

CHAPTER 5: SCHEDULE 2 – Financial Procedures

1. Principles of financial control

The objectives of these procedures are to ensure that the finances for Wimbledon Park Co-operative Ltd (WPC) are fully recorded, payments are made only within the guidelines approved by the Board, and monies that are put aside for specific purposes are used for those purposes. Leaseholders and tenants will be kept informed of the overall financial position by the Board. Controls are in place to minimise the possibility of fraud or embezzlement.

The Treasurer has overall responsibility for ensuring that the controls and procedures are suitable and applied. This statement does not absolve Board members of their responsibilities for ensuring that proper controls and procedures are used.

The procedures and limits in this document may be changed under the following procedure: Any proposed change shall be made in the form of an amendment to these procedures, which is to be submitted to the Board for approval. A copy is to be sent to Wandsworth Council (Council), who has the right to veto the change. A veto can be overturned at a WPC General Meeting, during which the views of the Council must be presented.

The Treasurer is responsible for keeping these procedures under review and recommending changes.

2. Banking arrangements, borrowing, and Investments

2.1 Banking arrangements

The Treasurer is responsible for ensuring that the bank account arrangements are suitable to meet WPC's needs. Accounts may be opened at a bank or building society. For the purpose of this document, both types of accounts will be called bank accounts. All such accounts must be in WPC's name.

The name of the bank branch, account numbers, and the names and addresses of the cheque signatories must be advised to the Council at the same time as the bank is informed of changes.

WPC shall have between two and four cheque signatories, who must be Board members. A cheque signatory shall approve any charges made by the bank and any transfer of amounts between WPC's accounts within the bank. The Treasurer is responsible for ensuring that the bank statements are reconciled within 10 days of the end of each month.

2.2 Borrowing

Borrowing may be arranged only if the source of funds for repayment is clearly identified and set out to the Board. Loans to cover delays of up to one month in receiving the allowance from the Council may be agreed by the Board. Loans to cover longer periods or greater amounts will be approved only after Board

members have received a cash flow forecast. The maximum amount which may be borrowed may not exceed six times the monthly allowance. The Council must be advised when a loan is being negotiated.

2.3 Investments

WPC shall not, without the prior consent of the Council, invest surplus cash balances in any form of investment other than a secure short-term deposit account. The MMA requires that any money invested shall be capable of being withdrawn by WPC giving not more than three months' notice of withdrawal. The Treasurer is responsible for investing surplus funds after consideration of the date the funds will be needed, possible contingencies, the returns obtainable, and any penalties due on early withdrawals.

3. Budgetary control

The Treasurer is responsible for ensuring the preparation of a budget, which must set out the sources of income and anticipated expenditure. This is to be approved by the Board before the start of each financial year and by a General Meeting at the earliest opportunity. The budget must be sent to the members two weeks before the General Meeting. The Modular Management Agreement requires the Treasurer to send a copy of the budget to the Council before the commencement of the financial year.

Changes to the budget may be made by the Board and subsequently approved by a General Meeting. A budget change is defined as anything which would cause the annual expenditure to exceed the annual allowance; a reserve in surplus to become a deficit; or any change of more than 10% between the budget headings set out in Annex A of Schedule 2, or 10% of the annual allowance, whichever is greater.

The Treasurer is responsible for monitoring performance against budget and this is to be reported to the Board at least quarterly. The report should be as laid out in Annex A and in addition show for each heading: the budget to date, actual expenditure to date, variance, committed or contracted expenditure, expected total expenditure for the year, and the total budget for the year.

The Treasurer shall report all bank balances at each Board meeting.

4. Members' expenses

Expenses incurred by members to further the aims of WPC may be met by WPC, provided that such costs have been approved in advance by the Board. Such reimbursements are only for costs actually incurred; general allowances shall not be paid. The expenses may include travel, subsistence, and child care. Losses of earnings are not eligible for reimbursement. When expenses are incurred by a cheque signatory, such claim must be signed by two other authorised persons. Any expense which results in the sum being charged to UK income tax must be declared to the Secretary, as such amounts must also be declared in the annual return.

Advances may be made for planned expenditure incurred by a member in relation to WPC. Such advances may not be made more than one month before the cost is incurred. Advances may not be made for the purpose of buying shares in WPC, as this would be illegal.

Expense claims must be submitted to WPC within six months of being incurred or will not be paid, except at the discretion of the Board.

5. Orders and payments

5.1 Orders

Written orders must be raised for any repairs or other works ordered. Designated WPC staff member(s) may order work or materials up to a designated amount agreed by the Board, provided that the work was budgeted and the budget heading is not exceeded, according to the table shown below.

Type	Amount	Must be authorised by	No. of written quotes required
Work	under £500	Administrative Staff	1
Work	£500 to £1,749.99	Estate Manager	1
Work	£1,750 to £2,499.99	Estate Manager	2
Work	£2,500 to £9,999.99	Estate Manager	3
Work	£10,000 or over	Competitive tender authorised by Board, then agreed at General Meeting *	3
Goods	under £1,000	Estate Manager	1
Goods	£1,000 to £1,499.99	Estate Manager	2
Goods	£1,500 or over	Board	3

** Where the cost of the work is predicted to cost £10,000 or more, the work must be subject to a competitive tender. This requirement can be waived by a General Meeting for specified sections of work for specified periods not to exceed two years.*

Authorisations are to be written on a copy of the order. Such authorisation may not be given by someone whose dwelling obtains a direct benefit from the work unless it is part of a programmed repair scheme already approved by the Board.

Any contract made with a leaseholder or resident to perform work on behalf of WPC must be approved in advance by the Board and noted in the minutes. Board members who are related to or have a business arrangement with the leaseholder or resident must declare an interest and may not take part in the discussion or decisions.

5.2 Payments

All payments or withdrawals require two signatories. For amounts of £100 or more, one of the signatories must be an Officer of WPC. Cheque signatories may not be related to each other nor live in the same dwelling. The Board must approve bank signatories, and this must be minuted.

Cheques may not be signed unless the payee and the amount have been written on the cheque. Cheque signatories shall initial the invoice or equivalent supporting documentation as evidence that they verified that:

- The order was authorised, where applicable;
- An invoice supports the claim (except in the case of advance payments or payments for which the recipient signs a receipt); and
- There is supporting evidence that the service or goods were satisfactorily received such that payment is now due (which may be a letter of satisfaction from a tenant; or a committee member or member of staff signing the document to say that the goods or services were satisfactorily received).

All payments by cheque must be recorded in the cheque book stubs. Spoilt cheques must be defaced and retained.

WPC must not cash personal cheques.

The Treasurer must ensure that a numbered receipt file is used to record WPC's cash transactions. This should be updated at least every month and reconciled to the bank account.

6. Payroll

Employees shall stamp their time cards when starting and finishing work. The Estate Manager shall prepare and sign time sheets based on the time cards. Payroll payments shall be made monthly through BACS. Full records are to be kept of the tax deductions, National Insurance deductions, and other statutory deductions. The Staff Supervisor Liaison Officer shall undertake quarterly spot checks of the time cards and timesheets.

Overtime must be approved in advance by the Board. The Board may delegate the authorisation of overtime to supervising staff, provided this is minuted and a budget is set. Overtime required for an emergency may be authorised in arrears. Overtime must be clearly identified on the time sheet.

7. Petty cash

A petty cash float of £100 will be held in the office safe. The float total will at all times be represented by cash and/or petty cash forms representing expenditures.

Petty cash should be used only for items costing less than £25; any expenditure over that amount must be paid by cheque unless prior approval has been obtained from the Board.

Claimants will complete and sign a petty cash form stating the claimant's name, amount, date, and purpose of the expenditure. Claimants must make every effort to obtain proof of expenditures.

The Treasurer shall report to the Board annually the total expenditure incurred through the petty cash float. The Treasurer has the right to conduct a count of the petty cash float without notice at any time.

8. Income

The Estate Manager shall raise an invoice to the Council each month for the amount due under the agreed allowance.

The Estate Manager shall review all job tickets for rechargeable repairs and raise invoices each month as appropriate. Where work is being recharged, the cost of materials and stores consumed and work shall be at current replacement prices.

9. Bad debt write-off procedure

In cases where a rent account has been handed back to the Council, the Council will provide written authorisation of bad debt write-off to WPC, for approval by WPC's Board.

In all other cases, including repairs, the Estate Manager will take all possible steps to recover bad debts. Where there is no possibility to recover a bad debt, the Estate Manager will submit the bad debt to WPC's Board for consideration of write-off. The submission must include the amount of debt, the cause of the bad debt, and what steps have been taken to attempt to recover it. Bad debt may be written off only when authorised by the Board.

10. Security of cash

All cash is banked every week and is stored in a locked safe every night. The Estate Office is secure and alarmed. A maximum of £250 may be held in the Office or by staff or WPC members at any time.

11. VAT

WPC is registered for VAT. At the end of each financial quarter, the VAT amount to be paid is processed in WPC's accounting system, then submitted to HRMC via its website. VAT is paid through direct debit.

12. WPC membership

Membership in WPC is open upon request according to the eligibility criteria set out in the Rules.

A new member must pay £1 to purchase his or her share. Immediately upon membership, the member's name and address shall be recorded in the register of members and a notation made that he or she has paid the subscription. A share certificate will be signed by the Secretary and given to the member or despatched to his or her home address. A duplicate copy of the share certificates will be kept, and also a duplicate copy of the register, as required by the Industrial Provident Societies Act and our constitution.

Any person who ceases to be eligible under the membership categories or who has been expelled as a member must be marked in the register as no longer a member. Prior to each Annual General Meeting the Secretary shall review the membership list to satisfy him or herself that the list of members is current.

13. Asset management policy and asset register

WPC maintains a register of assets. Assets are checked and controlled annually, and are maintained and repaired, including procurement of maintenance contracts as necessary. Assets are depreciated as described in Chapter 5, Schedule 3, paragraph 1.c.

14. Insurance

WPC will annually review its insurance arrangements to ensure it has adequate cover and has secured value for money.

15. Rent accounting and other income

Rent accounts will be maintained on the rental software system. Credits will be posted onto each account within three working days of receipt of notification from the bank. Housing benefit credits will be posted onto each account within three working days of receipt of notification from the Council.

Rent statements will be sent quarterly to each tenant. Any tenant may request a rent statement at any time, to be provided within three working days.

The Estate Manager will submit a rental income report to the Board each quarter detailing the level of rent collection, level of arrears, and action taken on each account in arrears on a monthly basis. The report will not include any details regarding tenants.