



## **Replay Productions**

### Financial Procedures

#### **CONTENTS**

Replay Productions recognises that as an organisation in receipt of public monies, all financial administration must be efficient and transparent. Existing procedures were revised in September following a staff restructure to ensure best practice at all times. These new procedures were created by the Operations Manager and the Finance Sub Committee.

Procedures cover the following areas:

1. Ordering supplies and services
2. Payment authorisation
3. Cheque writing and signing
4. Handling of cash
5. Salaries, payroll and subcontractors
6. Income
7. Accounting records
8. Budget setting
9. Financial monitoring and audit

## **1 Purchasing Supplies And Services**

It is important that all purchasing is undertaken within agreed cash limits and spending plans and provides best value for money.

Purchasing of goods and services must only be made by the agreed officer and be within approved spending plans of the Board. Purchases will only be made after a written quotation is provided by the supplier. For goods/services:

- Value less than £100 no quotation required
- Valued more than £100 but less than £500, one quotation is required
- Valued at or more than £500, 2 quotations are required.

By their nature, quotations are not required when the supplier is a single unique provider of a good/service.

Any lease, hire purchase agreement or other contract involving expenditure will be subject to approval by the Board.

All service contracts must be renewed after a three year period.

Relevant professional advice should be sought if necessary before entering larger contracts

No payments will be made in cash.

## **2.Payment Authorisation and Purchase Ledger**

All invoices for services provided must be authorised for payment ensuring accuracy of figures and conformity with the order placed, that the services or goods have been received, and any problems have been followed up.

The purchase ledger will be operated by the Operations Manager. Any member of staff incurring expenditure (entering agreement for services, placing an order, confirming mileage) must notify the Operations Manager of the details in writing. The Operations Manager will then create a purchase order for the relevant budget and enter the details onto the system. Unpaid items will be entered in red. The purchase order should be attached to the written notification authorising the expenditure, and filed in the invoice file awaiting payment.

When the invoice arrives, a facing sheet should be completed by the OM, and then passed to the AO for payment at relevant time.

Once payment has been completed, the entry in cheque journal should be changed to black, and relevant cheque number entered.

No payments should be made without a facing sheet and authorisation by OM.

Random checks on payments against the bank statements must be made by the AD on a monthly basis.

### **3. Cheque Writing and Signing**

Cheque signatories will be approved by the Board before the bank is notified. The member of staff who prepares the paperwork CANNOT be a cheque signatory. The appropriate signatories in Replay are the Administrative Officer and Development Manager. A further signatory must be from the Board.

All cheques require two signatories. Cheque signatories must check that the expenditure has been approved before issuing a cheque.

Signatories will not sign cheques which are payable to themselves, or blank cheques. Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.

The day-to-day limit on encashment of cheques will be agreed by the Board subject to appropriate business needs i.e. a larger cash float may be required for a major event, for example.

### **Online Payments**

The introduction on online banking makes payments of artists and suppliers more efficient. However, as payments can be made by 1 person, instead of the required 2 cheque signatories, more security measures must be in place.

All paperwork should be prepared as with a cheque payment, but must be checked by 2 members of staff, in addition to the Operations Manager who makes the payment.

## **4. Handling of Cash**

Petty cash will be topped up where the amount spent is reimbursed. It is intended for small items, up to £10. Anything over this should be paid by cheque. The petty cash balance limit is £100. The petty cash balance will be reconciled when re-storing the balance monthly or more frequently if necessary.

Any cash income will be banked by the Administrative Officer at the earliest opportunity. Income should not be used to pay bills or for petty cash.

## **5. Salaries, Payroll and Subcontractors**

Where the organisation employs staff, it is required to operate the PAYE system, and make annual returns to the Inland Revenue. All people working directly for the organisation, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they cannot.

All payments will be made by cheque or direct bank credit.

Freelance consultants may be used from time to time. Freelance contractors will only be taken on when authorised in accordance with section 1 above and will be treated as self-employed, and contracts with such people must clearly indicate this.

## **6. Income**

Where circumstances mean that income should be invoiced, all invoices should be raised on official letterhead. All invoices will be sequentially numbered.

All income must have an income facing sheet, linked to the appropriate sales invoice if applicable.

Letter confirming grant or sponsorship income must be passed to the Operations Manager who will ensure the conditions of the income are met.

## **7. Accounting Records**

Proper accounting records will be kept. The accounts system is based around computer facilities, using Excel, but SAGE accounts will also be used.

Petty cash and bank accounts will be reconciled at least weekly.

Purchase ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc, will be retained for audit and for statutory purposes thereafter.

All fixed assets costing more than £200 (or such other level as may from time to time be agreed by the Board) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no where applicable, description and in due course details of disposal.

## **8. Budget Setting**

An annual budget will be prepared in time for final approval by the Board before the start of the financial year under consideration.

The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated quarterly.

Budgets for productions must be reviewed continually throughout the preparation period for revisions.

No project may begin if all required monies are not in place.

At the completion of a project, the finance sub-committee must be notified as to the amount of surplus/deficit and agreement reached on action required. This decision should be minuted.

## **9. Financial Monitoring and Audit**

The Board will receive appropriate, quarterly reports of income and expenditure against budget. Cash-flow reports will be produced as appropriate.

Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions, prepared per SORP for Charities and any other relevant accounting conventions. Draft accounts will be presented to, and approved by, Finance sub committee, before being passed by the Board.

Adopted by Board on \_\_\_\_\_

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_