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Keighley BID

Financial Procedures

**Background**

This document aims to provide a clear and concise set of processes to govern the financial expenditure made by the Keighley Business Improvement District CIC (the BID).

The purpose of the finance related policies and procedures is to ensure Keighley BID CIC:

* Meets its legal and other statutory obligations, primarily those as set down by The Office of the Regulator of Community Interest Companies and HMRC regulations.
* Directors have proper financial control of the organisation.
* Meets the contractual obligations and requirements of funders.

All staff and Directors with a role in the management/review of finances and procurement are required to comply with these policies and procedures.

**Guiding principles**

The BID exists to deliver the agreed Business Plan for Keighley and all expenditure should therefore be used towards the delivery of this and for no other reason. It is also important that the following principles are adopted when considering any expenditure on behalf of the BID:

* Only individuals authorised by a Board meeting of the Keighley BID shall be responsible for any expenditure on behalf of the BID.
* The proposed expenditure should represent value for money and at least three independent comparative quotes should be sought for any expenditure exceeding £1,000, unless the service cannot be provided by another company.
* Due diligence, care and attention should be taken when dealing with any expenditure and cards, cash, passwords or PIN numbers should be subject to the same precautions as the individual would take if they were dealing with their own finances.
* No financial or other gain should be sought or accepted when undertaking any expenditure on behalf of the BID.

**Annual budget**

The annual budget for the BID should correlate, as far as possible, with the Business Plan. The Board should receive a headline spreadsheet on financial activity against the annual budget in advance of each meeting and be able to request any further detail as may be required.

**Budget monitoring**

As well as the overall scrutiny of the Board, activity against the approved annual budget will be monitored by the Finance Working Group in advance of each Board meeting and this where necessary, will be supported by independent financial advice. The role of the advisors will be to support the creation of financial monitoring systems & reports, to ensure best-practice in financial management and to arrange year-end reporting, including the submission of statutory financial statements & accounts.

**Specific expenditure procedures to be followed**

1. **Use of company Debit cards**

* If approved, a debit card will be issued to a named individual and only they will be authorised to use it – under no circumstances should details regarding the card be disclosed to third-parties.
* A receipt, wherever possible a VAT receipt, should accompany any debit card purchases and this should be filed at the BID offices.
* All debit card purchases should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

1. **Use of online banking**

* If approved, online banking will be set up for a named individual and under no circumstances should details regarding the online account be disclosed to third-parties.
* Any online banking transaction should be accompanied by an invoice or other confirmation and these should be filed on the BID IT system or at the BID offices.
* Secondary approval will be required for all online payments of over £1,000.
* All online purchases should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

1. **Use of cash**

* Given the ability to use a debit card or online banking, cash should only be used in rare circumstances.
* In these rare circumstances, cash should be withdrawn from the cashpoint to the nearest denomination available for the required purchase.
* A receipt, if possible a VAT receipt, should accompany any cash purchases and this should be filed at the BID offices.
* Any resulting change from cash purchases should be securely stored in the petty cash tin at the BID offices and the level of cash held in this tin should not exceed £100 at any time.
* All cash withdrawals should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

1. **Use of cheques**

* Given the ability to use a debit card, online banking or cash, cheques should only be required in very rare circumstances.
* Any cheque would require signing by the approved BID signatory.
* All cheque payments should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

**Purchase orders**

* A purchase order system should be set up to form the basis of the approval of expenditure. Approved signatories will be required and official orders should be sent to suppliers to demonstrate that a cost has been approved. For financial control purposes, the person raising the purchase order should not be the person signing it for approval or the person who processes the payment from the bank account.

**Levels of expenditure authority to be observed**

Ultimately, all expenditure will be set and monitored by the Keighley BID Board and the following levels of authority will apply:

1. The Board will approve all high-level project expenditure via a planned budgeting process which will be set and monitored throughout each financial year. This will provide the financial structure for all projects.

2. Those who are advised to make expenditure on behalf of the Board will be expected to observe the following levels:

Up to £1,000 – no specific prior authority required, although to form part of regular update to Board signatories.

£1,000, up to £7,500 – prior Board signatory member authority to be sought by email and to form part of regular update to Board signatories. Three quotes to be sought.

Over £7,500 – prior approval to be agreed by BID Board. A tender process will be followed unless only one company can provide the service.

**Banking arrangements**

The BID bank account is held with Barclays and this allows for online banking and electronic signatory authorisation.

**BID income**

Whilst the majority of BID income will derive from invoicing the Council for levy income, as outlined within the BID Operating Agreement, there will also be a number of invoices which the BID raise to other organisations and the expectation is that the resulting income from invoicing will be received via electronic transfer and should be monitored via an invoice tracking system. All receipts should be reconciled against the bank statement at least once per month and, in the rare event that any income is received by cash, this should be banked as quickly as possible as a single and fully intact deposit.

**Financial reporting**

The BID Board signatories will receive monthly financial updates detailing all income and expenditure.

**Independent Examination of the Accounts**

As Keighley BID CIC income is currently between £25,000 and £500,000, Community Interest Company law requires us to have an ‘independent examination’ of our accounts on an annual basis. This service is provided by the BID commissioned accountants.

**IMPORTANT NOTE – it is expected that at least monthly checks will be made by Board signatories on both the BID bank account(s) and any associated expenditure records. Failure to follow the above procedures could lead to disciplinary action being taken by the BID Board which, in the case of BID employees, could result in their dismissal.**