

Financial Regulations

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1 Introduction

This document sets out the Financial Regulations by which Icon operates. These regulations provide the controls, systems and procedures necessary for the proper safeguarding and protection of the Company's resources and assets and for the administration and expenditure of all funds.

2 Financial Policy

It is the policy of Icon to:

- work in accordance with the Icon's strategic priorities and budgets;
- comply with all financial regulations, including the Charities Acts and the Companies Acts
- comply with payment terms agreed with suppliers.
- manage cash flow at all times to remain in credit or within any overdraft limit approved by the Board and the company's bankers
- invest cash balances so as to secure a competitive return without incurring any undue risks
- safeguard all assets from any undue risk
- secure all income due to Icon including recovery of tax wherever appropriate.
- take out adequate insurance to cover liabilities and assets (see 'Insurance' below).

3 Financial Responsibilities

Ultimate responsibility for finance matters rests with the whole Board. It is the responsibility of the Board to determine Icon's financial policy and regulations. The Board is also responsible for the establishment of a Finance Committee to advise on financial matters.

Board Finance Committee

The purpose of the Committee is to consider, monitor, and review all matters relating to Icon's finances and to make recommendations to the Board accordingly. The Terms of Reference for the Finance Committee can be found in the Governance Handbook.

The Chief Executive is responsible for:

- The overall management of the charitable company and its subsidiaries
- Monitoring and reporting significant financial issues to the Board
- Ensuring timely delivery of the Trustees' Annual Report
- Engaging and managing the relationship with a suitable firm of chartered accountants who shall:
 - Maintain true, timely and accurate financial records and provide relevant forecasts and
 - Provide management and annual accounts which will be reported to the Finance Committee and the Board in such detail, format and frequency as they shall require
- Ensuring that all staff are aware of the Financial Regulations
- Ensuring that Groups are aware of the Financial Policy for Groups
- Reporting to all external regulatory bodies as required
- Reviewing accountancy and audit arrangements
- Reviewing banking arrangements to ensure that they are as beneficial as possible
- Maximising returns from any funds available for investment that are within the risk parameters set by the Finance Committee.
- Ensuring that adequate back up of financial information is in place and adhered to
- Maintaining an inventory of fixed assets
- Ensuring that annual accounts are produced and that they are audited

Some aspects of these responsibilities are contracted out to external accountants or delegated to other members of staff.

4 Financial Planning

- a The Board is responsible for agreeing and implementing Icon's Strategy which sets the overall direction of the charitable company.
- b The Board shall approve by 31st March each year the budget for the year ahead which will reflect the Strategy and current strategic priorities.

5 Bank Accounts

The Board shall authorise the Chief Executive to open and maintain bank accounts as considered necessary and will ensure that all bank accounts are managed and monitored effectively.

All cheque books shall be kept in a secure location. Cheques shall be signed and bank transfers authorised by the officers in accordance with Appendix A.

6 The Authorisation and Ordering of Goods and Services

Authorisation Limits:

Authorisation limits are set out in Appendix A and shall apply in all circumstances. Limits will be reviewed by the Chief Executive at least every 12 months and recommended changes reported to the Finance Committee for approval.

Orders for Work, Goods and Services

All orders for goods and services, whether in writing or verbal, must be issued in accordance with the Authorisation Limits (Appendix A) and the relevant Financial Procedures. Project orders may only be placed where income has been secured to cover the expenditure although projects may be phased when appropriate and when each phase is worthwhile in itself.

7 Payment of Accounts

The Administration Officer shall be responsible for ensuring the verification and certification of accounts relating to the company prior to payment. All cheques and electronic payments must be signed/authorised in accordance with authorisation limits set out in Appendix A.

Where company credit cards are provided in the name of an employee they must only be used for the purpose of the business and in accordance with the *Credit Card Policy* in the *Staff Handbook*.

8 Petty Cash

Icon, including its groups, will not run any petty cash arrangements. All petty expenses will be refunded by BACS.

9 Income

All income due to the company shall be claimed or invoiced by the budget holder or his/her nominated deputy.

Any money received on behalf of the company shall be paid intact into the company's bank account at the earliest opportunity and shall not be used to defray expenditure.

No bad debts in excess of £2,000.00 plus VAT can be written off without the approval of the Board.

10 Insurance

The Business Development Manager shall arrange for insurance cover in respect of all statutory insurance, public and professional liability and for all assets under the control of the company. The assets should be insured against fire, theft and such other perils as may be appropriate. The Business Development Manager must ensure that all insurance arrangements are reported annually to the Finance Committee.

11 Icon Groups

Icon Groups must follow the guidance set out in Appendix C: *Policy relating to Groups* and in the Icon Treasurers' Guide.

12 Fixed Assets

The Business Development Manager shall maintain a register of all capital items. This should be reviewed and physically verified to the values carried on the Balance Sheet each year. Purchases of equipment and software having a value of less than £1,000.00 plus VAT will be written off at the time of purchase.

Equipment and software purchased at a cost of more than £1,000.00 plus VAT and that will have a retained value over a period of one year or more will be capitalised and depreciated or amortised

13 Audit

The Chief Executive shall arrange for an external audit of the accounts of the Company to be carried out by a Statutory Auditor approved by the Trustees. The Audit Findings Report must be sent to the Board.

APPENDIX A - Authorisation of Expenditure

a Ordering of Goods and Services

Budget Holders¹ may place orders that are within their approved budgets subject to the following restrictions. Orders may be placed by email, signing a contract (including by DocuSign or similar), post (very rare) and not by telephone (as that leaves no record).

Trustee <u>and</u> Chief Executive	> £25,000.00
Chief Executive <u>and</u> Budget Holder*	up to £25,000.00
Chief Executive <u>or</u> Budget Holder*	up to £5,000.00
Administration Officer	up to £500.00
Group Treasurer (for their own group only)**	up to £1,000.00

*If none of these is unavailable a Trustee may sign instead of one of them in case of urgency.

**or the Group Chair if the Treasurer is unavailable for an extended period. See also Appendix C.

All amounts to apply to goods and services before VAT.

Orders of £10,000 or more must be subject to the tender process in Appendix B).

Quotations must normally be requested from at least 3 suppliers for orders of more than £5,000 but less than £10,000 unless there is justification for using an existing / preferred supplier. The Chief Executive shall ensure best value for smaller orders by setting out Icon's requirements and scoring mechanism in the invitation to quote.

The Head of Skills may authorise a total payment of bursaries of up to £20,000 for Icon internships provided this is fully funded.

All orders must signed-off by individuals nominated by the Chief Executive.

b Cheque Signatories and electronic payment authorisers

- I. Those authorised to sign cheques and authorise electronic payments from Icon's bank will be defined from time to time by a Board resolution in connection with bank mandates, which may be approved by email. They are currently: two Trustees², the Chief Executive, the Business Development Manager, the Head of Membership, the Head of Skills and (for specific Groups only) relevant Group Treasurers and Chairs.
- II. All signatories/authorisers are allowed to sign cheques/authorise payments up to £1,000.00 without a second signature/authorisation so long as they are not payable to themselves, except where a funder requires two signatures on all cheques.
- III. Cheques/payments which are for over £1,000.00 must have two signatures/authorisations at least one of which must be that of the Chief Executive or Trustee.

¹ Budget holders are people appointed by the Chief Executive to hold and manage parts of the main Icon budget. At 23.03.2022 these were Chief Executive, Business Director, Head of Skills and Head of Membership.

² The individual Trustees, who are signatories, will vary from time to time.

APPENDIX B - Tender Procedure

Where the estimated value of an order is £10,000.00 or more (plus VAT) (or less at the discretion of the Chief Executive), it shall be subject to the tendering procedure, which will be:

- a tenders will be advertised on the Icon website and on such other websites and channels as are appropriate to the nature of the tender unless it has been agreed by the Chief Executive that there are valid reasons to have a limited invitation list;
- b all invitations to prospective tenderers shall indicate the closing date and time for the return of the tender;
- c all tender offers shall be provided as an attachment and emailed to the Chief Executive and must show in the Subject line "Tender....." followed by the subject to which it relates and the closing date.
- d all late tenders will be disregarded, as will tenders which the tenderer wishes to amend after the closing date;
- e all tender offers shall be kept by the Chief Executive unread until the date and time specified for return and thereafter opened by the Chief Executive in the presence³ of one other member of staff;
- f The budget holder shall prepare a tender report covering compliance with procedure, arithmetical correctness, value for money and other relevant factors. The report should be signed by the budget holder. The report must be permanently retained by the Chief Executive.
- g the Chief Executive may make purchases with a lesser number of quotations than specified above, so long as:
 - s/he is authorised to do so by a client or sponsor who is meeting the entire cost or
 - in other instances s/he has consulted the Chair or Chair of the Finance Committee before doing so and
 - s/he reports the matter to the following Board Meeting giving her/his reasons.

The Chief Executive will set out a defined set of criteria for tender scoring – for example including quality, timescale and price. The bidder whose tender achieves the best overall score will be awarded the contract unless the Chief Executive is able to establish a sound business case to vary from the scoring and the Chair approves such variation.

This tender procedure may be altered to comply with the requirements of the client in the case of managed contracts.

³ Which may be online by, for example Teams or Zoom.

APPENDIX C – Policy relating to Groups

Approved by Board of Trustees on 23rd March 2022

Group Budgets

- 1 All funds managed by Icon centrally or by Groups belong to the charity as a whole.
- 2 The Board of Trustees is ultimately responsible for delegating authority for the management of Icon's funds, to the Chief Executive who may further delegate (within limits which s/he shall decide) to other staff and Group Treasurers.
- 3 The Board is responsible for making an assessment of the overall risk to Icon of all proposals regarding income and expenditure arising from Group activities.
- 4 As part of Icon's budgeting process, Groups are required to produce annual budgets for approval by the Head of Skills. After approval, the Group may spend within that budget.
- 5 Groups are required to seek approval from the Head of Skills for any single expenditure above £1,000.00 plus VAT.
- 6 If a Group wishes to spend beyond their agreed annual budget, approval of the Head of Skills, Chief Executive or (if the expenditure exceeds £10,000) the Finance Committee would be required, based on appropriate supporting documentation.
- 7 If a Group is planning expenditure for an event or project in or across any financial years beyond the current one, the Finance Committee must be notified and a budget, business and marketing plans provided. Again, Finance Committee approval would be required so these plans can be incorporated into future budgets.
- 8 The Board will be kept informed of major Group projects planned for future years in the same way as it is for Icon's other long-term projects, conferences etc.
- 9 Finance Committee approval will not be withheld against projects which are well planned and risk managed, but there is no standard threshold for overspend or project size as Groups differ widely in ambition and scope.
- 10 A pro-forma budget sheet for events is provided to Groups as part of the *Icon Training Events Handbook* (<https://www.icon.org.uk/resource/icon-training-events-handbook.html>). Pricing and other matters must follow the guidance given in the *Icon Training Events Handbook*.

Annual Funding

Approved by Board of Trustees on 23rd March 2022

- 1 All Groups will be allocated up to £1000.00 per year to use to support their activities, provided that they have agreed their annual budget with the Head of Skills.
- 2 Icon Scotland Group⁴ may apply to have their allocation increased to up to £2,000.00 for that year provided they are willing to deliver additional activities in support of Icon's strategic policy and advocacy objectives and to provide national coverage by having meetings in various places convenient to members.
- 3 Through the annual budget process, all Groups may ask the Board to allocate additional funds for specific projects; a business case will be required, and the proposals will be considered on their merits.
- 4 Groups may also ask for cash flow support for specific projects provided they are budgeted to break even or yield a surplus. These applications will normally be decided by the Chief Executive.

⁴ and Icon Wales and/or Icon Northern Ireland, should they be formed.

- 5 All invoices and expense claims will be processed through the iCompleat system, which means the payments will be made from Icon's main bank account rather than the Group's account where they have one. This will reduce the need for Groups to hold balances. Each Group with an account will be provided with a float of £2,000.00 essentially to support cash flow. This will be reviewed every month by JS2 Ltd, and the Group account adjusted by transfers to/from Icon's main bank account.