



Internal Financial Policy

This policy applies to all office holders and employees of the Graduate Union. It was adopted by the Board of Trustees on 29 March 2016 and was last reviewed on 11 July 2017. It will be reviewed every two years.

This policy has been drafted in conjunction with Charity Commission guidance to ensure that the GU meets its legal duties concerning the safeguarding of charitable funds, and that the organisation administers its finances in a way that appropriately manages risk. It covers monitoring activities, controls on expenditure and the reimbursement of expenses, and controls on income.

Monitoring

- 1) Ongoing monitoring must take place to ensure that controls are being complied with and that adopted processes are sufficient to minimise risk to the organisation.
- 2) Budgeting is a key aspect of the organisation's monitoring procedures and must be carried out diligently.
 - i. The annual budget must be agreed by the Board of Trustees prior to the start of each financial year.
 - ii. The annual budget must be reported to CCSSU prior to the start of each financial year.
 - iii. The annual budget must be reported to the GU Council each financial year.
 - iv. Significant changes to the budget must be reported to the Board and to CCSSU.
- 3) Performance against the budget must be routinely monitored throughout the financial year in the following ways.
 - i. The Finance Clerk should produce monthly management reports detailing to-date income and expenditure across all lines.
 - ii. Any areas of significant under or over performance within the reports which lead to any areas of concern must be identified and brought to the attention of the Trustees.
 - iii. The Board must, at each full meeting, be provided with a comparison of budgeted to actual financial performance, alongside an explanation for significant variances.
 - iv. Performance against the budget must be reported to CCSSU on a regular basis.
- 4) In line with both the GU's statutory and constitutional obligations, in addition to the requirements of the University, an audit of the accounts must be undertaken on an annual basis.
 - i. An initial meeting with the auditors should be held prior to the end of the Long Vacation following the end of the financial year being audited.

- ii. In conjunction with the audit process, an annual stock-take must be undertaken in order to provide a valuation of all trading and office stock, including stationery, merchandise and bar stock.

Controls on Expenditure

- 5) Expenditure must be necessary. Therefore, when making a purchase, all GU personnel should consider whether it is absolutely necessary.
 - i. The purchase itself may not be necessary; for example, the GU may already have the item in stock and may not need a replacement.
 - ii. Paying the price quoted may not be necessary; for example, there may be another supplier able to offer the product for a lower price. If the planned purchase is greater than £50, quotes should be obtained from at least two different suppliers. Purchasing from the cheapest supplier is not necessarily required, however, whether a supplier offers value for money should be a consideration within the decision-making process.
 - iii. The GU is a charity, and all expenses must be seen as a use of charitable funds. The majority of the organisation's funding derives from student contributions (either via the University or Colleges), and it can therefore be helpful to consider whether a transaction would represent a good use of students' money when making a purchase.
- 6) All purchases must have the appropriate level of authorisation. Only trustees have the power to authorise expenditure.
- 7) When making a purchase there are generally two points of authorisation: at the time of ordering, and at the time of payment. These two points may occur simultaneously, for example if a purchase is made using petty cash. However, as the GU's preferred method of billing is by invoice, the following guidelines apply to the majority of transactions.
- 8) The correct level of approval must be sought before a purchase is made. If approval is needed at the time of ordering, the time obtaining this approval will require must be taken into account.
 - i. Purchases of up to £100 must be approved at the time of processing by the President, in the form of a dated signature upon the corresponding invoice.
 - ii. Purchases of more than £100 but not more than £250 must be authorised by the President prior to making an order or purchase. Such authorisation should take the form of a signed purchase order, or if this is not possible or appropriate, be documented clearly in writing.
 - iii. Purchases of more than £250 but not more than £500 must be authorised by the President and countersigned by a second trustee prior to making an order or purchase. Such countersignature must take the form of a signed purchase order.
 - iv. Purchases of more than £500 but not more than £1000 must be authorised by the President and countersigned by a second trustee prior to making an order or purchase. Such countersignature must take the form of a signed purchase order, and a copy of this must be reported to the Board of Trustees at its next meeting, alongside the standing financial update under 3.iii.

- v. Purchases above the level of £1000 must be approved by a majority of the Board. Such authorisation should occur either at a Board meeting or via circulation, with affirmative responses documented in writing. A purchase order should then be signed by two trustees.
 - vi. If the President is unable to authorise a purchase, another Trustee may deputise.
- 9) All purchases also require subsequent authorisation at the point of payment.
- i. Upon receiving an invoice, the Manager must check the amount against the order. If the price is correct and the goods/services have been received, the invoice must be passed onto the President alongside evidence of approval at the point of ordering, if applicable.
 - ii. The President may request to see evidence that purchases have received the necessary level of authorisation before signing to approve the payment. Invoices or requests for payment that do not have the supporting authorisation may be subject to further investigation prior to approval or rejection.
 - iii. Authorisation at the time of payment should take the form of the President's signature and date on the invoice itself.
 - iv. Invoices should then be passed to the Finance Clerk for payment. Secondary approval will subsequently be given by University Finance.
- 10) All petty cash payments must be recorded correctly alongside the required supporting documentation.
- i. Petty cash must be stored in the safe, and only retrieved by the President or Manager.
 - ii. All cash payments must be recorded on the petty cash imprest form.
 - iii. A receipt must be obtained when any cash payment is made. The receipt must be placed with the updated imprest form as soon as possible after a payment has been made.
 - iv. All petty cash expenses must be checked and signed for by the President, at the time the imprest form is to be validated by the Finance Clerk before submission to the university.
 - v. The petty cash float kept is £70- it is expected that cash payments will, unless in exceptional circumstances, be no more than £20. The President should check the payments documented and ensure that receipts have been filed. If content, they should sign the imprest form.
 - vi. If the imprest form contains entries made by the President, the form must be countersigned by another trustee.
 - vii. The Finance Clerk must also sign the imprest form to acknowledge the above.
- 11) Officers of the Executive Committee must be briefed on the requirements of these controls upon their taking up of office.
- i. Executive Committee officers may spend no more than what is allocated to their budget line within the annual budget.
 - ii. In accordance with 8.i., payments of less than £100 may be sanctioned by Executive Committee officers, to be approved by the President at the time of processing.
 - iii. Officers must comply with 8.ii-8.vi if planned expenditure is greater than £100.
- 12) Agreements necessitating regular scheduled payments, such as those agreed by contract (including equipment lease costs) are subject to additional provisions.

- i. No individual has the authority to enter the organisation into a contract that necessitates regular payments being made.
- ii. The signing of any contract must be authorised by a majority of the Trustee Board, either at a quorate meeting or via circulation, and this authorisation must be documented.
- iii. The Board may request to review any contract or agreement in relation to recurrent services at any time, subject to the terms of that contract.
- iv. Payments arising from a pre-existing agreement in relation to recurrent services need not be subject to the restrictions under 8), although all payments must be authorised by following the procedure under 9.iii. For the avoidance of doubt, this includes payments made under the GU's arrangement with J.S Wilson & Son for thesis binding.

Controls on Reimbursement of Expenses

- 13) Where possible, purchases should be made by arranging for the organisation to receive an invoice, or where appropriate, using petty cash. Significant expenses should not be made by individuals unless there is no alternative. If such an expense is planned, a full-time staff member or officer must first be consulted.
- 14) When an employee or office holder requires reimbursement for a genuine expense accrued on GU business, they must complete the appropriate expense claim form supplied by the University Finance Division: <http://www.finance.admin.cam.ac.uk/finance-staff/accounts-payable/expense-claims/expense-forms>
 - i. Claims must be supplemented by appropriate evidence, such as a receipt or travel ticket.
 - ii. Claims must be made within 3 months of purchase.
 - iii. Expense claim forms must be approved by the President. If above the level of £250, they must be countersigned by a second Trustee, and if above £500, reported to or approved by a majority of the Trustee Board in line with the controls outlined in 8).
 - iv. If the claim is made by the President, another Trustee must deputise in providing the approval outlined in 14.iii.
 - v. Expense claims must not be reimbursed using petty cash.
- 15) In reference to travel expenses, if undertaking a journey on GU business, the cost of the journey will only be reimbursed if travel is necessary and if every attempt has been made to limit the cost.
 - i. Train fares should be off-peak fares wherever possible. First or business class fares will not be reimbursed.
 - ii. Taxi journeys should only be claimed for if necessary (i.e. if public transport does not provide a realistic alternative).
 - iii. For car travel, mileage can be reimbursed at the rate of 45p per mile.
 - iv. Travel by staff during the working day would not normally be reimbursed, unless in exceptional circumstances such as a requirement to be carrying out GU business at a location some distance from the usual place of work. Journeys from work to personal appointments will not normally be reimbursed.

- v. Travel expense claims for attending Trustee Board meetings will normally only be considered if from Alumnus and External Trustees, unless other trustees live permanently at an address outside of Cambridge.
- 16) Accommodation and subsistence expenses will only be reimbursed by prior agreement, obtained in writing from the President (or a deputising Trustee if required), up to a maximum of £40 per night. Subsistence costs of up to £15 per day may be claimed.
- 17) If an expense is planned and doubt exists as to whether the GU would reimburse the cost, a full-time staff member or officer should first be consulted.

Controls on Income

- 18) Takings from front desk services must be stored in the GU's main safe at the end of each trading day.
 - i. Only the Manager and President are permitted access to the main safe.
 - ii. The only cash stored elsewhere out of office hours should be the till float.
- 19) Takings should be deposited at the bank weekly by the Finance Clerk.
- 20) Payments for shop services should be in cash (or if feasible, by debit card) only. Unless in exceptional circumstances (for example, a bulk order from a reliable source such as a University department), payment for front desk services by invoice is not possible.
- 21) If payment to the GU has been agreed by invoice, the Manager should raise an invoice immediately and check all details against what has been agreed.
 - i. Payment terms should not exceed 30 days.
 - ii. A copy of the invoice must be provided to the Finance Clerk, who should be instructed to confirm with the Manager once a payment has been received.
 - iii. If payment has not been received within 30 days, the Manager must make attempts to collect the payment immediately.
- 22) Prices charged for services must be reviewed annually.
- 23) Stock purchases are subject to the conditions under **Controls on Expenditure**.
 - i. In accordance with 5.i., before any order for stock is made, stock reserves must be checked to ensure that stocks of the item require replenishing.
 - ii. If any item is found to be unduly abundant, during an annual stock take or at any other time, it should be noted and not replaced until levels have dwindled sufficiently.