



FINANCIAL REGULATIONS

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119 Britannia Walk
LONDON
N1 7JE

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INTRODUCTION

1.1 Purpose of Finance Regulations

- This document sets out the CIHT Financial Regulations. The main purpose of the document is to provide assurance that the institution;
 - is financially viable and sustainable
 - has effective financial controls over the use of public funds and other funds
 - complies with relevant legislation
 - safeguards its assets
 - achieves value for money
- The Financial Regulations provide a framework within which a reliable system of internal control may operate. They seek to make certain that responsibilities outlined above can be sustained through the establishment of a system of management controls designed to ensure that CIHT conducts its activities in an efficient and well-ordered manner.
- All staff and volunteers holding positions of office are personally responsible for familiarising themselves with the Financial Regulations and ensuring that they comply with them. Any questions on practical application of the Financial Regulations should be referenced to governance@ciht.org.uk for follow up.

1.2 Key Roles & Finance Responsibilities

COUNCIL

- To approve and update the five year CIHT Strategic Plan

BOARD OF TRUSTEES

- To set the financial strategy which will underpin delivery of the priorities set out in the Strategic Plan.
- To approve the Business Plan, Annual Budget (Capital and Revenue), agree subscription rates and confirm key targets / KPIs.
- To approve the Annual Report and Accounts.
- To review the recommendations in the Auditor's Post Audit Review (PAR) and the proposed management response.

- To agree the Annual Risk Management report from the Audit Committee and monitor closely high risk items.
- To consider any recommendations made by the Audit Committee and monitor their implementation including the annual appointment of the Institution's External Auditors.
- To act properly and prudently as Trustees and Directors of the Institution as a Charity and to ensure that their actions do not prejudice that status or contravene the Royal Charter and Bylaws.
- To monitor and review income and expenditure against budget, identify variances and reasons for them, and agree corrective action as necessary.
- To approve the overall remuneration of staff and overall increases under the Annual Salary review (including significant variations to conditions of service). [NB: The Trustees delegate this activity to the Staff and Remuneration Panel].
- To review the Audit Committee's annual reports and recommendations in regard to the Financial Strategy, Reserves Policy and the Investments Policy.
- To monitor and take appropriate action on any significant matter not in the budget

AUDIT COMMITTEE

- To review the Auditors' Post Audit Report (PAR), make recommendations to the Board of Trustees on the actions required to ensure that the issues raised are addressed and to subsequently monitor implementation of the management response.
- To review the Financial Regulations annually and monitor compliance.
- To review the Financial Strategy, Reserves Policy and Investments Policy annually and report back to the Trustees.
- To update the Risk Register annually, review throughout the year and report back to the Trustees with recommendations.
- To identify high risk issues, undertake appropriate reviews and prepare reports for consideration by the Trustees.

STRATEGIC BOARDS

- To operate to a clearly defined work plan consistent with their terms of reference and report regularly to the Board of Trustees.
- To refer any significant issue that has financial implications to the Board of Trustees for determination before entering into a commitment not in the budget.
- To ensure all activities and actions accord with the objectives of the Institution and do not prejudice its charitable status and thereby impact upon its finances, or are operated by Appian Trading Ltd.
- To ensure any Board activities can be met from CIHT's approved budgets and are not exceeded without prior approval by the Board of Trustees.

REGIONS

- To act prudently with regard to the Institution's finances, in accordance with the Financial Regulations
- To provide accurate and timely financial data in the form and to deadlines laid down by the Institution.
- To make available upon request from the Director of Corporate & Business Services or CIHT auditors additional documentation (e.g. bank statements, invoices and other expenditure documentation, sales invoices and financial reports to regional committees).
- To determine and operate with appropriate financial controls for the prevention of fraud or other irregularities.

BUDGET MANAGERS (SEE APPENDIX 3)

- To be responsible for operating within the budgets under their control as defined in the budget monitoring arrangements and prepare business planning proposals as appropriate.
- To monitor budgets at least monthly and report issues of concern to the Chief Executive and Director of Corporate & Business Services.
- Take corrective action as appropriate.
- To be responsible for the approval of expenditure within the budget headings under their control.
- To obtain authority for costs not included in budgets under their control.

REGIONAL TREASURERS

- Preparation of annual regional budget
- Keeping a record of all monies received and spent, all assets and liabilities
- Distributing a statement of income and expenditure at regional meetings as required
- Overseeing the financial management of events organised by local groups
- Providing quarterly returns of income and expenditure to BW including VAT information to be included in CIHT returns to HMRC
- Ensuring the timely raising of invoices and chasing monies owed
- Year-end preparation of final accounts with full identification of debtors and prepayments to be signed off by an independent certifier.

STAFF

- To act responsibly as officers of the Institution in all financial matters to ensure probity and thereby minimise the potential for irregularities.
- To operate within the Financial Regulations.
- To bring to the attention of the Chief Executive or Honorary Treasurer any breaches in the Regulations, misappropriation and fraud found occurring.
- To have proper regard for all assets and property of the Institution and to ensure they are adequately maintained and accounted for.
- As representatives of the Institution, to recognise their wider responsibilities to uphold and enhance its status within the profession by ensuring financial stability and viability.

JS2

- JS2 is an external organisation which has been awarded a contract to provide accounting and bookkeeping services to CIHT. The key roles and responsibilities of JS2 are detailed at Appendix 7 and include the following:
 - To undertake bookkeeping services for CIHT including maintenance of the Purchases and Sales ledger
 - To prepare sales invoices and raise online payments as required
 - To prepare and file VAT returns
 - To reconcile all bank accounts and control accounts
 - To prepare monthly management accounts
 - To prepare draft statutory accounts for audit

2. INCOME

2.1 GENERAL PRINCIPLES

- Invoices must be raised as soon as possible after credit income is due.
- All income properly due to the Institution must be paid into the Institution's bank account in full.
- Disbursements must not be made from income collected.
- All cash and cheques must be recorded promptly on receipt
- The income collection process must be so arranged that different members of staff are responsible for the collection, banking and accountancy roles.

2.2 RAISING INVOICES

- All central CIHT & Appian invoices (excluding membership) should be raised using the standard invoice request form and passed to JS2 in the weekly run.
- If and where there is a requirement to raise an urgent invoice, this must be agreed by the Director of Corporate & Business Services and / or CEO. It will thereafter be electronically submitted to JS2.
- Membership payments (for individuals and Corporate Partners) are raised as a pro forma invoice and recorded on the membership database under separate procedures
- All invoices, other than membership, must be sequentially numbered by JS2 on the SAGE system, raised promptly and recorded in the appropriate ledger account promptly.
- A central copy of all invoices raised via JS2 will be retained on file at Britannia Walk in numerical order and be available for inspection at all times.
- Where invoices are raised by another outside agency e.g. advertising for the magazine, checks must be made to ensure prompt rendering with a copy of the invoices and a summary sent to JS2 and CIHT. JS2 will ensure all invoices are correctly posted into accounts and taken into account when performing bank reconciliation.
- All invoices to be raised must indicate clearly to whom cheques are to be made payable, to where, the payment terms and period and how it should be identified e.g. quoting invoice number.
- Regions currently raise their own invoices and should seek to mirror the above requirements

2.3 CANCELLATION OR AMENDMENT OF INVOICES RAISED

- Cancellation of invoices no longer payable or amendments of debtor accounts must be authorised by the Director of Corporate & Business Services or a nominated deputy.
- Amendments may only be affected by the issue of a credit note. Invoices which are spoilt before issue must be clearly marked “cancelled” and all copies retained including those issued by any agent.

2.4 POSTAL REMITTANCES

- All income received must be checked to ensure the payee is correct and then recorded and dated on a remittance sheet with the name of sender and amount. All remittance sheets must be returned on a weekly basis to JS2 for posting into the nominal ledger.
- If it is not possible to identify the person sending the remittance, or the debt it satisfied, the envelope and any other evidence must be retained. The income should subsequently be banked and endeavours made to trace the payee etc. A schedule of unidentified income will be maintained by JS2 and reviewed monthly by the appropriate member of staff.

2.5 CREDIT CARD REMITTANCES

- The Credit Card Machine(s) must be properly supervised and only used by authorised staff as defined in Appendix 3
- A daily listing of remittances must be created to ensure that the Institution’s bank account is credited at the earliest opportunity. Electronic remittances must be identified on a separate cash sheet on receipt.
- If the office based machine cannot be used at the time of a credit card remittance call, a note must be made of the relevant details so that the transaction can be executed as soon as possible thereafter. CIHT will act to ensure that credit/debit card details recorded on paper are stored in a secure, locked location and shredded afterwards.
- All receipt listings and support information to identify the payer and the purpose of the payment must be provided to JS2 on a minimum weekly basis to ensure posting of amounts to the nominal ledger. A copy of all receipt listings and support information will be saved and be available for inspection as required.
- JS2 will post entries in the accounts following reconciliation of the amount received in the Institution’s bank account. All charges for the service are to be separately identified and recorded.

2.6 CASH RECEIPTS (ALSO SEE APPENDIX 3)

- Receipts must be raised for all cash income and issued where requested by the debtor. Only official receipts must be used.
- **Cancellation of receipts;** where it is necessary to cancel a receipt, the word “cancelled” should be clearly written across the face of each copy. The cancelled receipt and counterfoil must be retained. Where this is not readily apparent, the reason for cancellation must be stated.
- **Amendment to receipts;** amendments must be initialled.
- **Counterfoils;** details of the amount of the counterfoils must be cross-referenced to the paying in slip and date of banking to facilitate the reconciliation process.

2.7 ONLINE RECEIPTS

- JS2 to ensure that:
 - Bank statements are checked for Point of Sale single line items credited
 - “My SagePay” secure internet link is accessed to print off detailed transaction reports
 - Receipts are reconciled to bank statement entries.
 - All items are posted to the nominal ledger.

2.8 BACS & ONLINE RECEIPTS

- JS2 will seek to reconcile BACS and other online receipts paid into the CIHT & Appian bank accounts on a monthly basis and post income to the nominal ledger
- All payments into the bank will be reconciled against CIHT/ Appian invoices, customer documentation and /or schedules of anticipated income provided by budget holders at CIHT or otherwise (e.g. TP advertising invoices raised by Barratt Byrd).
- The Director of Corporate & Business Services to work in tandem with JS2 to reconcile payments made in error to CIHT and/or to identify unallocated items.
- This process will encompass ongoing engagement with Regional Treasurers to identify mispayments and to initiate inter account transfers that are necessary to ensure income is credited to the correct bank accounts.
- In tandem, Regional Treasurers will be expected to undertake regular monitoring of regional bank accounts seeking to identify any income due or which has been incorrectly paid into their regional account. Any mispayments should immediately be notified to Britannia Walk so might be followed up.

2.9 INTER BANK ACCOUNT TRANSFERS

- If and where it has been determined that income has been paid into the incorrect bank account, an Account Transfer Form should be completed and submitted to JS2 as part of the weekly batch run. All Account Transfer forms must be signed off by an Authorised Signatory (see Annex 2) and supported by a note with evidence (i.e. where available) confirming the reasons for transfer.

2.10 BANKING OF INCOME

- Income must be banked as soon as practicable but at least weekly. All outstanding items for banking must be banked by the last day of each month. All cheques awaiting banking must be locked away overnight.
- Adequate detail to enable each remittance to be identified must be entered or attached to the paying in slip/remittance advice summary. A copy of this documentation must be offered to JS2 in the weekly run to enable reconciliation with payments into the bank account, posting to the nominal ledger and VAT duly accounted for.
- Only the Institution's official paying in book must be used for banking income. Regional Treasurers should use paying in books for their regional accounts

2.11 CREDIT CONTROL

- JS2 are responsible for undertaking monthly reconciliation of the CIHT and Appian bank accounts. Having completed this exercise, JS2 will issue monthly aged debtor reports to enable follow up of amounts due as recorded on the sales / debtors ledger.
- Credit control is the responsibility of the Executive Officer (Governance & Operations) who will oversee the debtors' recovery process attached as Annex 1.
- After two reminders, the final reminder should threaten legal action and, if a service remains to be provided, giving notice that it will cease. Debts not recovered when this process is exhausted must be reported to the Director of Corporate & Business Services who will decide on any further action to be taken including potential recourse to legal action or write off which is covered below.
- Regional Treasurers are responsible for undertaking credit control processes to recover sums due to Regions.

2.12 WRITE-OFF SUMS DUE

- For items up to £15k, it shall be up to the discretion of the Chief Executive as to whether legal advice is sought to obtain payment. For items over this amount legal assistance should always be sought or a collection agency engaged.

- If a sum is deemed irrecoverable after all attempts to obtain payment it should be written off and the invoice / debtors ledger endorsed accordingly.
- Approval to writing-off debts rests with the following:

Amount	Approval
Up to £15k	Chief Executive
£15k-£30k	Chief Executive + Honorary Treasurer
Over £30k	BoT Approval required

- All debts written off must be reported to the Board of Trustees at the next available meeting.

3. PURCHASES AND ORDERS

3.1 GENERAL

- No orders may be issued for goods unless there is provision in the Institution's approved budget or an agreed variation thereof as set out in these regulations.

3.2 PROJECTS

- New projects, including those items initiated by Boards or Panels, must be backed up by a project business plan for approval by the CEO and included in the annual budget signed off by Trustees.
- Any items of major expenditure (i.e. in excess of £10k) that is not included in the agreed budget or covered by an authorised budget virement (as defined on page 11) cannot proceed without the approval of the Board of Trustees.
- Once approved, the project shall be incorporated in the annual budget, and monitored in accordance with the Financial Regulations.
- Any variation from business plans must be identified, updated and monitored by the appropriate Board or Panel.
- For all centrally arranged events and major events ran by the Regions, an events business planning pro forma should be completed as set out in Appendix 4.

3.3 ORDERS FOR GOODS AND SERVICES

- All orders placed must be with the authority and agreement of the relevant Budget Manager.
- Written orders must be placed for all supplies of goods and services except where the nature of the transaction makes it inappropriate e.g. utility payments. Every effort should be made to ensure value for money. In making purchasing decisions, evidence of 'best value' must be demonstrated. Orders shall indicate clearly the nature and quantity of goods, work or services required and details of the agreed price (or estimated price) plus delivery address.

Order Value	Requirement
Below £10k	Steps should be taken to ensure that the best value has been obtained, including where appropriate obtaining at least 2 alternative quotes from different suppliers.
£10k-£20K	Arrangements should be made to obtain at least two written quotes.
Above £20k	3 tenders must be obtained unless the item(s) is of a proprietary nature, of a specialist nature using existing suppliers or expertise, or the service or goods are required urgently in which case approval of the Chief Executive should be obtained in consultation with the Hon. Treasurer.

- A copy of all contract agreements should be provided to the EO (Governance & Operations) for central filing and to also ensure the contracts register is updated.
- The Chief Executive is authorised to commit expenditure up to the levels approved in the budgets subject to the limitations specified in these Regulations.
- The Chief Executive may vire between budgets up to £10,000 and above that with the endorsement of the Hon Treasurer.
- In line with good finance practice, all contracts should be subject to periodic market testing to ensure the Institution continues to secure best value.

3.4 SET UP AND MAINTENANCE OF SUPPLIER DETAILS

- Ideally all supplier payments should be made by BACS rather than cheque. Bank details required are the name of account, sort code and account number. All bank details must be received in writing on company headed paper signed by an authorised person and provided to JS2 for set up on the online banking system.
- To minimise the potential for mandate fraud, any change to supplier details must be confirmed in writing and be subject to verification by telephoning the accounts department of the supplier. Budget managers must ensure that no payments are made to the new bank account until full verification has been made. All supplier details should be passed to JS2 for set up on SAGE using password/ encrypted communications mail to preserve confidentiality in the transmission of information.
- Regional Treasurers will need to make their own local arrangements to safely secure personal information relating to suppliers in line with GDPR requirements and to also make appropriate checks on new suppliers and process any notified changes to details.

4. PAYMENT OF INVOICES

4.1 RECEIPT OF INVOICES

- All invoices should be date stamped on receipt, certified and ultimately authorised by a CIHT Budget manager as listed at Appendix 3. Invoices received by e-mail should be printed off and processed in the same manner. When reviewing invoices, checks should be undertaken to ensure
 - It is addressed to the Institution.
 - It is an official invoice.
 - It is an original invoice (i.e. not a carbon copy, statement, delivery note or other document).
 - Full details of the goods/services are shown and have been certified as correct
 - The order number is quoted.
 - Where VAT is charged, the invoice must meet the requirements of a VAT invoice.

4.2 COPY INVOICES

- Wherever possible payment should only be made in respect of the original invoice. A copy invoice should only be obtained from a supplier if an exhaustive search fails to locate the original.
- After checking that the invoice has not previously been passed for payment, the copy should be endorsed accordingly and signed by the officer certifying payment. The copy invoice should then be approved by the responsible budget manager and passed to JS2 for payment.
- On no account may payments be made on a statement.

4.3 DISCOUNTS

- Invoices must be examined upon receipt to see if any early settlement discounts are available. If necessary, the invoice should be amended to reflect the discount taken. VAT will have been calculated on the discounted amount and should not be adjusted. Such invoices should be processed and paid in time to claim the discount.

4.4 CERTIFICATION (ALSO SEE APPENDIX 3)

As an important principle to reduce the potential for fraud, as far as is practically possible different staff should be responsible for ordering/certifying the receipt of goods/services, and for authorising payment of invoices.

- An initialling stamp must be applied to the invoice to enable the following checks:
 - To certify that the goods have been received or work completed by the officer responsible for placing the order.
 - To indicate that all prices and calculations are correct.
 - To note the appropriate nominal code
 - To record in the appropriate ledger account.
 - To finally approve the total invoice for payment, the certifying officer having been satisfied that all checks have been carried out.

- For payments which do not relate to invoices e.g. payroll, a relevant pro-forma must be completed with supporting details, and checked and approved in the manner described as above.
- Certification for capital works representing interim or part payments may only be made upon statements duly authorised by the relevant officer or appointed agent e.g. Architect or Consultant.
- Wherever possible pre-payments, such as deposits, should be discouraged to avoid the danger of suppliers being subsequently unable to deliver goods or services. If it is unavoidable the status of the supplier must be checked if the amount is large and the pre-payment kept to a minimum. The officer responsible for such an order must maintain a diary system for ensuring subsequent delivery.
- Current legislation on deduction of tax for all contract staff must be complied with when making payments.
- A list of staff authorised to sign off invoices etc. for payment must be maintained with a sample of their signature and initials. See Appendix 3.

5. PAYMENT METHODS

5.1 GENERAL

- Wherever possible, payments should be made by BACS.

5.2 BACS PAYMENTS

- Every week a batch of payments will be submitted to JS2 comprising invoices authorised for payment to approved BACS addresses.
- JS2 will set up all payments on the secure online banking system and prepare an expanded control sheet listing details of each payment and the overall total value of the batch run. A second member of JS2 must certify that details on all invoices submitted in a batch have been correctly entered onto the online payments system and that the totals on the expanded control sheet are in line with the payment totals reported on the online payments system.
- JS2 will set up payments using the pass card and security key using secure token approval system. JS2 will not have the authority to confirm or authorise online payments.
- When a batch of payments has been set up on the online payment system, the batch control sheet plus original invoices will be returned to CIHT for authorisation of the payments. Two CIHT Directors will be required to go online using the pass card and security key provided by our bank. They must individually countersign the report of batch transactions as being consistent with the invoices submitted for payment and authorise online payment to be made by BACS. The two Directors should date and sign the control sheet which will be held in a hard copy payments folder at CIHT together with the original invoices supporting each batch run.

5.3 CHEQUES

- The member of staff making out the cheque must not be the one who checks and despatches it.
- Spoilt cheques must be clearly marked "cancelled" across the face, signatories torn off and retained with the relevant counterfoils. Where it is not obvious a brief explanation of the reason for the cancellation should be given.
- To ensure both adequate control over payments and physical security of cheques, blank cheques must not be pre-signed and must be stored in a locked cabinet or safe.
- A matrix for cheque signatories should be reviewed from time to time to take account of changes in officers and inflation, such changes to be approved by the Board of Trustees. Wherever possible the cheque signatory (ies) should be different from the invoice certifying individual.
- Before cheques are signed the total value of cheques must be agreed with the value of the invoice(s) certified for payment by the signatory (ies).

- Each invoice must be marked to indicate that it has been paid in order to prevent duplicate payments. A copy of the invoice should also be passed to JS2 clearly highlighting that it has been paid by cheque and detailing the cheque number.
- The Payee on the cheque should not normally be one of the cheque signatories. If it is unavoidable (e.g. and urgent payment with no alternative cheque signatories), an explanation must be written on the documentation.

5.4 DIRECT DEBIT

- Direct debits for payments of sums due by the Institution may be entered into for specific purposes e.g. utility services, council tax where it is more efficient or discounts apply to do so, but subject to the agreement of either the Chief Executive or the Director of Corporate & Business Services
- A copy of the remittance advices related to all direct debit payments should routinely be forwarded to JS2 to ensure correctly posted in the appropriate ledger.

5.5 PETTY CASH

- An agreed amount of Petty Cash (currently £350) should be retained by drawing a “cash” cheque from the Institution’s bank account. The agreed amount of the Petty Cash Imprest to be reviewed by the Director of Corporate & Business Services as required and any increase sanctioned by the Chief Executive.
- Transactions must be supported by receipts and reconciled on a quarterly basis. The imprest record must be submitted to JS2 for payment and subject to the same scrutiny as any other invoice and certified for payment in the normal manner. A “cash” cheque should be drawn for the exact sum spent to restore the imprest to the original amount. In exceptional circumstances additional funds may be drawn if specifically required for a special event.
- Details of the imprest transactions including VAT must be recorded in the relevant ledgers. Wherever possible official VAT receipts or invoices should be obtained.
- An upper limit on cash purchases has been fixed at £100 subject to review by the Director of Corporate & Business Services.
- On no account may the imprest be used to cash personal cheques.
- An Oyster Card is available to staff for use in making bus, train or tube journeys in the London area for CIHT purposes only. The card is to be kept in the Petty Cash box. Staff are required to sign to use and on return to itemise journeys made.
- Other than trivial amounts petty cash should not be used to pay expenses to senior staff. These should be paid via the purchase ledger so that a history and audit trail is maintained.

5.6 CREDIT CARDS

- Institution credit cards may be issued to members of staff on a business needs basis with the explicit approval of the Chief Executive, with a limit of £5,000 per card per month and a single transaction limit of £2,000. The CEO card only will have no single transaction limit.
- Under no circumstances may the CIHT credit card be used for any non CIHT purposes. Staff are reminded that it is a disciplinary offence to use a company credit card for anything other than CIHT business.
- Credit card statements are to be matched with supporting invoices/vouchers monthly with accounting codes added for individual transactions. Thereafter, the coded statements should be passed to the CEO for authorisation and passed in the weekly payment run for JS2 to post entries in the nominal ledger.
- The names of holders of CIHT Credit Cards are listed as an annex to this report.

5.7 TRAVEL AND SUBSISTENCE EXPENSES

- Claims for expenses by members and staff must be made on the approved CIHT Expenses template form in line with the terms set out on reverse of the form. The current Form is attached at Annex 7. T&S terms & conditions will be reviewed annually by the Chief Executive and any changes notified to staff and other prospective claimants including Trustees, Council, Boards and Panel members
- The expenses form should be supported wherever possible by receipts. Claims should be made within 3 months of purchase. A delayed claim seeking reimbursement for costs incurred over six months previously will only be paid in exceptional circumstances.
- CEO and Presidential expenses must be approved in accordance with the separate policy (Appendix 7)
- Any staff travel abroad in the normal course of business must be approved by the Chief Executive. CEO and Presidential international travel should be managed within approved budgets and approved following normal procedures. If costs are likely to significantly exceed budget this should be reported to the Honorary Treasurer.

6. MANAGEMENT ARRANGEMENTS

6.1 ONLINE BANKING

- Online banking potentially provides access to the CIHT main account, all Regional accounts and Appian Trading Ltd. Administrator rights to set up new users currently resides with the Director of Corporate & Business Services.
- Other authorised levels of access are to set as follows.

Authorisers for CIHT & Appian Payments

- Two CIHT Directors as set out in Appendix 2
- Two authorised individuals from a specific CIHT Region including the Treasurer

Inputter

- To input / set up central BACs payment for CIHT / Appian (JS2 only)
- To input payments for a specific CIHT Region (Regional Treasurer)

View only

JS2, Office Administrator, Executive Officer (Governance & Operations)
Membership Manager

- Individual transactions over £40,000 must be authorised by email by two of the upper authorised signatories (A to F) as set out in Appendix 2.

6.2 BANK RECONCILIATION

- The CIHT and Appian Bank Accounts are reconciled on a monthly basis by JS2. Any discrepancies are highlighted to the Director of Corporate & Business Services for investigation

6.3 MANAGEMENT ACCOUNTS

- A report summarising the financial position of the Institution as determined by the CEO and reviewed by the Hon. Treasurer is submitted to each meeting of the Board of Trustees. Similarly, a report summarising the financial position of activities encompassed under the Appian Trading Board will be provided to each Appian Board meeting.
- Management accounts are produced monthly and reviewed by the senior staff to facilitate best management of the Institution's resources. Quarterly budget reforecasts are compiled on the basis of management accounts provided. The monthly accounts must be signed off by the Chief Executive.

- The attention of the Trustees must be drawn to any exceptional items, outstanding commitments or problems envisaged in cash flow which require action before the end of the next accounting period.

6.4 APPOINTMENT OF BANKERS

- The appointment of Bankers must be reviewed at least every three years to ensure that terms and conditions represent value for money.
- Any change in the Institution's Bankers or in the terms and conditions is subject to the approval of the Board of Trustees.

6.5 INSURANCES

- The extent and level of insurances must be reviewed annually and the Institution's insurers at least every five years. Any material changes to the former or change to the latter is subject to the approval of the Hon. Treasurer.

6.6 INVENTORIES

- An inventory of fixed assets should be maintained of all items which have a value in excess of £500. The inventory must be reviewed annually and certified as correct by the Director of Corporate & Business Services.
- If redundant assets are to be disposed of, a list of items should be prepared and passed to the Director of Corporate & Business Services so that assets listings are maintained correctly.
- A record of publications for sale must be maintained by the Office Administrator with all stock properly accounted for and stock balances agreed at year end by the Director of Corporate & Business Services.

6.7 SPECIAL FUNDS (INCLUDING DESIGNATED AND RESTRICTED FUNDS)

- All monies due to and from such Funds must be properly identified and accounted for in a similar manner to that prescribed elsewhere in these Financial Regulations.
- All transactions must accord with the terms of reference of the Fund and be approved by the Board of Trustees and/or Trustees of the fund as appropriate.
- The programmed annual use of designated funds will be reported to Trustees as part of the budget setting meeting and on a quarterly basis thereafter. The CEO is authorised to vire up to £20,000 between funds. Any virement exceeding £20,000 must be agreed by the Honorary Treasurer and subsequently reported to the Board of Trustees.

6.8 BORROWING

- Long term borrowing on behalf of the Institution must be sanctioned by the Board of Trustees on receipt of a recommendation of the Chief Executive and the Director of Corporate & Business Services
- Day to day financial management requiring overdraft facilities must be approved by the Honorary Treasurer on advice from the Chief Executive or Director of Corporate & Business Services. Requests for overdraft facilities shall be supported by a cash flow projection justifying the need and only used in exceptional circumstances.
- Regional Treasurers should ensure their business is effectively managed to ensure they do not present any deficit balances in the regional accounts.

6.9 INVESTMENTS AND RESERVES

- Approval to the acquisition and disposal of investments may be made by the Chief Executive and the Hon. Treasurer, and reported to the Board of Trustees.
- Any decisions on financial management, e.g. cash surplus to immediate requirements, is at the discretion of the Chief Executive and the Director of Corporate & Business Services whose remit is to maximise the return on such money held subject to appropriate consideration of risk.
- Investments must be managed in accordance with the Investment Policy and any change to the policy must be approved by the Board of Trustees. The Investment Policy should be reviewed annually by the Audit Committee and any proposed changes reported to the Board of Trustees for approval.
- Reserves must be managed in accordance with the Reserves Policy. The Reserves Policy should be reviewed annually by the Audit Committee and any required changes reported to the Board of Trustees for approval.

6.10 TAXATION

- The Director of Corporate and Business Services will, in conjunction with JS2, ensure;
 - VAT returns are completed, submitted and paid by the due dates to HMRC
 - Income Tax, NI charges etc. are compiled, submitted and paid by the due date.

6.11 REMUNERATION

- The determination of salaries and other benefits for staff is the responsibility of the Staff and Remuneration Panel (the Presidential Team and the Honorary Treasurer) following advice from the Chief Executive. Any changes to the membership of this group will be determined by the Board of Trustees. Decisions will be a matter of report unless it is decided by the Panel to refer them to the full Board. The review date for remuneration is 1st January each year
- A full salary benchmarking exercise must take place every four years, conducted by an independent consultant to ensure remuneration reflects market conditions.
- The filling of vacancies is the responsibility of the Chief Executive. Salaries for new appointments will be agreed by the Chief Executive in accordance with approved remuneration policy. Any variation from this will require the CEO to consult with the Honorary Treasurer.
- Appointment to new posts, restructuring, or major changes to staff conditions of service should be reported to the Board of Trustees.
- All reports on personnel issues and payments of fees to Members or officers must be treated as strictly confidential and identified accordingly.
- The Director of Corporate & Business Services will be responsible for drawing up a monthly schedule of proposed changes to the monthly payroll. All variations in salary (e.g. for leavers, changes in pension contributions, etc.) must be approved by the Chief Executive before instructions are passed to the Institution's Payroll Agency for processing and payment. In the absence of the Chief Executive, the Honorary Treasurer will assume responsibility for signing off the monthly payroll.
- After the Payroll Agent, has processed the payroll each month, the payroll report will be validated and reconciled with the bank records by JS2 and payments due to HMRC validated.

6.12 SUBSCRIPTIONS

- Details of all members and their membership status are to be maintained securely on an electronic database.
- Subscription rates are to be reviewed annually by the Board of Trustees following consideration of the Business Plan/Annual Budget.

6.13 FINANCIAL RECORDS

- All financial records must be kept for at least six full years plus the current year.
- The Balance Sheets and Final Accounts must be kept in perpetuity as an historic record as part of the Institution archive.

6.14 REGION ACCOUNTS

A full set of procedure notes for Regions is included at Appendix 4.

- Key regional responsibilities include the requirement for each Region to:
 - Submit a set of accounts in a prescribed form to the Director of Corporate & Business Services enabling annual consolidation into the Institution's figures by the due date.
 - Appoint an independent Examiner each year
 - Approve a number of cheque signatories (usually three) providing for at least two signing every cheque or online BACs payment. The names and addresses of each signatory to be submitted to Britannia Walk for the record.
 - Submit quarterly financial statements to CIHT by agreed deadlines and using the agreed Proforma. All returns will be passed to JS2 to enable compilation of CIHT VAT returns by due statutory deadlines and posted into the nominal ledger to assist budget monitoring. The Region must immediately draw to the attention of the Chief Executive and the Honorary Treasurer any reasons for non-compliance
 - Submit an annual budget for the calendar year ahead according to deadlines set by the Director of Corporate & Business Services
 - Regions should aim to run a programme which results in a financial surplus. An Events Business Planning Proforma must be completed for all events and, for events valued at over £10,000, copies should be submitted to the Director of Corporate & Business Services (or nominated deputy). Account should also be taken on the financial guidance for running events as listed at Appendix 4.
 - All Regions should have one bank account which will form part of the Group Consolidated Account.

- With regard to retained funds:
 - Regions should exercise prudent financial management and maintain balances at a level commensurate with future plans. Future financial commitments should be carefully considered and clearly set out in the annual forecasts that are required to be submitted in August. The aim should be to develop a programme that can be funded and preferably results in a financial surplus.
 - Each Region must determine its future cash flow requirements, as set out in the annual forecast, and assess the level of risks involved. Any uncommitted surplus over £5,000 should be transferred to the Head Office account.
 - Cash advances from Head Office should only be required where exceptional circumstances have affected Region balances such as an unforeseen commitment. Future programmes should not be planned on the basis of a deficit that requires funding

from Head Office, unless there are special circumstances and these have been communicated to the Director of Corporate & Business Services.

6.15 AUDITORS

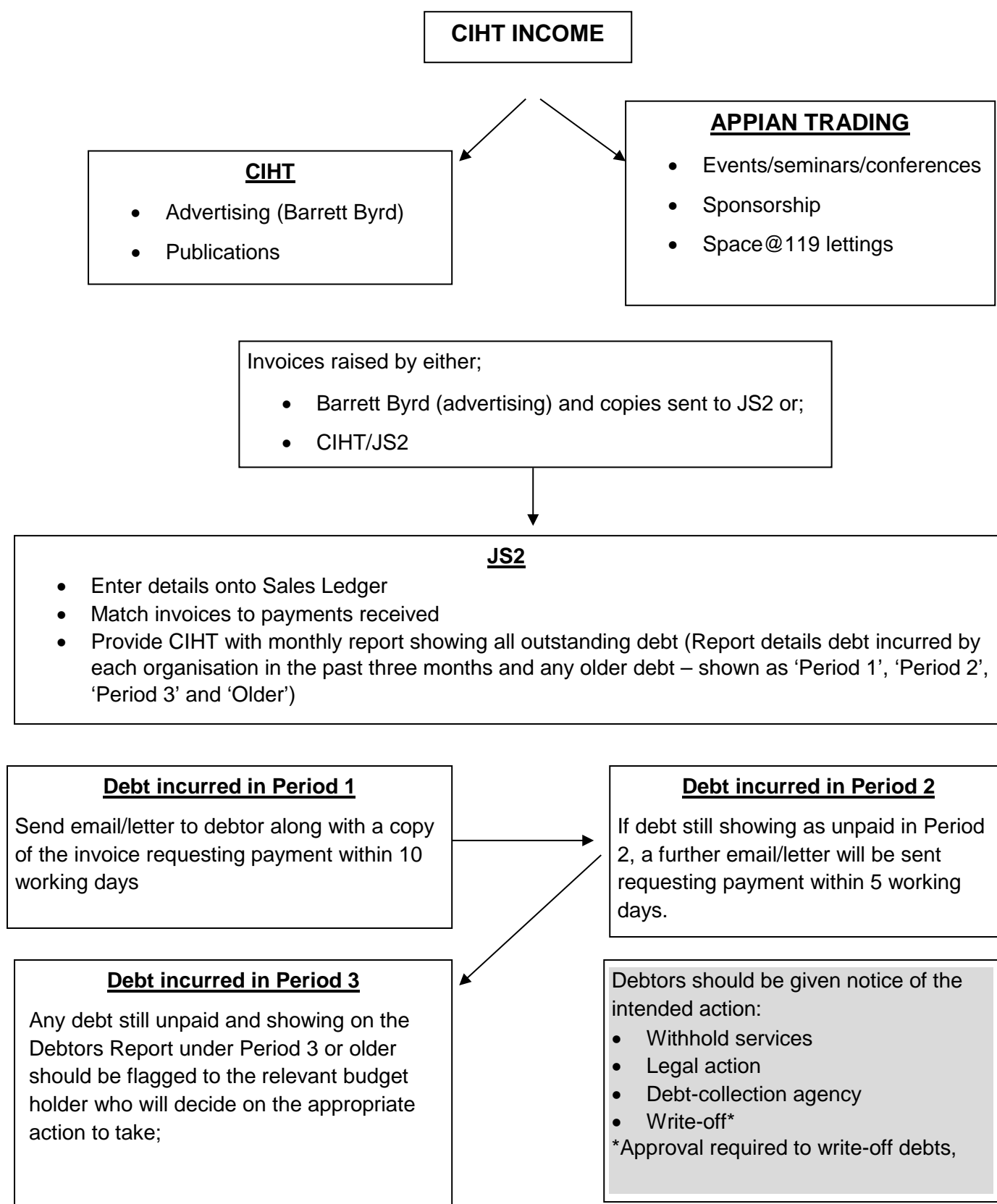
- The engagement of the external Auditors must be considered annually by the Trustees and their appointment approved at the AGM each year. A review of Auditors must be conducted every three years by the Audit Committee and recommendations made to the Trustees.

6.16 REVIEW OF THE FINANCIAL REGULATIONS

- These regulations are to be reviewed at least annually by the Audit Committee to ensure relevance and to embrace any additional instructions which might be found necessary following financial developments or following recommendations received from the Institution's Auditors.

<p><i>Last Revised August 2018</i></p>

ANNEX 1: CREDIT CONTROL PROCESS



APPENDIX 2 - AUTHORISED SIGNATORIES

1. Board of Trustees has delegated authority for all expenditure in accordance with the approved budgets to the Chief Executive.
2. The Chief Executive has the power to delegate the authority to other members of staff but retains overall responsibility for their actions or omissions. A list of current delegations is shown below.
3. In order to provide a formal note of these arrangements and also to ensure that CIHT financial operations properly conform to the Regulations set down by the Board of Trustees, noted in Appendix 3 are those areas of CIHT operation for which those nominated members of staff have responsibility. The list may, however, change at the discretion of the Chief Executive, with any changes reported to the Board of Trustees
4. It should be borne in mind that the overriding principle remains, that the Chief Executive has responsibility for all budgeted expenditure, and that no expenditure is allowed which does not have budget approval.
5. Authority for payment of all resulting invoices remains with the Chief Executive, or in her/his absence, the authorised signatories.
6. Responsibility for authorising expenditure for each nominal code is as set out on the management accounts. Responsibilities for each code are managed by the Director of Corporate & Business Services and reviewed by the Senior Management Team monthly.

Schedule of authorised signatories	
President	A
Senior Vice President	B
Immediate Past President	C
Honorary Treasurer	D
Chief Executive	E
Director of Corporate & Business Services	F
Director of Policy & Technical Affairs	G
Director of Communications	H
Director of Education & Membership	I
Authorisation Levels	
Up to £40K	Any two from A to I
Above £40k	Any two from A to F (one must be from A to D)

APPENDIX 3 - AUTHORISED OFFICERS BY OFFICE/JOB TITLE

BUDGET MANAGERS

Chief Executive Officer
Director of Policy & Technical Affairs
Director of Education & Membership
Director of Corporate & Business Services
Director of Communications

Budget managers are responsible for those budgets as allocated by the Chief Executive from time to time as set out in the Management Accounts.

AUTHORISED INSTITUTION CREDIT CARD HOLDERS

Chief Executive Officer
Director of Policy & Technical Affairs
Director of Education & Membership
Director of Corporate & Business Services
Executive Assistant to the CEO
Membership Manager

OTHER FINANCIAL RESPONSIBILITIES

Petty cash	Office Administrator
Banking of cheques	Office Administrator
Raising invoices	Budget manager or nominated deputy
Placing / approval of orders	Budget manager or nominated deputy
Certification of payments/ invoices	Budget manager or nominated deputy
Set up payments online	JS2
Online BACs authorisation	2 Authorised signatories (see Appendix 2)
Issuing Receipts	JS2 or nominated member of staff
Debt recovery	Executive Officer (Governance & Operations)

APPENDIX 4: REGIONAL ACCOUNTING AND FINANCE GUIDANCE NOTES

The following instructions are to guide Regions and their Treasurers in particular to properly account for Region finances, ensure probity, submit returns and figures to Britannia Walk in the appropriate form and to satisfy members of the efficacy of financial arrangements.

Regional accounting

Bank Accounts

- Region finances are operated through one consolidated account with the Royal Bank of Scotland. Each Region has its own unique number with a cheque and paying in book.
- Region financial independence is therefore maintained whilst the Institution has the benefit of maximising interest receipts through the balances on the Consolidated Account being aggregated on a daily basis.
- No further accounts are required and none should be opened even for special events.
- On no account should the account be allowed to become overdrawn.
- All cheques should have at least two signatories, one of whom must be the Region Treasurer. Signatories must be formally approved by the Region. (This is a requirement also of the Bank when seeking a mandate for cheque signatories.) Additionally, there is a requirement for the Director of Corporate & Business Services to be a signatory to each Region account.
- Bank statements should be obtained monthly and reconciled with the Region Cash Book.

Payment of Invoices etc.

- All cheques should be raised on official invoices and VAT accounted for where appropriate.
- If invoices are not available, e.g. an officer's/member's reimbursement of expenses, a signed sheet detailing expenditure must be requested and VAT accounted for if receipts have been obtained.
- On no account must cheques in respect of any payment be pre-signed by one signatory. The second signatory must have sight of the invoice to check that all particulars are correct.

- No payments may be made on copy invoices or statements unless the original cannot be found. If payments are made on copies or statements they should be endorsed "not previously passed for payment".
- No payments should be made in cash.
- Where possible no payments should be made in advance of the goods or service being supplied unless specifically required e.g. hall hire. In all cases such amounts should be kept to a minimum.
- All invoices etc. should be kept in chronological order in a file cross referenced to entries in the Cash Book with the cheque number and date paid endorsed on each item.
- Payments of Invoices by online banking facilities must be authorised in the same manner as cheque payments; that is by two signatories one of which must be the Region Treasurer.

Receipt of Income

- All income received must be paid direct into a bank account and where possible offsetting expenses should be discouraged. Large amounts of income e.g. delegates fees for a seminar, should be paid into a bank account as soon as possible, ideally within seven working days, to maximise interest receipts.
- To avoid bad debts or problems with collecting outstanding amounts it is recommended that as far as possible all income is requested in advance.
- All items of income (summarised if necessary) should be kept in chronological order in a file and cross referenced to entries in the Cash Book. Each record should be endorsed with the date it was paid into the Bank.
- Where invoices are issued for income due they must be issued in chronological and number order with the addressee clearly identified together with a Region reference e.g. xxxx/YR/Region Ref. (0001/01/WM). This will aid identification of cheques if misdirected to Britannia Walk or other Regions. With the increased use of BACS payments, bank details should also be included on the invoice.
- If cheques or BACS credits are unknown efforts should be made to identify the amounts by ringing the debtor etc. with the minimum of delay and forwarding it to the Region concerned. Cheques should be drawn where BACS credits are received in error.

Conduct of Accounts

- Region Treasurers should, at each Committee meeting, present a statement of cash balances and records of the financial performances for events organised by the Region where appropriate.

- As all events should at least attempt to breakeven a report should be prepared by the Region Treasurer and/or organiser explaining any losses for the Regional Committee consideration. An Events Business Plan proforma must be used for the financial planning of all events such as seminars and dinners.
- Whilst it is not expected that all payments should be sanctioned by the Region, it is incumbent on the Treasurer to ensure that they are properly incurred and accord with an approved programme or are required for the administration of the Region.
- Balances should be kept at a level commensurate with Region activity. With the use of Britannia Walk resources only being considered in exceptional circumstances. These can be kept as low as £1,000 but should be no higher than £5,000 unless a future commitment indicates otherwise, based on commitment incidents in a five year future programme. (This applies even with a consolidated Bank Account as Britannia Walk cannot appropriate Region balances).
- If problems are encountered in maintaining Region accounts, the matter should in the first instance be reported to the Committee with details forwarded as soon as possible to Britannia Walk with a copy to the Director of Corporate & Business Services.
- It is important to recognise that Regions are not legal entities but part of the Institution which is a charitable company limited by guarantee. Any transaction is therefore undertaken in the name of the Institution and the responsibility rests with the Trustees.
- Regions must ensure that all actions including financial commitments are properly approved and covered by anticipated income. This should be additional sources of income in cases of new commitments.
- Expenses and benefits paid or granted to Region officers and members should be properly and reasonably incurred to ensure that they comply with Charity Law and do not frustrate the position of Trustees or the Memorandum and Articles of Association.

Audit

- Regions are required to appoint at least one independent Examiner at each AGM. If possible it is strongly advised that they should be a qualified Accountant.
- If the independent Examiner discovers discrepancies which would lead to the Accounts being qualified, a report by the Region Treasurer should be made immediately to Britannia Walk with a copy to the Institution's Hon. Treasurer.

Annual Accounts Returns etc.

- It is essential that copies of the Region's Annual Accounts and VAT Returns are submitted by the due dates as advised by the Head of Finance. The Region's Annual Accounts need to be signed by the independent Examiner. Actual signatures are required and not photocopies.
- If problems are encountered in balancing the Accounts, queries should be notified to Britannia Walk in the first instance.

- Financial records e.g. cash book, invoices, working papers etc. must be retained for six whole years plus the current year. The Final Accounts and Balance Sheet should be kept in perpetuity.
- If the bank balance per the bank statement is different to that shown in the accounts a full bank reconciliation needs to be returned with the accounts at the year-end.

Assets

All assets of value held by Regions e.g. Chairman's Jewel, cups etc., should be valued and recorded on the Balance Sheet. This should also include IT equipment.

Valuations should be undertaken at least every five years with details sent to Britannia Walk for the items to be identified on the Institution's insurance policies.

Financial Guidance for Events

These notes are intended to provide Region Treasurers and those entrusted to run events with guidance to ensure that financial probity and disciplines are maintained. For Region Treasurers these notes should be read in conjunction with the Accounting Instructions for Regions and any other directions issues by Britannia Walk. It should be remembered that if Region Treasurers are not involved in running an event they still bear the ultimate financial responsibility for accounting for their outcome to Britannia Walk. It is therefore incumbent on organisers that they keep proper records that will stand up to scrutiny, possible audit and comply with the guidance detailed below.

Advance Planning

- All events should be fully budgeted on the basis of realistic attendance levels and prices determined accordingly to, at least, break-even. The Event Business Plan Proforma must be used for all events such as seminars and dinners and continually reviewed to assist financial planning and reporting. Discounts offered should be assumed in such an exercise and are usually granted to members and perhaps to delegates where their employers are members of the **Corporate Partnership Scheme**.
- To achieve best value, prices for venues etc. should be market tested by obtaining quotes and conditions of hire. Often discounts can be obtained using CIHT's charitable status.
- Where private companies are contracted to run events this is particularly important. Price might not always be the determining factor as logistics and location could affect the final decision. Before letting a contract for event management, the risk sharing should be clearly understood by the two parties so there is no ambiguity should the event have to be cancelled or it runs at a loss and commission arrangements need to be clearly established.

- Budgeting and liaison with the organisers are essential and the pricing of tickets crucial to the viability of the event. Plans should have milestones set that give the opportunity to cancel an event with little financial risk based on such factors as ticket sales to date and rival events locally or nationally not previously known.
- When engaging a private company the use of Region databases should be carefully controlled within the restrictions of the Data Protection Acts. Never give the database details to a third party.
- When booking venues deposits are becoming increasingly common, some very large and non-returnable. All contracts should be carefully scrutinised to access the full extent of the commitment and copies of all contracts should be sent to the Head of Finance. Advice can be obtained from Britannia Walk if there is concern.
- It should be remembered that VAT has to be accounted for on the price of the tickets and offset by that borne on the costs.

Keeping Accounts

- If the Region Treasurer is not part of the organising committee, he/she must be provided with a copy of the budget and kept informed of progress particularly commitments e.g. with cancellation fees.
A list of delegates/attendees should be maintained with the charges made to each debtor plus a record of invoices raised. Where invoices are raised numbers used must conform to the sequence used by the Region Treasurer and have as part of it the Region identifier e.g. WM for West Midlands. This is particularly important when paying by BACS as monies often stray into other Region accounts. Ensure all invoices clearly state where payments should be sent as many companies/local authorities have multiple accounts with CIHT.
- If joint events are held with a neighbouring Region or another body it is preferable that one Region takes the lead financially. The organising Region should deal with all the transactions including accounting for VAT and share the net surplus as previously agreed.
- In the past many Regions have opened separate bank accounts for special events. This is not necessary and all expenditure and income should be passed through the main Region account. All that is required is for the Region Treasurer to create another column for the event in the cash book.
- A close scrutiny is required when granting complimentary tickets or meeting expenses for events incurred by Region officers. The granting of such benefits is at the discretion of the Regional Committee with advice as necessary from the Region Treasurer or the organisers, if so delegated. The size and scale of such benefits must be judged on their reasonableness and their necessity in relation to the needs of successfully mounting events. Charity law and the duties of Trustees must not be frustrated nor the Memorandum and Articles of Association of the Institution in this regard.

Dealing with Payments

- All cheques received by organisers should be paid into the bank within two days of receipt or passed to the Region Treasurer within seven days. To retain cheques for longer periods denies the Institution the opportunity to maximise interest receipts and is bad practice.
- Ideally attendees should pay in advance of the event but, if this is not possible, efforts should be made to clear all outstanding debtor accounts within two months of the event taking place.
- Increasingly organisations are paying invoices by BACS. It is essential that organisers of an event liaise with the Region Treasurer (if not directly involved) to check that outstanding amounts have not been paid in this manner and also with Britannia Walk to avoid chasing organisations that have already been paid.
- It is incumbent on all Region Treasurers including event organisers and Britannia Walk that if payments are received and are not in respect of invoices raised by them, they quickly identify the amounts and redirect them to the Region(s) concerned (if cheques) or raise a cheque if paid by BACS. It is important that this procedure should not be delayed as it becomes more difficult with the passing of time for payees to have creditor information readily to hand.
- Britannia Walk will send out lists of unidentified payments received on a regular basis so that Regions can claim those that are theirs. Under the above arrangements these should be considerably reduced. Britannia Walk will in future retain those receipts that are not claimed and are more than two years old i.e. unidentified receipts will only be retained for the past year plus the current one.
- VAT can only be reclaimed on expenditure where an official VAT invoice made out to the Institution has been received. Till roll slips, with VAT number quoted, are acceptable as they are not made out to an individual.
- Charges made for Trade Stands are overt advertising at events by companies etc. and are subject to VAT. Payments received for small acknowledgements in programmes etc. for those sponsoring them are not. They are treated like donations which are also not subject to VAT.
- Official invoices (or supporting documents) for services including those from speakers (where applicable) should be obtained to support payments. This is particularly important where companies whose staff are acting as organisers are involved and provide services which are recharged. On no account should expenditure be offset by income. It is essential that each transaction is dealt with separately even if one cheque is subsequent drawn in settlement. If third Party companies are running your events you still need to know the total income and expenditure.
- Likewise, personal expenses incurred by organisers and indeed any officer of the Region should be fully recorded and supported by receipts where obtained prior to submission to the Region Treasurer for approval and settlement.

- Cash transactions should be avoided wherever possible. If these are unavoidable, Region Treasurers, if not part of the organising committee, must be consulted and receipts or acknowledgements of such payments obtained.

Reviewing an Event

- A financial balance sheet should be drawn up as soon as possible after the event even if the income and expenditure have not been received or incurred. A statement providing such details should be submitted to the Regional Committee as soon as possible.
- All documentation, once an event has been concluded, should be passed to the Region Treasurer, if not previously involved. This is important for audit purposes. Income should be reconciled with the numbers attending etc. and expenditure supported by official invoices.
- The above represents good practice and will ensure that actions of event organisers and Region officers meet the required financial standards. It will also help to avoid a situation where the Institution's auditors insist on scrutinising Region accounts as they are entitled to do prior to issuing their Audit certificate.

VAT Guidance

These notes are intended for Region Treasurers and those charged with running events and have the responsibility for accounting for monies due to or from the Region. However it should be noted it is always the Region Treasurer's ultimate responsibility to ensure that VAT and accounting procedures are properly followed particularly when returns are required by Britannia Walk and for the end of year Accounts. In this context these notes should be read in conjunction with 'Accounting Instructions for Regions' and 'Financial Guidance for running Events' previously issued.

For the purposes of Regions expenditure and income is either taxable (standard rated, zero rated, or reduced rate although this is unlikely), exempt, or outside the scope of VAT.

The Institution's VAT Registration number is 835 9892 68 68.

If income is received for another Region or Britannia Walk and has to be banked prior to passing the sum on, VAT should not be allowed for. When ownership has been identified a cheque should be drawn for the gross amount and all details forwarded.

Expenditure

- Invoices or receipts shall be obtained for all expenditure. Ideally for reclaiming VAT invoices should be made out to the Institution. (n.b. strictly if invoices are made out to the officer/member personally they cannot be used for VAT purposes).

- If expenditure is subject to VAT it should be clearly stated or at the very least the VAT registration number stated. For invoices this should always be the case.
- If the amount of VAT is not stated on receipts this can be determined by multiplying the amount paid by 0.16667 (assuming VAT at 20%).
- If expenditure needs to be recovered a VAT credit invoice/note must be obtained with the refund.

Income

- The official pro forma invoice should be used when requesting monies e.g. delegates fees. The Institution's VAT registration number must be quoted on the invoice and the amount of VAT clearly stated.
- If zero-rated items e.g. papers. are included these should also be identified.
- It is essential to print the VAT Registration number on booking forms for events as on occasions companies etc. will send an accompanying cheque without requesting an invoice. This will enable them to reclaim the VAT and the Region account for it.
- Where incidental items e.g. cuff links, ties, scarves etc are sold at events an official receipt should be given which must have the VAT registration quoted. A copy must be retained by the Region and VAT accounted for at the applicable rate (see paragraph iii) just above).
- If an overcharge has been made i.e. a member charged as a non-member at an event, and a cheque banked, a credit invoice must be prepared for the amount with the VAT charge clearly stated. If the cheque has not been banked it should be returned with a revised invoice.

Events (*incl. Joint Events*)

The charity can take advantage of the exemption that exists in respect of one-off fundraising events. There are certain conditions which need to be satisfied, primarily that the event is held out as raising funds for the charity and is held out or promoted as such.

- VAT for events (*incl. Joint Events*) must be returned when accounted for and not left until the event has been finalised and all fees collected.
- All receipts should be accounted for on an accruals basis (see below for further clarification).
- If events are run as joint events with another Region or partner it is essential that the basis of accounting and profit sharing are agreed well before it is held.

- To simplify matters it is recommended that only one Region or Partner undertakes the accounting function.
- Income and expenditure and associated VAT, as a result, can be properly accounted for following the advice given above. When this has been done any profit/loss can be shared on the agreed basis on a net of VAT basis. VAT from such events is returned by the Region or partner maintaining the records.

Returns

- A schedule of dates for VAT returns will be circulated annually by the Director of Corporate & Business Services.
- To avoid the potential for penalties from HM Revenues & Customs it is essential that these dates are met. If there are any problems regarding interpretation of the guidance and liability for VAT which might delay submission advice should be sought from Britannia Walk.
- If errors or omissions arise following submission, these can always be corrected in the following quarter unless the VAT in question exceeds £2000. In the unlikely event that this arises the details should be reported to Britannia Walk and not recorded on the next Return.

Vatable Items

Items of VAT on expenditure should be readily identifiable. However there are a number of items of income where treatment is not always obvious, some of these are detailed below.

- Trade Stands – A service is clearly being provided and any charge made is subject to VAT.
- Advertising/promotional material – If advertising or promotional material/space at an event is given then a service has been provided and the charge made is subject to VAT.
- Sponsorship – If this is restricted to a note stating that a company has sponsored the event and /or their logo is discretely placed on material/literature circulated then any charge or sum received is non-vatable. Caution should be exercised if sponsors logos are used. Customs do tend to consider this advertising and treat these payments as standard rated. There is a difficult line to draw between where recognition ends and advertising begins so if we wish the amounts to be treated as outside the scope of VAT and merely a donation it is recommended that no supporters/sponsors logos are used excessively. The very term sponsorship suggests a supply is being made by the charity and any payment is consideration for that supply.
- Donation – A donation with or without acknowledgement is non-vatable.
- Fliers – The placing of advertising material in documents circulated is a service and therefore any charge made is subject to VAT.

The Accruals Accounting Concept

At CIHT our accounts are prepared under the accruals concept and our basis for VAT accounting is also on this basis.

The accruals concept is also referred to as the matching concept- that is making sure that both income and expenditure is completely and accurately recorded in the correct accounting period. All income has to be recorded, regardless of whether the customer has paid or not. Similarly, all purchases have to be recorded, regardless of whether the supplier has been paid or not. The accruals concept ensures there is proper cut off.

Our Accounts should be prepared on the accruals basis. This consistent approach is required for all Regions, CIHT and Appian Trading. It ensures that all financial statements are prepared on the same basis so that the users of the accounts will be certain how the financial statements have been compiled. This method ensures transparency and allows the users of the financial statements to compare the results and get an accurate picture as the figures are put together on the same basis.

It is acceptable to use the concept of materiality in your approach to these timing adjustments. If the amount does not alter your figures by a significant amount it is reasonable to spare the work of making the adjustment. A prudent approach is preferred so that a cost can be brought into an earlier period (*e.g. hotel deposit*) if there is a high risk of the related income not materialising in the following year.

Accruals Accounting is of importance to the Regions at the Year- end on 31 December when the Region accounts are added to the CIHT accounts to produce the Statutory Final Accounts. Quarterly reporting does not need this level of detail unless the Treasurer is minded to do so.

Your Region may do its accounting on a software package which allows for accrual accounting or it may maintain a cash book with a VAT column, which records actual payments and receipts during the period. All sales and purchases during the period, where the cash has been paid and received respectively, will be recorded in the cash book so there will be no problems there.

Sometimes there may be payments and receipts recorded in the cash book that relates to purchases and sales made during an earlier / later accounting period. Under the accruals concept these amounts need to be separately identified and omitted /included when preparing the period end accounts since they do not relate to the current accounting period.

Under the accruals concept all purchases made in the current period but actually paid for after the accounting period, and all sales made in the current period but actually received after the accounting period need to be brought back in to the accounts.

Worked Example:

- An invoice (£240.00 including VAT at 20%) has been issued to a customer on 15 December and remains unpaid at the end of the year. £200.00 amount is added to the Income accounting records (increases profit) and creating a debtor (£240.00) and Output VAT (£40.00) in the balance sheet. When the cash is received from the customers the entry is to increase the bank balance by £240.00 and reduces the Debtors in the balance sheet down to zero as the debt has been paid off.
- The reverse occurs for Purchases. When a purchase invoice (£120.00) is received at the end of the year and remains unpaid, the cost (£100.00) is added to the relevant expense code in the income and expenditure account and £120.00 is added to the creditors and £20.00 to the VAT input tax in the balance sheet. When the supplier is paid the following year the bank balance goes down by £120.00 and the creditors account is reduced to nil.

Another problem your Region may face is where a cost straddles two calendar years. For example, the accounting period end is 31 December. A Region electricity bill of £600 plus VAT covers the period 1 November to the 31 January therefore the invoice will not be received until the middle of February. Two months of the bill relate to this accounting year and one month relates to the next year. The accruals concept dictates that two months of the cost are brought in to the accounts and this is done on a time apportioned basis. The amount brought back in to the accounts is £400, i.e. $600 \times \frac{2}{3}$. The entry is to debit electricity in the profit and loss account and credit the accruals account in the balance sheet. This is an example of an accrued cost and there are other examples such as various utility bills.

There may be times when the Region pays a cost in advance, effectively overstating the cost in the accounts. The business paid an insurance invoice of £1,000 covering the 1 July (in the period) to the 30 June (in the following period). In this example six months relates to the current accounting period and six months relates to the following accounting period. This is a prepayment and we have to decrease the cost in the profit and loss account by crediting £500 to insurance and debiting £500 to prepayments.

APPENDIX 5 - EVENTS BUSINESS PLANNING PROFORMA

Chartered Institution of Highways & Transportation

Outline/Full (delete as appropriate)

Version Date:

Event Title:		Date to be held:
		Duration:
Organiser(s)		
Aim and Content of Event		
Venue	Location:	
	Room(s) size(s):	
	Refreshments:	
	Cancellation fee: £	
Delegates/exhibitors	Target audience:	
	Target number of Delegates:	
	Number of Trade Exhibitors:	
Speakers	Session Chairs	
Financial Summary (ex VAT) (See Appendix A for details)	Delegate fee	Member: £
		Non-member: £
	Exhibitor fee	£
Estimated income (ex VAT)	Number of Delegates:	£
	Number of Exhibitors:	£
	Total estimated income	£
Estimated expenditure (ex VAT)	Venue	£
	Refreshments	£

	Other (inc 10% contingency)	£
	Total estimated expenditure	£
Estimated surplus/(deficit)		£
Break even attendance number: Delegates: Exhibitors:		
Risk Assessment		
Main Risks	Description of Risks	Risk Management Measures
Level of Risk		
	High Medium Low	X as appropriate
Publicity	Method(s):	
	Date to be issued by:	
Key Dates	Latest venue cancellation date:	
	Final Review of Event Viability:	
	Confirm attendance numbers with venue:	
	Others (specify):	

Detailed Breakdown of Income & Expenditure Estimates (excluding VAT)

Note: Event organisers can insert an event specific breakdown of income and expenditure estimates for the target number (or range) of delegates/exhibitors, together with a break even attendance analysis as required in an appropriate format.

APPENDIX 6: AUTHORISATION OF CEO AND TRUSTEE EXPENSES

CEO Expenses

CEO expense claims and credit card statements should be submitted to Director of Corporate & Business Services for checking and accuracy and thereafter passed to JS2 for payment

A copy of all CEO expense claims and credit card statements will be centrally logged and submitted to the Hon. Treasurer on a regular basis for retrospective sign off.

Presidential Expenses

The Presidents expenses should be submitted to the CEO for checking and accuracy and thereafter passed to JS2 for payment.

A copy of all Presidential expense claims will be centrally logged by the Executive Assistant to the CEO and submitted to the Hon. Treasurer on a regular basis for retrospective sign off.

Trustee Expenses

Trustee expense claims should be submitted for first authorisation by the CEO (or the Director of Corporate & Business Services in the CEO's absence).

An annual summary schedule of expenses payments made to the CEO and individual Trustees will be reported to the Council meeting in May each year.

APPENDIX 8: SCOPE OF SERVICES TO BE PROVIDED BY JS2

Bookkeeping

JS2	CIHT
<p>Prepare sales invoices as required.</p> <p>Maintain sales ledger and provide aged debtor analysis as required.</p> <p>Supply statements as required and assist by way of formal debt collection letters when required.</p>	<p>Provide details of sales invoices to be raised.</p> <p>Review sales ledger and refer relevant queries.</p> <p>Perform day to day debt chasing.</p>
<p>Enter receipts on Sage.</p> <p>Perform approximate proof in total of cumulative membership income.</p>	<p>Open post; keep log of incoming cheques; prepare banking sheets and bank cash and cheques. Record invoice number against receipts.</p> <p>Provide details of membership income batches and banking from membership database.</p> <p>Provide analysis of income taken by credit card.</p> <p>Provide remittance advices.</p>
<p>Enter purchase invoices.</p>	<p>Authorise and code purchase invoices.</p>
<p>Prepare remittance advices and cheques / electronic payment.</p>	<p>Authorise cheques /electronic payment and send out</p>
<p>Enter expenses.</p>	<p>Collect authorised and coded staff expenses</p>
<p>Enter petty cash expenses.</p>	<p>Maintain petty cash book and supporting vouchers; reconcile to</p>
<p>Enter credit card expenditure.</p>	<p>Authorise and code credit card statements.</p>
<p>Enter payments.</p>	<p>Provide details of any payments made directly by CIHT.</p>
<p>Enter payroll journal.</p>	<p>Provide payroll reports and staff allocation percentages.</p>

Bookkeeping (continued)

JS2	CIHT
Check supplier statements and investigate differences.	
Deal with queries relating to accounts.	Refer relevant queries.
VAT – prepare and file quarterly returns for CIHT and for other organisations that CIHT provide secretarial services for (as agreed between us)	

Monthly management accounts

JS2	CIHT
Reconcile all bank accounts, control accounts (purchase & sales ledgers, credit card, payroll,	Provide copy bank statements or online access.
Process accruals, prepayments, deferred income and depreciation.	Provide details of any material expenditure incurred not yet invoiced.
Prepare income and expenditure report, balance sheet. Provide supporting schedules pack.	Review and discuss.
Conduct budget reviews with each manager to highlight any adjustments, clarify any unexpected entries and to assist them in their year-end re-forecast. Budget reviews to be onsite or through telephone/email.	To meet or communicate with JS2 and discuss management accounts, to clarify and provide details of any adjustments. To provide the year end re-forecast for compilation
Work with the Director of Corporate and Business Services to compile a monthly summary of significant variations and highlight any risks/issues that might impact on year end position	Work with JS2 to compile a monthly summary of significant variations and highlight any risks/issues that might impact on year end position

Year-end statutory accounts / other

JS2	CIHT
Prepare draft statutory accounts for audit for CIHT and Appian Trading and other entities as agreed from time to time between us.	Review and discuss.
Prepare schedules required for audit.	
Liaise with auditors.	
Attend audit planning and clearance meetings	
Reconcile pension scheme contributions and provide directly to pension advisors or to CIHT responsible manager.	Provide details of pension deductions and statements from pension providers. Online access where possible.
Assist with budget procedure, provide templates for completion and collate information. Allow additional onsite meeting to discuss.	Direct the setting of budget process, completion of individual budget templates and review of complete document.
Attend approximately 6-8 meetings a year on site to discuss management information with the Director of Corporate and Business Services and other Managers.	
Attend up to 6-8 Trustee of Board meetings a year on site to discuss financial information	Advise when needed

APPENDIX 9: Guidance on making a Travel & Subsistence claim (Last updated in Sept 2016)

CIHT policy is that best value is achieved; that costs are minimised and that claims are only made for expenses wholly, necessarily and exclusively incurred in the conduct of the Institution's business. Receipts are required for all costs being reclaimed. Wherever possible, original VAT receipts should be provided for all expense items being claimed.

We would ask you to ensure timely submission of your claims, normally within 3 months of being incurred. A delayed claim seeking reimbursement for costs incurred over six months previously will only be payable in exceptional circumstances.

While it is of course up to you how you travel and where you stay, you need to be aware that the Institution will only reimburse up to the stated maximums set out below unless you are able to offer clear justification for claiming more (for example, a meeting fixed at short notice).

Travel Claims

You should seek to travel by the cheapest route or method, within the bounds of common sense. Meetings are normally fixed a long time in advance and pre-booked train and air fares offer significant savings. Fully flexible fares are significantly the most expensive option and should be avoided.

(1) Public Transport (Bus, Rail and London Underground)

Train travel costs are capped at the full standard class fare for the journey but it is expected that this would be only claimed where it can be clearly demonstrated that cheaper fares from advanced booking were unavailable. Please book travel arrangements as early as possible so best rates can be secured. Staff at Britannia Walk will be happy to book trains for you.

Regular visitors to London who use the Underground or Buses are urged to purchase an Oyster Card/ use contactless payment card which gives lower fares and saves time. CIHT will reimburse the cost of this. Likewise, CIHT will reimburse the cost of a Senior Rail Card or Network Card if this will reduce the cost of your travel to meetings.

(2) Air

Air fares are capped at the peak-time non-changeable/non-refundable flight. 'No frills' airlines offer good value if you can book in advance. Heathrow, Stansted, Luton, City or Gatwick airports can all be reached from Britannia Walk easily.

(3) Taxis

Taxis should only be used as a last resort and only where it is cost effective to do so. We will reimburse the actual cost of a taxi. A receipt must always be provided.

(4) Car Travel

CIHT promotes sustainable travel modes but where travel by private/company vehicle necessarily forms part of your journey CIHT will reimburse you. The journey and the number of miles being claimed should be clearly highlighted on your form. Where a significant journey is

undertaken by private vehicle, and a reasonable public transport alternative is available then the claim should be limited to the guidance set out for the public transport above.

Type of Vehicle	Mileage	Rate
Private car	First 10,000 miles	40p
Private car	Each mile over 10,000 miles	25p
Company car		20p
Passenger	Per passenger (for business purpose)	5p
Motorbike		24p
Bicycle		20p

Airport or station parking costs will be reimbursed (or the taxi/mileage costs of someone taking you to and from the airport if that would be cheaper).

Subsistence

(1) Overnight Accommodation

You can claim for overnight accommodation involved in fulfilling your commitment to CIHT up to the stated maxima set out below;

Hotel Room and Breakfast £85.00 per night (or up to £135 in London)

(2) Meals & Refreshments (whilst on CIHT business)

CIHT will reimburse the cost of meals if you are staying overnight, or if you are travelling for business before 7am or after 8pm and are away from your office/ home for more than half a day.

The maximum spend limits are:

£10 - Breakfast

£12 - Lunch

£22 - Dinner

Normally, purchases of alcohol will not be reimbursed.