

5. Accounts and audit

- 5.1 Accounts will be drawn up after each financial year within four months of the year end and presented to the board.
- 5.2 The accounts will be submitted by the Company Secretary to OSCR and to Companies House, as required.
- 5.3 The Trustees will appoint an appropriately qualified accountant or an independent examiner.
- 5.4 The Trustees will review the appointment of the auditor/independent examiner at least every 3 years

6. Best value

- 6.1 When procuring goods and services, it is OMMRI's aim to achieve best value within the limitations set out by our Environmental Policy. For goods and services valued at over £1,000, at least two quotes will be obtained. For service contracts, organisations will be invited to submit a proposal and these will be considered in relation to specific criteria including price, environmental policies, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.
- 5.1 Service contracts will be reviewed at least every 3 years.

7. Bank

- 7.1 OMMRI will bank with Clydesdale Bank (also trading as Virgin Money) where the accounts will be held in the name of OMMRI. The current account will be held with Clydesdale Bank (also trading as Virgin Money). All bank accounts held by OMMRI must be agreed and approved by the OMMRI Trustees.
- 7.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the OMMRI Trustees, as will all changes to it.
- 7.3 OMMRI will require the bank to provide current account statements every month. These will be reconciled with the cash book every month by the Treasurer and approved by the Chair.
- 7.4 OMMRI will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the OMMRI Trustees.

8. Fundraising, funding bids, tenders, and partnership arrangements

- 8.1 All fund raising, grant applications and tendering undertaken on behalf of OMMRI will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income then this must be approved by the Trustees. The Chair and Treasurer must approve all

bids and tenders. Bids and tenders of a value of over £5,000 require the prior approval of the Trustee board. Details of all funding bids and tenders will be provided to the Trustee board.

8.2 OMMRI may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of OMMRI as set out in our Constitution. The partnership arrangements must have the prior approval of the Chair. All partnership arrangements will be reported to the Trustee board. When OMMRI will receive funding from partnership arrangements or take on financial commitments, a written agreement must be in place covering the financial arrangements. In these circumstances the funding that OMMRI receives should generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of work from reserves or earned income then this must be approved by the Trustee board. The Chair and Treasurer must approve all partnership arrangements. Partnership arrangements of a value of over £5,000 require the prior approval of the Trustee board.

8.3 When OMMRI submits a funding bid or tender as the accountable body and there are partners to the bid or tender, the arrangements must be agreed by the Chair and Trustees in accordance with the financial limits set out above. This includes the composition of the partnership. Where funds are to be dispersed or remitted to partners, the partners must have in place arrangements for accounting for these funds that have been agreed with OMMRI and that are consistent with our audit and reporting requirements. An agreement must be in place before funds are allocated to partners.

9. Receipts (income)

9.1 OMMRI will ensure that all the income to which it is entitled is received and that this is evidenced.

9.2 A schedule of grant and contract income with the method of payment will be maintained and reviewed every 3 months.

9.3 All monies received will be recorded promptly in the cash book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, small donations from individuals etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

9.4 All monies received from activities such as fundraising events, donations from individuals and sale of services or goods will be recorded promptly in the cash book and banked without delay.

9.5 Wherever possible, payments should be made to OMMRI by cheque or BACS in order to provide an audit trail. It is however acknowledged that cash may be the preferred method of payment for individuals. The Chair and Treasurer will review all debts on a monthly basis and agree follow up action. The schedule of debts will be sent every three months to the Trustee board for information. When an individual debt exceeds £100 for a period of more than 3 months, then this will be brought to the attention of Trustees and relevant action agreed.

9.6 A schedule of charges for services and facilities will be maintained by the Treasurer. This schedule will be reviewed at least annually and increases agreed by the Trustee board.

10. Payments (expenditure)

10.1 The preferred method of payment is by bank transfer. Cheques will also be used when bank transfer payment is not possible. Cheque books (unused and partly used cheque books) must be kept secure.

- 10.2 Blank cheques will NEVER be signed. The relevant payee's name will always be inscribed on cheques before signature. The cheque stub will always be filled in.
- 10.3 Whenever possible, the same persons should not be responsible for ordering, processing and checking invoices as well as raising payment requisitions, signing cheques and authorising payments.
- 10.4 Authorisation of payments which are greater than £500 must be different to those requesting purchase of items and at least one of those authorising must be an officer of OMMRI. Payments greater than the value of £1,000 will require the approval of 2 officers of OMMRI.
- 10.5 No payments will be authorised or cheques signed without original documentation.
- 10.6 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Constitution.

11. Payment Procedures and Documentation

- 11.1 Every payment from the organisation's bank accounts will be supported by an original invoice (never against a supplier's statement or final demand). The original invoice will be filed and kept for seven years. The person who signs the cheque or authorises the online bank payment should ensure that the OMMRI request for payment form is fully completed. This includes the following.
 - Payment method
 - Date of invoice / request
 - Amount for payment
 - Name and initials of authorisers
- 11.2 The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. Here a purchase order form will be used. Alternative supporting documentation such as the booking application form must be provided.
- 11.3 Contracts with suppliers can only be set up if authorised by the Chair in consultation with the Treasurer.
- 11.4 Petty cash may be maintained. If petty cash is maintained, it will be on the imprest system. The Treasurer will have overall responsibility for this float as agreed by the Trustees. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum £50, the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book within the organisational accounts package.
- 11.6 Expenses/Allowances - OMMRI will reimburse expenditure paid for personally by staff or volunteers that is claimed using the agreed claim form, providing:
 - Fares are evidenced by proof of purchase.
 - Other expenditure is evidenced by original receipts.
 - Car mileage is per current approved rates.
 - The expenditure has been authorised by a line manager or the Trustee Board
 - The claim is submitted within two months of expenditure being incurred
 - It was not possible for the expenditure to be paid direct by OMMRI
- 11.7 No signatory may authorise payments to him or herself. It is the responsibility of the other

signatory to ensure this does not happen.

12. Salaries

- 12.1 There will be a clear trail to show the authority and reason for payment. If an external contractor is used to handle payroll administration, they will provide records of transactions to OMMRI. All employees will be paid within the PAYE, National Insurance rules. Salaries will be processed using BACS systems. The Chair or Treasurer will sign off the monthly submission.
- 12.2 All staff appointments will be authorised by the Chair in consultation with officers of OMMRI. All appointments will be reported to the Trustee board.
- 12.3 All freelance contracts will be subject to the authorisation limits outlined in section 9 above.

13. Credit card payments

- 13.1 The preferred and principal method of payment is either by cheque or internet banking from the current account.
- 13.2 OMMRI does not currently hold a credit card. Any decision to apply for a credit card must be approved by the Trustee board. Should OMMRI obtain a credit card, it may only be used in the following circumstances:
 - When a customer account is unavailable to OMMRI
 - When a purchase by credit card represents significantly better value than a cash purchase
 - When card payment is required by a supplier, through the internet
 - When exceptional circumstances prevent any other method of payment
- 13.3 The card shall never be used for withdrawing cash. Hole in the wall type cash cards will not be used and if issued by the bank will be immediately cut in half.
- 13.4 Cards shall only be used for payment by the named cardholder(s). The named card holder(s) will be decided by the Trustee board. The credit card limit will be agreed by the Trustee board.
- 13.5 Payments shall only be made on receipt of a purchase order form correctly completed according to the authorisation limits as detailed in the procedure agreed upon authorisation of the Trustee board to obtain a credit card.
- 13.6 It is the responsibility of the Cardholder to ensure that the credit card is held in a secure place at all times and that every reasonable effort shall be made by the cardholder to maintain the security of the card details.

14. Other Undertakings

- 14.1 OMMRI does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, with financial consequences must be approved by the Chief Officer up to a value of £2,000 (or insert an alternative agreed amount). Those valued at over £500 require the approval of the Chair and Treasurer of OMMRI. Those valued at over £1,000 require the approval of the Trustee board.

15. Confidentiality

- 15.1 The confidentiality of employees financial circumstances will be respected at all times.

- 15.2 Team members will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information about the organisation.

16. Fixed assets and inventory of capital items

- 16.1 OMMRI will set up and maintain a fixed assets register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records. OMMRI will maintain an inventory of all capital items. The fixed assets register and inventory will be produced by the Treasurer and reviewed by the Chair and on a day to day basis.

17. Reserves and Investment Policies

- 17.1 The Trustee board considers reserves equivalent to three months operating costs to be prudent. However, as a new organisation it is recognised by the Trustee board that it will take time to build reserves to this level.
- 17.2 When reviewing the annual budget, consideration will be given to future strategy, potential redundancy liabilities and any other significant factors that should be taken into account were OMMRI to close or move to new premises. The specific reserves policy including any designation of reserves for specific purposes will be agreed by Trustees on an annual basis.
- 17.3 When reviewing the annual budget, consideration will be given to investing reserves to generate investment income. In such circumstances, an investment policy will be agreed by the Trustee board. All investments will be decided by Trustees and should be consistent with the investment policy.

18. Review of the policy

- 18.1 It will be the responsibility of the board of Trustees to review this policy and procedure to ensure that it is in accordance with all other policies.
- 18.2 This policy and procedure will be reviewed by the board of Trustees 12 months after implementation and then routinely every three years. Interim reviews may be carried out if a need is identified.

Review date:

Next review date:

Signed:

Position:

Date: