

British Association of Parenteral and Enteral Nutrition (BAPEN)

FINANCIAL POLICY & PROCEDURES

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This is a working document and member's feedback is both encouraged and welcomed

Version FPP 1.2

June 2021

1 Purpose

The purpose of this manual is to:

- 1.1 Enable the effective delivery of the Association's aims by making reliable and consistent financial decisions
- 1.2 Ensure that all trustees, officers, members and contractors are aware of their obligations in relation to financial transactions and conduct
- 1.3 Ensure that the Association operates its finances in a fair and lawful manner
- 1.4 Give members a transparent view of how their Association is run

2 Policy Aims

- 2.1 To raise sufficient revenue to fund member services including:
 - High quality programmes of learning and support
 - An annual conference for the wider nutritional community
 - Briefings, guidance and information on new and best practice
- 2.2 To achieve a surplus on the annual income and expenditure account, unless a short-term deficit is part of a longer-term strategic plan
- 2.3 To build unrestricted reserves to no less than one year's annual expenditure
- 2.4 To develop diverse and secure revenue streams that allow mid to long-term planning and growth

3 Financial Authorisation & Responsibility

3.1 Delegation of Authority

The Board of Trustees recognises that the President has day-to-day responsibility for the management of the Association and the implementation of its policies, but that financial accountability remains with them

3.1.1 **The Board of Trustees** is responsible for:

- Approving the finance strategy and associated risk management
- Approving financial policies and key financial procedures
- Establishing financial priorities, responsibilities and levels of delegated authority
- Approving properly budgeted annual plans

- Monitoring performance against these plans and approving any significant budget variations
- Approving the trustees' annual report and statement of accounts
- Appointing the independent examiner/auditor and any formal communication with them

3.1.2 The President is responsible for:

- Ensuring (in liaison with the Treasurer) the preparation of properly budgeted annual plans
- Ensuring these plans are presented to the Board of Trustees for approval
- Reviewing the Association's financial activity regularly, monitoring compliance with policies and reporting to the Board against agreed performance standards
- Ensuring that all officers, members and contractors understand their responsibilities under these procedures
- In liaison with the Treasurer, identifying risk and presenting an up-to-date risk assessment to the Board on a regular basis

3.1.3 The Treasurer is responsible for:

- Ensuring that the finance systems and processes required to support these policies, are set up, documented and implemented
- Ensuring that sufficient records are maintained to show and explain all financial transactions, in order to disclose accurately the financial position of the Association at any time
- Managing the budgeting process for the annual plan
- Presenting financial reports at Board meetings which give trustees an understanding of the financial position, and giving advice to trustees to support their decision-making
- Ensuring all appropriate financial reports are available to members
- Liaising with the independent examiner/auditor to produce the draft statutory accounts
- Advising and guiding members and contractors regarding financial procedures
- Following consultation with BAPEN Council, recommending the annual subscription fees to the Board of Trustees as part of the budget approval process

3.2 Reserves Policy

3.2.1 Reserves are that part of the Association's unrestricted funds that is freely available to spend on any of the Charity's purposes. The Association maintains free unrestricted reserves to:

- Provide a level of working capital that protects the continuity of its core work
- Provide funding to develop unexpected opportunities
- Provide cover for risks such as unforeseen expenditure or unanticipated loss of income

3.2.2 The Board of Trustees will apply the above criteria with reference to the annual plans and determine the target level of reserves accordingly. The Board will at times designate funds from free reserves for significant project costs or the replacement/purchase of major assets.

3.3 Conflicts of Interest

Trustees have a legal duty to act in the Associations best interests when making decisions and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or business interests could influence their decision-making; this includes all issues of finance.

The Association expects a similar obligation from all its members and sub-groups.

3.4 Segregation of Duties

In order to reduce the risk of errors or fraud, the processes in finance will be designed such that no individual is in a position to oversee a transaction through all its stages from start to finish. These stages are as follows:

- Initiating or authorising the transaction
- Adopting custody of assets relating to the transaction
- Recording the transaction for accounting purposes
- Reconciling accounting records

4 Budgetary Control & Monitoring

4.1 Annual Plan, Budget Approval and Monitoring

4.1.1 This will include sections detailing the resources required to deliver the plan, a budget which matches this and a cash flow forecast.

4.1.2 In order to facilitate this process, the Treasurer will draw up the budget section following discussions with the Executive Team. This section will include explanations of the estimates and assumptions underlying the figures, together with a risk assessment.

4.1.3 In practical terms, the calendar for budget assembly will approximate to:

- January 1st - new financial year commences
- By end of May - previous year's accounts inspected/audited and annual report agreed
- By end of July - proposals for any new projects or bids for funding received by the President
- By end of September - Executive Team assemble draft business plan for next financial year with specific input from the Treasurer on financial feasibility. Plan circulated to Council
- By end of October - internal feedback received from Council. Revisions to plan completed and Treasurer finalises draft budget
- By end of November - presentation of plan and approval by Board of Trustees

4.2 Reporting and Monitoring

The Treasurer will produce regular reports that provide sufficient information for trustees to discharge their responsibilities and for the Executive Team, sub groups and members to manage their work. Reports to each Board meeting will include:

- Income and expenditure to date and the forecast year end position
- Explanations of any significant variances from plan and suggestions for corrective action
- Cashflow position and the forecast year end position

Each of the areas above will normally be considered by the Executive Team prior to the report to the Board.

5 Income Controls

5.1 Accepting Funds

The Association will exercise due diligence prior to accepting significant donations and will ensure that any funds or donations in kind, if accepted, meet the following criteria:

- Fulfil the Association's mission as expressed in its charitable objects and the strategic plan
- Do not conflict with the Associations values as agreed by the trustees
- Do not present a risk to the Associations reputation or independence

5.2 Income Processing

- 5.2.1 Income will normally be by bank transfer. Any exceptions will be notified immediately to the Treasurer who will make arrangements for processing

5.2.2 The Association Office and its personnel will manage day-to-day invoicing and receipt of income. The Office Manager will provide the Treasurer with income (and expenditure) reports on a biweekly basis.

5.2.3 Late payment of invoices will trigger a further payment request after 28 days. If no payment is received after 56 days and no reasonable explanation given, the Treasurer and President will give consideration to the service being withdrawn.

5.3 Grants, Donations and Legacies

5.3.1 New opportunities for grant funding may be identified by any member of the Association. The Executive Team will determine whether an application is to be made, referring to the Board if appropriate. All completed applications must be approved by the President with advice from the Treasurer regarding the financial elements.

5.3.2 All grants and donations will be acknowledged personally by the President and a receipt provided by the Association Office. The President will ensure that a nominated member of the Executive Team takes responsibility for overseeing each grant received and that reports are submitted to the grant funders in accordance with the grant conditions

5.3.3 Unrestricted Educational Grants may be awarded to BAPEN for specific areas of charitable activity outside of competitive application processes as outlined in 5.3.1. However in all circumstances accepted donations must fulfil criteria outline in 5.1

5.3.4 All legacies will be appropriately acknowledged by the President. The Treasurer will keep records of all legacies notified to the Association and will follow up on an annual basis to review their status and, when appropriate, the collection of outstanding legacies.

6 Expenditure Controls

6.1 Procurement, Estimates and Tendering

6.1.1 In order to ensure value for money for significant purchases, the following procurement limits apply:

Value of Purchase £	Action Required (minimum)
Up to 500	Approval of Treasurer
Up to 10,000	At least two written quotes + approval of Treasurer
Above 10,000	Formal tender, as described in 6.1.2 below

Where the supplier chosen is not the cheapest, the reasons for the choice must be documented.

6.1.2 A member of the Executive team, working The Treasurer will oversee the tender process, with the following stages:

- Agree the specification of the service or product, and the requirements of the supplier
- Advertise as widely as possible through appropriate networks and contacts, including the BAPEN website, allowing a minimum of 3 weeks for responses

- Ensure any advertisement gives clear information on how to lodge an Interest
- Send out the specification to interested parties with full information of how to submit a tender
- Evaluate responses on the basis of the specification alone, by a panel of at least 2, preferably more, members of the Executive Team, one of whom is the Treasurer
- Shortlist if necessary and appropriate and invite shortlisted suppliers for interview/presentation where required
- Take up references if appropriate
- Award to winning supplier and issue contract checked by legal adviser or experienced member of the Board of Trustees

6.2 Purchase Orders and Invoices

- 6.2.1 All order processing will be managed by the administrative team at the Association office. All payments will have an audit trail to a recorded decision by the Treasurer
- 6.2.2 Orders will be authorised in accordance with the delegated authorities for procurement (see 6.1.1). Individuals authorising purchase are confirming that the expenditure is in line with the budget and that there are funds available for purchase
- 6.2.3 No-one should authorise any transaction from which they, their partner or a relative will personally benefit
- 6.2.4 Invoices will be authorised in accordance with delegated authorities
- 6.2.5 All invoices will be recorded at the Association office and the Office Manager will provide the Treasurer with expenditure (and income) reports on a monthly basis
- 6.2.6 Suppliers will be paid according to their payment terms or, if no terms are stated, within 28 days of invoice

7 Investment and Borrowing

7.1 Investment Management Policy

There is no current intention or expectation to have sufficient funds available to place under externally managed investment in order to provide sustainable income. There will nevertheless be a need to provide a secure and efficient depository for annual surpluses that accumulate over time in accordance with the Association's Reserves Policy (see 3.2)

As the Association grows, free reserves are likely to be required for development funding. It is therefore essential during this phase, to place surpluses in low-risk deposits that are highly accessible and yield the best financial return within the chosen low-risk category.

- 7.1.1 The Association trustees have overall responsibility for the investment of its funds and will follow the policy statement above in the determination of any investment.

The policy may change over time as the Association develops and a wider investment portfolio is considered, but any change to this policy will require the approval of the Board of Trustees

- 7.1.2 The range of investment options is currently limited to interest bearing cash deposits in bank or building society accounts (savings accounts). If it is determined that a proportion of free reserves will not be required for a period of time, following financial advice, the trustees may consider fixed-term investment accounts with consequent more limited access and less manageable risk
- 7.1.3 As of April 2021, the Financial Services Compensation Scheme protects the first £85,000 of savings deposits per financial institution regulated by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA). Whilst the scheme is in place, the Association will choose a financial institution regulated by the FCA or PRA but will not hold deposits above this threshold (or any amended threshold) in any one financial institution
- 7.1.4 When considering investments involving company stocks, equities or bonds, the Board of Trustees must be satisfied that the investment is not in conflict with the Association's Conflict of Interest Policy (see 3.3), or the Association's Ethical Policy

7.2 Loans Policy

- 7.2.1 Other than pre-approved credit cards, any borrowing must be approved by the Board of Trustees in accordance with the constitution. The ability to pay back the loan and the interest must be determined by the Board before entering into any loan agreement
- 7.2.2 All loans must be properly documented, setting out the principal, interest, charges and payment schedule
- 7.2.3 Records of all outstanding loans will be kept noting:
 - i. The history of repayments of principal and interest and the outstanding balance
 - ii. If the loan is secured or subject to covenants, the terms of the security or covenant will be logged on the fixed asset register.

8 Controls on Financial Assets & Record Keeping

8.1 Bank Account Policies

- 8.1.1 Bank accounts in the Association's name must only be used for Association business; they must not be used to receive or transfer money for the private benefit of individuals or third parties
- 8.1.2 The opening or closing of bank accounts and the approval or removal of signatories on bank accounts, must be determined by the Executive Team and recorded in their minutes. The Board of Trustees should be notified for information
- 8.1.3 The costs and benefits of the Association's banking arrangements should be reviewed annually to ensure that charges and rates of interest are competitive and that the bank's credit rating continues to be acceptable

- 8.1.4 Cheques, online payments, standing orders, direct debits and other withdrawals from bank accounts will be authorised in accordance with procurement authorisation (see 3.1
- 8.1.5 The Treasurer is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date

8.2 Banking Procedures

- 8.2.1 All payments should be made by bank transfer or by authorised debit/credit card. Payment by cheque will only be made where online payment is not possible or appropriate
- 8.2.2 There are 2 signatories to the bank accounts who are able to sign cheques and authorise online payments, standing orders and direct debits, these are: The Treasurer and BAPEN Office Manager
- 8.2.3 The Treasurer has access to the bank accounts to set up payments and standing orders. This access may be shared with the Association Office Team for day-to-day administration, but at all times the Office Team will act only in accordance with the Treasurers instructions
- 8.2.4 The Treasurer, in conjunction with the Office Team, is responsible for monitoring arrangements so that payments are in line with orders and that they are cancelled when the goods or services are no longer being supplied

8.3 Debit & Credit Card Policy

- 8.3.1 The Association will issue debit or credit cards to Officers of the Association and the Office Manager where there is an operational requirement. In each case, this will be authorised by the President and at least one non-executive trustee. The decision will be recorded by the Secretary who shall notify the Board of Trustees for information
- 8.3.2 Cards will only be used by the named cardholder for the purchase of goods or services on behalf of the Association
- 8.3.3 Any card expenditure that does not comply with Association policies will require reimbursement by the cardholder to the Association

8.4 Cash Handling Policy

All income should normally be made by bank transfer. The use of cash and cheque payments should be kept to a minimum, but when used all payments should be banked at the earliest opportunity, entered on the Association's accounts and the Treasurer informed via the weekly reports

- 8.4.1 Cash and cheques received in person, in the Association office or in the post, will be recorded and signed for by the person receiving the income. The Office Team will ensure safe banking.
- 8.4.2 The record will detail the amount and purpose and a copy of any receipts given should be kept with the record.

- 8.4.3 Where income is received via fundraising or ticketed events, specific arrangements should be made for receipts including the provision of discrete income codes to identify such income.

8.5 Accounting Records

The Association will keep accounting records which are sufficient to explain all transactions and show the Charity's financial position at any time

- 8.5.1 These records will include

- A record of any cash or cheque transactions
- Full bank statements
- Records of grants or donations including any conditionality attached

- 8.5.2 All accounting files will be kept for the statutory period of 6 years from the end of the accounting period they were generated

- 8.5.3 Bank reconciliations will be carried out continuously for online banking and if otherwise, promptly after receiving bank statements. The Treasurer will regularly check reconciliations and report accordingly at Executive Team meetings.

- 8.5.4 Should there be a change of contract holder for Association Administrative Services, the Treasurer will supervise the handover of files and all data from the existing to the new contract holder

9 Controls on non-Cash Assets

The management and control of current assets is covered in sections 4-6

9.1 Fixed Assets (the Association does not currently hold any fixed assets)

- 9.1.1 Should the Association acquire any item/s for use in its work (but not as an investment), which has a life of more than 12 months and a value over £100, it shall be deemed a fixed asset

- 9.1.2 The Treasurer is responsible for maintaining a register of fixed assets, detailing:

- A description of the asset and an identifier (if appropriate)
- The date of acquisition (purchase or donation)
- The value at acquisition
- The location or person holding the asset (if appropriate)

- 9.1.3 The disposal or writing-off of a fixed asset must be authorised by the Treasurer. If computer equipment is disposed of, it must be returned to factory settings and all data cleansed

- 9.1.4 For the purposes of depreciation, all fixed assets will be recorded with their anticipated useful life and the asset value reduced accordingly on an annual basis.

9.2 Intangible Assets

- 9.2.1 The Association may hold intangible assets, for example copyrights and licenses, which together with fixed assets must be shown on the balance sheet
- 9.2.2 Intangible assets require to be valued in order to produce an accurate balance sheet. This may require specialist financial advice if not straightforward or if otherwise deemed necessary.
- 9.2.3 Once valued the asset is amortised and reduced accordingly on the balance sheet. Any residual value at the end of useful life or licensing period should be taken into account when amortising

10 Contracted Services

9.1 Existing Contracted Services

9.1.1 The Executive Team will oversee all contracted services in place and the President will determine executive lead-roles for each individual contract

9.1.2 All contracted services will be subject to an annual review by the Board of Trustees, including:

- Administrative Services/BAPEN Office
- Communications Services
- Publications/Marketing
- Event Management (including conferences)

10.2 New Contracted Services

10.2.1 All proposals for contracted services, including consultancy, must be approved in accordance with the procedures for exercising budgetary control and procurement (see 6.1), prior to any appointment

10.2.2 There must always be a written agreement, approved by the Treasurer, between the Association and contractors, covering the following matters:

- The outcomes require and the project plan to achieve them
- Arrangements for liaison and project management
- Arrangements for payment
- Insurance requirements
- Intellectual property ownership
- Variations to contract
- Resolution of disputes

- Termination

11 Expenses

11.1 Reimbursement

11.1.1 All members claiming expenses are doing so as volunteers for the charity (BAPEN). The Association aims to ensure that members and trustees are not out of pocket for the work they do as volunteers

11.1.2 H.M. Revenue & Customs rules recognise that reimbursement of standard expenses is not taxable, subject to the eligibility rules they publish, reflected in 11.2 below

11.1.3 Any amounts claimed must be for actual costs incurred wholly, exclusively and necessarily in performance of voluntary activities for the Association

11.1.4 Adequate records must be submitted with each claim

11.2 Eligible Expenses

The Association will publish annually the approved rates of claim, e.g. car mileage, subsistence etc

11.2.1 Public transport: fares including trains, buses, underground and short haul flights within Europe

11.2.2 Use of personal vehicle: members may use their own vehicles if they wish, at their own risk. Vehicles and driver must be operating legally and be appropriately insured. Parking fees, congestion charges and toll charges will be met by the Association, but not parking fines, speeding or other vehicular offences

11.2.3 Taxis: taxi fares will be reimbursed if there is no practical or reasonable alternative to getting to the destination, or if the individual has a disability such that public transport is not appropriate

11.2.4 Subsistence: the reasonable cost of meals purchased while members are performing approved services for the Association, within the UK or abroad

11.2.5 Overnight accommodation: the reasonable costs for overnight accommodation, where it is necessary for members to perform their services in locations away from home

11.3 Making Claims

11.3.1 All claims must be completed and submitted on the appropriate form

11.3.2 Claims should be authorised by the appropriate officer or by the President except as follows:

- Claims by the Executive Team or by trustees, should be authorised by the Treasurer
- Claims by the Treasurer should be authorised by a nominated non-executive trustee

11.3.3 A summary record of all expense claims will be kept by the Treasurer

12 Insurances

The Association will maintain appropriate insurance cover at all times, both to cover its legal obligation and to underpin its duty to protect its members, assets and resources. This will include:

- Employers' Liability – to cover members as volunteers
- Public Liability
- Professional Liability

Full policy details are available to any member on request to the Treasurer

12.1 The Association will review its policies annually. The Treasurer is responsible for providing its broker/insurer with a detailed and accurate schedule of activities and inclusions to be covered in order to secure new quotations and policies

12.2 The Treasurer is responsible for ensuring that all policies are current and that appropriate documentation is maintained

13 Audit

13.1 Preparation of Annual Accounts

13.1.1 Following year end, the Treasurer will instigate the preparation of accounts for the past year. When completed, the accounts will be examined or audited as set out below

13.1.2 If the Association's gross income is less than £500,000 (or the Charity Commission's revised figure), an independent examination of the accounts will be commissioned. Above £500,000 gross income, a full audit will be required and the statement of accounts will include a balance sheet, a statement of financial activities and full explanatory notes

13.1.3 The trustees will appoint the Independent Examiner/Auditor for a fixed period not exceeding 3 years

13.2 Approving and Filing the Accounts

13.2.1 Following receipt of the Examiner's/Auditor's report, the Board of Trustees will determine approval of the final accounts.

13.2.2 The President and Executive Team will prepare a draft of the Association's Annual (Trustees) Report for consideration by the Board of Trustees, who may amend and/or make additions before approval.

13.2.3 Following approval by the Board of Trustees, the Chairman or a deputy must sign both the annual accounts (on the balance sheet) and the annual report

13.2.4 The Charity Commission requires the Association to file accounts together with the Trustees Annual Report no later than 10 months following the end of the financial year in question

13.2.5 The Treasurer will be responsible for filing the accounts and annual report with the Charity Commission, preferably by the end of June, and for circulating the reports to members and tabling the reports to be received by the Annual General Meeting