

Finance



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Table of Contents

- Abbreviations and Terms 3
- 1 Accounting Records 3
 - 1.1 INTRAC will maintain financial records so it can 3
 - 1.2 INTRAC will maintain appropriate accounting systems to enable it to record transactions and meet reporting and other obligations 3
 - 1.3 Payroll Processing may be outsourced to a payroll bureau 3
 - 1.4 INTRAC’s year-end is 31 March 3
 - 1.5 INTRAC will prepare annual accounts in accordance with relevant legislation 3
 - 1.6 INTRAC’s Board will appoint suitably qualified auditors to audit annual accounts 3
 - 1.7 Management Accounts 3
 - 1.8 Budgeting 4
 - 1.9 Reserves Policy 4
 - 1.10 Procedural Guidance 4
- 2 Banking 4
 - 2.1 Bankers 4
 - 2.2 Loans, charges and fixed term investments 4
 - 2.3 Transfers of Funding 4
 - 2.4 Bank Statements and Reconciliations 5
 - 2.5 On-line Banking 5
 - 2.6 Company Credit Cards 5
 - 2.7 Direct Debits 5
 - 2.8 Cheques 5
 - 2.9 Receipt of Income 6
 - 2.10 Contracting for goods and services 6
- 3 Income 6
 - 3.1 Contract/Agreement 6
 - 3.2 Scheduled Course Fees 6
 - 3.3 Other Income 7
- 4 Assets 7
 - 4.1 Fixed Asset Register 7
 - 4.2 Inventory 7
 - 4.3 Equipment assigned to specific individuals 7
 - 4.4 Office Lease 7
- 5 Insurance 7
- 6 Our People 8
 - 6.1 Employees 8
 - 6.2 Contracted consultants 8
 - 6.3 Volunteers 8
 - 6.4 Payroll 8
 - 6.5 Loans 8
 - 6.6 Expenses 9
- 7 Investments 9
- 8 Exchange Policy 9
 - 8.1 Purpose 9
 - 8.2 Foreign Currency Translation 9
 - 8.3 Non-sterling bank balances 9
 - 8.4 Contracting with clients in Foreign Currency 10
- 9 Related Policies and Documents 10

Abbreviations and Terms

Staff	Refers to employees, contractors and volunteers. Contractors includes associates and external consultants with and through whom we undertake consultancies, research and training.
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1 Accounting Records

1.1 INTRAC will maintain financial records so it can

- Meet legal requirements, e.g. Charity Law, Company Law, Tax Law (e.g. VAT, employment)
- Enable trustees to be in proper financial control of INTRAC
- Enable INTRAC to meet contractual obligations to funders and clients
- Ensure good internal management

1.2 INTRAC will maintain appropriate accounting systems to enable it to record transactions and meet reporting and other obligations.

INTRAC's accounting systems will include

- A general/nominal ledger (GL) to record all transactions
- Accounts Receivable (AR) and Accounts Payable (AP) ledgers
- VAT records, either as a part of the AP/AR/GL or as calculations records of any major calculations required e.g. partial recovery
- Payroll records
- Timesheet recording
- Expense recording
- Bank and cash records (including petty cash, and periodic reconciliations of bank and cash balances)
- Supporting documentation for transactions and major calculations

1.3 Payroll Processing may be outsourced to a payroll bureau

This is to ensure that payroll is processed using appropriate software and technical knowledge. However, INTRAC will retain copies of any reports and supporting documentation as part of its core accounting systems.

1.4 INTRAC's year-end is 31 March

1.5 INTRAC will prepare annual accounts in accordance with relevant legislation

These accounts will be

- Subject to external audit
- Submitted, as draft to the Finance Committee within 4 months of the year end.
- Submitted to the Board (with the Trustees Report) for approval within 7 months of the year end.
- Filed with relevant authorities within time-frames laid out by those authorities (Charity Commission, Companies House)
- Prepared in accordance with relevant legislation (e.g. charity and company law)
- Made available to the public through INTRAC's website.

1.6 INTRAC's Board will appoint suitably qualified auditors to audit annual accounts

- The Board will review the appointment annually

1.7 Management Accounts

Management Accounts will

- a) Include sufficient information to allow the organisations performance to be assessed, e.g.
 - Income and expenditure reports
 - Balance Sheet
 - Forecasts for year out-turn
 - Comparators to prior year
 - Appropriate break downs relating to income generation and expenditure
 - Summary information from timesheets relevant to organisational performance
 - Cash flow projections
 - Summary pipeline information for both secured and unsecured work.
- b) Be prepared for each month of the year
- c) Management Accounts will be circulated to the Finance Committee and/or Board at least quarterly

1.8 Budgeting

- a) The Board will review and approve an annual budget and operational plan prior to the start of each financial year
- b) During the year reporting will be against latest forecast
- c) Changes between the budget and the latest forecast will be recorded and a summary presented to the Finance Committee/Board as part of the management accounts.

1.9 Reserves Policy

- a) The Board will review the reserves policy annually
- b) The review will include an assessment of reserves needed on a liquidity basis and on a close down basis.
- c) The review will include any long term liabilities, e.g. pension deficit.

1.10 Procedural Guidance

INTRAC will maintain a central list detailing key financial processes, such as preparation of the annual accounts, filing annual returns, running the finance system, preparation of annual accounts, completion of the VAT return and where procedural notes/help can be found for these processes.

2 Banking

2.1 Bankers

- a) The Board will maintain oversight of banking arrangements through the Finance Committee.
- b) The Board may delegate the ability to open, manage and close bank accounts to the Chief Executive, as laid out in INTRAC's delegation policy.
- c) INTRAC will operate accounts in sterling and such other currencies, e.g. USD and Euro, that are needed to facilitate the efficient receipt of funds from clients/funders and payments to suppliers.
- d) All amendments to Bank Mandate (signatories) will be approved by the Treasurer

2.2 Loans, charges and fixed term investments

- a) No loans may be arranged without the prior approval of the whole Board
- b) No overdraft may be arranged without the knowledge of the Board and approval of the Finance Committee
- c) Requests for temporary charges (e.g. to provide guarantees where required under contracts with clients) may be approved by the Finance Committee
- d) Fixed term investments must be approved by the Finance Committee

2.3 Transfers of Funding

- a) All transfers of funds must be made through the regulated banking system, unless a specific variation to this is agreed with and minuted by the Finance Committee.
- b) All payments will be subject to dual authorisation.

2.4 Bank Statements and Reconciliations

- a) INTRAC will obtain and retain a copy of all bank statements on a monthly basis. The default will be to retain electronic copies as pdfs.
- b) All bank balances will be reconciled on a monthly basis
- c) Any funds held on accounts with banks used to facilitate overseas transfers and receipt of overseas funds will also be reconciled on a monthly basis
- d) All accounts denominated in a foreign currency will be revalued on a monthly basis.
- e) All reconciliations will be subject to review by another member of staff.

2.5 On-line Banking

- a) All users of on-line banking will be given their own log on details and password
- b) All authorisers will review backing documentation (either physically or electronically) before authorising payments to check that, for example,
 - expenditure is genuine,
 - has been incurred and authorised in accordance with agreed procedures and delegation schedules
 - payee details agree with invoices
- c) All BACS payments will be subject to dual authorisation

2.6 Company Credit Cards

- a) INTRAC may issue members of staff with company credit cards, e.g. to avoid issuing large cash floats whilst travelling, or to enable purchase of goods and services when no alternative method of payment is possible.
- b) Company credit cards may be used for the withdrawal of small amounts of local currency when travelling. This is to prevent staff having to carry large cash floats whilst travelling. All cash obtained must be accounted for and any unused balances returned/refunded promptly at the end of a tour.
- c) All company credit cards will be subject to spend limits appropriate to the cardholders use. These will be detailed in INTRAC's Delegation policy.
- d) All card holders must submit monthly returns detailing the expenditure incurred and providing supporting documentation.
- e) All returns will be reviewed and authorised by the cardholder's line-manager/the relevant job-manager.
- f) Credit cards may only be used for official INTRAC business.
- g) Any theft or loss must be reported immediately to the card provider.
- h) Failure of credit card holders to report promptly on use, or usage for non-INTRAC business will result in cancellation of the card.

2.7 Direct Debits

- a) Direct Debit may be used to facilitate payments to regular service providers, such as utilities and rates.
- b) Direct Debits will be authorised in accordance with the bank mandate in operation at the time when they will set up.
- c) Direct Debit arrangements will be subject to annual review by the Finance and Admin Director/Chief Executive.

2.8 Cheques

Most payments are made by transfer or using company credit card. The main use of cheques is to top up petty cash.

- a) Blank cheques must be kept in a secure location at all times.
- b) Cheques require two signatures.
- c) No-one may sign a cheque where they are the beneficiary.
- d) Cheques must have payee details and amounts completed prior to signature.

2.9 Receipt of Income

Note: Nearly all of INTRAC's income is received as bank transfers and as a result of client invoicing. See also section 3

- a) All cheques and cash received will be banked promptly (same working day)
- b) All client payments will be matched to receivable invoices as they are received into the bank account.
- c) Invoices will be raised for all accountable grant receipts
- d) INTRAC may operate a credit card merchant to facilitate payments for courses and publications. This will be done in accordance with provider standards and requirements restrictions on retaining card details, whether supplied on hard copy or electronically.
- e) Receipts will be issued in accordance with agreements grant funders and contracts with clients.
- f) Receipts will be issued for all receipts processed by credit card.

2.10 Contracting for goods and services

See INTRAC Procurement Policy and Guidelines which sets out how INTRAC seeks to secure best value on all goods and services purchased and ensures that all purchases are made against an approved budget. (Best value means balancing cost, quality and timeliness of the supply.)

See INTRAC Delegation Policy, which sets out limits for authorisation.

3 Income

INTRAC core business is the provision of services. This means that most of its income falls into the category of Trading Income. The services provided include support and advice relating to M&E and OD (organisation development), research services and training services. Most of this is delivered through client contracts. Some is funded through accountable grant arrangements.

See INTRAC's Delegation policy which lays down limits for authorisation.

3.1 Contract/Agreement

- a) All new clients will be vetted in line with INTRAC's due diligence policy prior to contracting.
- b) All contracts and agreements with clients and funders will be signed in accordance with INTRAC's delegation policy and the scheme of delegations in place at the time the agreement/contract is signed.
- c) Unless the client/funder has a specific format for the contract/agreement, standard INTRAC templates will be used and will include the TOR and agreed proposal as part of the contract/agreement.
- d) All contracts will state whether the price is inclusive or exclusive of VAT. The norm is for contract prices to be stated as exclusive of VAT.
- e) Invoices will be raised as laid out in agreements/contracts.
- f) INTRAC job managers are responsible for ensuring that invoices are raised promptly. The Finance and Business Development teams will maintain diary systems to support and remind job managers when invoices are due.
- g) The Finance Team will monitor outstanding invoices and advise the Business Development Team/Job Manager of delays in payment to ensure appropriate follow up.

3.2 Scheduled Course Fees

- a) INTRAC will vet all course applicants prior to invoicing to ensure the course is suitable for them
- b) Payment must be made before the course starts
- c) Discounts on full price may be offered to encourage course take up or to encourage attendance by specific target audiences.
- d) INTRAC will not issue any letters supporting visa applications for attendance at courses unless payment has been received.

3.3 Other Income

INTRAC does not raise funds from the general public but we do occasionally receive donations and small amounts of income from sale of publications or equipment that is no longer required.

INTRAC may also receive income from investments, e.g. fixed term deposits.

- a) Invoices will be raised for all sales of publications, and records of stock levels adjusted accordingly.
- b) Any donations will be banked and/or recorded promptly
- c) Sales of equipment must be approved by a member of SMT
- d) Interest received on bank accounts and fixed term deposits will be reflected in the accounts as INTRAC is informed of the amount, or the amount can be determined accurately.
- e) The Finance and Admin Director/Chief Executive should be advised of any receipts not falling into the above categories before they are recognised as income.
Due diligence checks should be carried out in accordance with INTRAC's due diligence policy

4 Assets

INTRAC is a knowledge based organisation. Its main assets are its people.

Its fixed asset base is minimal and confined to office and computer equipment at present.

4.1 Fixed Asset Register

- a) Equipment, and furniture valued over £500 will be recorded in the Fixed Asset Register and capitalised in the accounting records
- b) All fixed assets will be depreciated in the accounting records in line accounting policies stated in the Trustees Annual Report and Accounts.
- c) Furniture and Equipment will be written off at the end of its useful life and suitably disposed of.

4.2 Inventory

- a) An inventory will be kept of all desirable equipment under £500, detailing current location and, where appropriate who is currently responsible for the item.

4.3 Equipment assigned to specific individuals

- a) The staff handbook will detail staff responsibilities to take care of any computer/office equipment assigned to them specifically.
- b) Staff may be formally asked to confirm they have read and noted these requirements, eg when being issued with lap-tops

4.4 Office Lease

- a) The Chief Executive has delegated powers to arrange suitable office accommodation for the organisation as reflected in INTRAC's Delegation Policy.
- b) Appropriate legal support will be obtained when negotiating any lease or sub-lease.

5 Insurance

- a) INTRAC will arrange appropriate insurance cover for all assets, including contents insurance for any office space leased.
- b) Buildings insurance will be arranged in accordance with any lease contracts.
- c) INTRAC will arrange appropriate public liability insurance to ensure it is able to meet obligations to its employees and anyone visiting premises it occupies
- d) INTRAC will arrange appropriate professional indemnity insurance to cover the services it provides and its contractual obligations under contracts with clients.
- e) INTRAC may arrange Trustee Indemnity and other indemnity insurance (e.g. to cover legal fees) where it is economic to do so.
- f) External contractors: note section 6.2f)

6 Our People

6.1 Employees

- a) Staffing levels will be approved by the Board as part of the annual budget.
- b) Trustees may delegate approval of appointments to the Chief Executive per INTRAC's Delegation policy
- c) Recruitment will follow an agreed process including panel interviews and appropriate testing. Appointment will be dependent on satisfactory references and proof of right to work in the UK.
- d) INTRAC may engage an external service provider to ensure that its practices and policies reflect statutory requirements.
- e) All employees are required to sign INTRAC's code of conduct.

6.2 Contracted consultants

- a) Contracts with external consultants will be drawn up from standard templates.
- b) Contracts will include terms of reference, reporting and invoicing and payment, including maximum contract values.
- c) All contracted consultants are required to sign up to INTRAC's code of conduct and client's codes where appropriate.
- d) New consultants will be subject to an induction period where they will be shadowed or supervised by a member of staff to ensure quality of work.
- e) INTRAC will make suitable arrangements to comply with legal requirements relating to payments to contractors, eg deduction of tax contributions should this become relevant.
- f) INTRAC will ensure that consultants have appropriate insurance in place, and may arrange for additional insurance where an assignment involves extra risks.
- g) Where a trustee is engaged as a contracted consultant, the arrangement must be approved by the Board in accordance with INTRAC's articles of association prior to any contractual arrangements.
- h) Invoices from external consultants will be approved by the job manager prior to payment, unless the job manager is a close family member or a business partner. In this case the invoice must be approved by a member of SMT, or a member of the Board.

6.3 Volunteers

- a) INTRAC may engage volunteers from time to time and may also agree to host work experience
- b) All proposals must be approved by SMT and supported by a volunteer agreement.
- c) All volunteers will be required to sign INTRAC's code of conduct.
- d) Volunteers may claim for reasonable expenses.

6.4 Payroll

- a) INTRAC will contract an external payroll bureau to process its monthly payroll
- b) INTRAC will operate control accounts to ensure that all deductions, taxes and pension contributions are paid to the correct authorities/providers.
- c) Any taxable benefits must be agreed with the Finance and Admin Director/Chief Executive on a case by case basis. All such benefits will be passed through the payroll.
- d) Authorisation of payments relating to the payroll will be done in accordance with INTRAC's Delegation Policy.

6.5 Loans

- a) INTRAC's staff handbook details the circumstances in which loans may be made to staff, eg travel loans.
- b) No loans will be made outside of this without express agreement of the Board. The Board may delegate oversight of this to a relevant sub-committee.
- c) All loans and repayments will go through the payroll.
- d) INTRAC will use control accounts to record transactions and monitor balances on loans.

6.6 Expenses

- a) INTRAC will reimburse reasonable expenses as explained in section '9.1 Expenses Policy and Procedures' of the Staff Handbook
 - b) Where working for a particular client who disallows particular expenses (e.g. alcohol) such expenditure will not be reclaimable.
 - c) Expense claims must be supported by suitable documentation.
 - d) Expenses must be approved by the person's line-manager/job manager prior to payment.
 - e) Expenses that would be deemed to be taxable must be approved by the Board prior to payment.
 - f) No-one may approve their own expenses, the expenses of a close relative, or the expenses of a business partner. In these cases, the expenses must be approved by a member of SMT.
 - g) INTRAC will reimburse Trustees for reasonable expenses incurred in carrying out their duties.
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7 Investments

- a) INTRAC may invest excess cash in fixed term investments.
 - b) Such investments must be approved by the Finance Committee prior to execution.
 - c) INTRAC will not make investments where the capital is not guaranteed.
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8 Exchange Policy

8.1 Purpose

- a) The purpose of this policy is to provide a practical and proportionate way to minimise the exposure to risks from fluctuating exchange rates. The focus is on managing exchange rate risk. INTRAC does not speculate in the money markets.

8.2 Foreign Currency Translation

- b) INTRAC will aim to hold balances in sterling where-ever possible but recognises the importance of matching cashflow by currency to minimise transaction costs into and out of regularly used currencies.
 - a) Foreign currency balances will only be transferred to sterling accounts if there is no use for the non-sterling funds
 - b) Foreign currency transactions will be translated to sterling using day rates as defaulted in the finance system. At present INTRAC uses QBO which uses exchange rates from the NYSE.
 - c) At month end bank balances held in currencies other than GBP will be revalued using OANDA live bid rate on the last day of the month
 - d) All balances denominated in currencies other than GBP will be revalued at year end using the OANDA live bid rate on the last day of the month.
 - e) If there have been significant moves in exchange rates Customer and Supplier balances will be revalued at quarter end rates using the OANDA live bid rate on the last day of the quarter.

8.3 Non-sterling bank balances

- a) See 2.1c)
- b) INTRAC will review foreign currencies held at least quarterly and transfer excess balances to sterling.

The review will take into account the following when assessing whether balances are in excess of requirements:

 - Expected payments to suppliers/sub-grantees,
 - Expected receipts from clients,
 - The possibility of better exchange rates on larger transfers to sterling.

8.4 Contracting with clients in Foreign Currency

- a) By preference contracts with clients should be denominated in sterling.
- b) If contracting in a currency other than GBP exchange rate will include a premium of at least 5% to cover exchange rate. The rates used will be the live bid rate on the date the proposal is finalised.
- c) If exchange rates are highly volatile or the contract last for more than 12 months the Finance and Admin Director will determine the exchange rate to be used.
- d) Where possible/feasible, contracts with external consultants and suppliers should be in the currency of the head contract.

9 Related Policies and Documents

[Delegations Policy](#)

[Due Diligence Checks Policy](#)

[Procurement Policy and Guidelines](#)

Staff Handbook for

- expenses policy and
- staff loans