

## Healthwatch Worcestershire Financial Regulations

Author	Simon Adams
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## **1. General**

- 1.1.** These financial regulations govern the conduct of the financial management of Healthwatch Worcestershire and may only be varied by a decision of the company's Directors.
- 1.2.** The Directors are responsible for ensuring that the company's financial management is adequate and robust and that the company has a sound system of internal control which facilitates the effective exercise of the company's functions, including arrangements for the Management of risk.
- 1.3.** The company's accounting control system includes measures:
  - for the timely production of accounts;
  - to prevent and detect inaccuracy and fraud,
  - identifying the duties of the company's employees.
- 1.4.** The financial regulations demonstrate how the company meets these responsibilities and requirements.
- 1.5.** At least once a year, prior to approving the Annual Report, the Directors must review the effectiveness of the company's system of internal control.
- 1.6.** A breach of these regulations by an employee is gross misconduct.
- 1.7.** The Directors have delegated the responsibility for the operation of the company's financial regulations to the Chief Operating Officer. The Chief Operating Officer:
  - acts under the policy direction of the Directors
  - administers the company's financial affairs in accordance with all relevant Acts, Regulations and proper practice,
  - determines on behalf of the company its accounting records and accounting control systems; ensures the accounting control systems are observed;
  - maintains the accounting records of the company up to date in accordance with proper practices;
  - assists the company to secure economy, efficiency and effectiveness in the use of its resources and
  - produces financial management information as required by the Directors.
- 1.8.** The accounting records determined by the Chief Operating Officer shall be sufficient to show and explain the company's transactions and to enable the company to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information

prepared for the company from time to time comply with the requirements of the Companies Act 2006.

- 1.9.** The accounting records determined by the Chief Operating Officer shall in particular contain:
- entries from day to day of all sums of money received and expended by the company and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the company.
- 1.10.** The accounting control systems determined by the Chief Operating Officer will include:
- procedures to ensure that the financial transactions of the company are recorded accurately and as soon as reasonably practicable
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of employees dealing with financial transactions and division of responsibilities of those employees in relation to transactions;
  - measures to ensure that risk is properly managed.
- 1.11.** The Directors are not empowered by these regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the annual budget;
  - approving accounting statements;
  - approving the Annual Report;
  - borrowing;
  - writing off losses;
  - writing off bad debts;
  - addressing recommendations in any report from the accountants/ auditors, will be a matter for the Directors only.
- 1.12.** In addition the Directors must:
- determine and keep under regular review the bank mandate
  - approve any single commitment in excess of £5000;
- 1.13.** The directors must ensure that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006.
- 1.14.** The directors are responsible for preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006

relating to financial statements, so far as applicable to the company.

- 1.15.** The directors will prepare the financial statements in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).
- 1.16.** The Bribery Act 2010 created four new offences and the provisions of the Act applying to individuals and commercial organisations. As a matter of general principle and to comply with the Directors legal duties, Directors should avoid any situation where there is an expectation of a gift or payment in return for an advantage of any kind. Directors will need to use their judgment and their knowledge of the company's activities to decide upon appropriate anti-bribery procedures which are proportionate to the risks faced by the company.
- 1.17.** All paid employees are required to comply with The Bribery Act 2010. The Chief Operating Officer is responsible for the company's policy in relation to The Bribery Act 2010. Contact the Chief Operating Officer if further guidance is required.
- 1.18.** Giving gifts and hospitality:
- Paid employees or volunteers may not, directly or through others, offer or give any, money, gift, hospitality or other thing of value to an official, employee or representative of any supplier, customer or any other organisation, if doing so could reasonably give the appearance of influencing the organisation's relationship with the company.
  - Staff may:
    - give gifts of a nominal value (such as advertising novelties);
    - with the Chairman's approval, provide meals and other grants, provided that the expenses are kept at a reasonable level. For the avoidance of doubt, the per capita cost of a grant should not exceed £50 and would normally be less;
- 1.19.** Receiving gifts and hospitality:
- A paid employee, volunteer or any member of their family should not, directly or through others, solicit or accept money, gifts, hospitality or anything else that could influence or reasonably give the appearance of influencing the relationship with that organisation or individual.
  - Gifts or hospitality may not be accepted, irrespective of value, which might influence or be seen to influence the company's approach to an issue under consideration, the award of business (contract) or the use of the company's Intellectual Property or other assets, or to benefit personally or for the benefit of any person connected to that person.
  - Unless you have been informed otherwise you may accept:
    - a gift of nominal value, such as an advertising novelty, when it is customarily offered to others having a similar relationship with that individual or organisation;

- meals or entertainment provided that the expenses are kept at a reasonable level.
- The Chief Operating Officer will maintain a written record of hospitality and gifts which will be inspected at regular intervals by the Director with portfolio responsibility for the oversight of finance.

**1.20.** If a paid employee or volunteer has knowledge that, or has good reason to suspect that an unlawful or unethical situation, or suspects that either an act of bribery or non-compliance with the gifts and hospitality policy has occurred; that individual should report the matter to the Chief Operating Officer or Chairman.

## **2. ACCOUNTING AND AUDIT**

**2.1.** All accounting procedures and financial records of the company shall be determined by the Chief Operating Officer in accordance with the relevant legislation and proper practices.

**2.2.** On a regular basis, at least once in each quarter, and at each financial year end, a Director, other than the Chairman, will verify bank reconciliations (for all accounts) produced by the Chief Operating Officer. The Director will sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to the Directors and the Public Board Meeting (PBM)

**2.3.** The Chief Operating Officer shall complete the annual statement of accounts, annual report and any related documents of the company contained in the Annual Report (as specified in the Companies Act) as soon as practicable after the end of the financial year and will submit them and report thereon to the Directors and the Annual General Meeting so as to enable their submission to Companies House within the timescales set by the Companies Act 2006.

**2.4.** The Directors will ensure that there is adequate and effective system of audit of its accounting records, and of its system of internal control in accordance with proper practices. Any employee or member of Healthwatch Worcestershire will make available such documents and records as appear to the company to be necessary for the purpose of the audit and shall, as directed by the Directors, supply the Chief Operating Officer or auditor with such information and explanation as the Directors consider necessary for that purpose.

**2.5.** The reporting accountants will:

- be competent and independent of the financial operations of the company;
- provide the company with an assurance report on an annual written report during each financial year;

- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships, and
- have no involvement in the financial decision making, management or control of the company.

**2.6.** The company's accounting records shall be retained for 6 years following the end of the accounting period in order to comply with Section 388 of the Companies Act 2006 and tax law.

### **3. ANNUAL BUDGET**

**3.1.** The financial year for Healthwatch Worcestershire will be 1 April to 31 March.

**3.2.** The Chief Operating Officer will prepare proposals for the budget for the following financial year and submit them to the Directors no later than the end of February each year.

**3.3.** The Directors will consider and formally approve the budget before 31 March at a Public Board Meeting, and in doing so involve volunteers and lay persons having regard for any representations they make.

**3.4.** The approved annual budget will form the basis of financial control for the following year.

### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

**4.1.** Expenditure on revenue and capital items may be authorised up to the amounts shown below by:

- the Directors at a Directors meeting for all items over **£5,000**;
- the Chief Operating Officer in conjunction with a duly nominated Director of the company for items **over £3,000 but less than £5,000**;
- the Chief Operating Officer or Director for any items below **£3,000**.
- the Business Support Officer for items **below £500**

Those items authorised by the Chief Operating Officer and the Business Support Officer will be detailed on a monthly basis.

Such authority is to be evidenced by a Minute or by a written record signed by the Chief Operating Officer and where appropriate the Director. Expenditure may not be disaggregated to avoid controls imposed by these regulations.

**4.2.** No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by decision of the Directors. During

the budget year and with the approval of the Directors unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

**4.3.** No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Directors are satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

**4.4.** The Chief Operating Officer will regularly provide the Directors 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. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances for any cost centre. For this purpose "material" shall be plus or minus 10%. Changes in earmarked reserves shall be approved by the Directors as part of the budgetary control process.

## **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

**5.1.** The company's banking arrangements, including the bank mandate, will be made by the Chief Operating Officer and approved by the Directors. The banking arrangements will be regularly reviewed for safety and efficiency. The Directors, the Chief Operating Officer, and the Business Support Officer will be authorised to act as signatories.

**5.2.** All invoices for payment shall be examined, verified and certified by either the Chief Operating Officer or the Business Support Officer to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the company.

**5.3.** The Business Support Officer will examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.

**5.4.** Payments (invoices) shall be authorised up to the amounts shown below by:

- 2 Directors for all items over **£5,000**;
- the Chief Operating Officer in conjunction with a duly nominated Director of the company for items **over £3,000 but less than £5,000**;
- the Chief Operating Officer or Director for any items below **£3,000**.
- The Business Support Officer for items **below £500**

**5.5.** A written record of the authorisation and any delegation will be made.

**5.6.** The Directors and Chief Operating Officer are bound by the Code of standards in public life and will not authorise or instruct a payment is made in respect of a matter in which they have a conflict of interest.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1.** The company will make safe and efficient arrangements for making of its payments at 30 days from the date of invoice unless an alternative payment period was agreed at the time the order was placed.
- 6.2.** All payments shall be effected by online banking instructions to the company's bankers. The Chief Operating Officer, the Business Support Officer are authorised to effect the online banking transaction.
- 6.3.** If thought appropriate by the Directors, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are authorised by two signatories. The approval of the use of a variable Direct Debit shall be renewed by the Directors at least every two years.
- 6.4.** If thought appropriate by the company, payment for certain items (principally Salaries) may be made by BACS Payments provided that the instructions are signed, or otherwise evidenced by two directors are retained and any payments are reported to the company as made. The approval of the use of BACS Payments shall be renewed by resolution of the company at least every two years.
- 6.5.** No employee shall disclose any PIN or password, relevant to the working of Healthwatch Worcestershire or its bank accounts, to any person not authorised in writing by the company.
- 6.6.** Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.
- 6.7.** Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine. or e-mail link Remembered or saved passwords facilities must not be used on any computer used for company banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.8.** Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Chief Operating Officer, the Business Support Officer or a Director. A programme of regular checks of standing data with suppliers will be followed.

**6.9.** Any Debit Card issued for use will be specifically restricted to the Chief Operating Officer and the Business Support Officer and will also be restricted to a single transaction maximum value of £500 unless authorised by the Chief Operating Officer and a Director in writing before any order is placed.

**6.10.** The company will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the employees (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7. PAYMENT OF SALARIES**

**7.1.** As an employer, Healthwatch Worcestershire will make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance and pension 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 salary rates shall be as agreed by the Directors

**7.2.** Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance, or similar statutory or discretionary deductions may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported in the financial report to the Directors.

## **8. LOANS AND INVESTMENTS**

**8.1.** The Directors shall consider the need for an Investment Strategy and Policy. Any Strategy and Policy will be reviewed by the Directors at least annually.

**8.2.** All investments of money under the control of the company will be in the name of Healthwatch Worcestershire.

**8.3.** All investment certificates and other documents relating thereto shall be retained in the custody of the Chief Operating Officer.

**8.4.** Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments)  
6.46.6

## **9. INCOME**

- 9.1.** The collection of all sums due to the company will be the responsibility of and under the supervision of the Chief Operating Officer.
- 9.2.** Personal cheques shall not be cashed out of money held on behalf of the company.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1.** A purchase order or letter will be issued for all work, goods and services unless a formal contract is to be prepared. Copies of orders shall be retained.
- 10.2.** Records of purchase orders will be controlled by the Business Support Officer.
- 10.3.** All employees are responsible for obtaining value for money at all times. An employee 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 (I) below.

## **11. CONTRACTS**

- 11.1.** A Director, or the Chief Operating Officer where the Directors have specifically delegated the responsibility may enter into a contract on behalf of Healthwatch Worcestershire.
- 11.2.** 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 this regulation need not apply to contracts which relate to items (i) to (iii) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing equipment;
  - (iii) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the company;

- (b) Where it is intended to enter into a contract exceeding **£2,000** 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 Chief Operating Officer shall invite at least 3 tenders using 'Find it in Worcestershire' or equivalent portal
- (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 Directors.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Chief Operating Officer will 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 Chief Operating Officer in the ordinary course of post.
- (e) All sealed tenders will be opened at the same time on the prescribed date by the Chief Operating Officer in the presence of a Director.
- (f) If less than three tenders are received for contracts above **£2,000** or if all the tenders are identical the company may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (g) When it is to enter into a contract less than **£2,000** 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 Chief Operating Officer will obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£500** the Chief Operating Officer should aim to obtain 3 estimates.
- (h) The Company is not obliged to accept the lowest or any tender, quote or estimate.
- (i) Should it occur that the company does not accept any tender, quote or estimate, the work is not allocated and the Company requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

## **12. EQUIPMENT**

- 12.1.** The Chief Operating Officer will be responsible for the care and custody of the company's equipment and will maintain an inventory. The Chief Operating Officer will be

responsible for periodic checks of equipment and at least annually.

### **13. ASSETS**

**13.1.** No tangible moveable property shall be sold, leased or otherwise disposed of, without the authority of the company together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed **£250**.

**13.2.** No real property (interests in land) shall be purchased or acquired without the authority of the company.

### **14. INSURANCE**

**14.1.** Following the annual risk assessment (per Financial Regulation 15), the Chief Operating Officer will effect all insurances in consultation with a Director.

**14.2.** The Chief Operating Officer will give prompt notification to the Directors of all new risks which require to be insured and of any alterations affecting existing insurances.

**14.3.** The Chief Operating Officer will keep a record of all insurances effected by the company and the risks covered thereby and annually review it.

**14.4.** The Chief Operating Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to the Directors promptly.

### **15. RISK MANAGEMENT**

**15.1.** The company is responsible for putting in place arrangements for the management of risk. The Chief Operating Officer will prepare, for approval by the Directors, risk management policy statements in respect of all activities of the company. Risk policy statements and consequential risk management arrangements shall be reviewed by the company at least annually.

**15.2.** When considering any new activity, the Chief Operating Officer shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Directors.

### **16. REVISION OF FINANCIAL REGULATIONS**

**16.1.** It shall be the duty of the Directors to review the Financial Regulations of the company from time to time. The Chief Operating Officer will make arrangements to monitor changes in legislation or proper practices and shall advise the Directors of any requirement for a consequential amendment to these financial regulations.