

Volunteer It Yourself (VIY) Financial Controls

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1. Financial control responsibilities

Our Board has ultimate responsibility for financial controls across the company. We have systems and processes in place which involve most of the organisation (and are covered below) to protect our assets, mitigate the risk of any financial related wrong-doing and fraud, and ensure that we maintain robust financial records and reports.

These systems and processes are reviewed, on an annual basis, by both the Board and VIY's external Advisory Board.

Financial control duties (as detailed in this document) are delegated by the Board to multiple employees to avoid the risk of having one person in charge of all business financials.

We also work with external chartered accountants (TWP Accounting) who manage our payroll and create our year-end accounts (with the input/support of our Book-keeper and the Board). TWP also audit expenditure on our programmes when stipulated by clients.

2. Agreeing/managing programme budgets

All programme budgets and payment schedules are agreed with/approved by our clients and funders at the contracting phase pre the delivery of activity commencing. All budgets and invoicing schedules are approved/signed-off by the COO.

These budgets – and the related cost centres/line items – are based on predicted spend for any given programme/project over time, including the use of standard charge-out rates for VIY staff/team members.

Once a programme or project is agreed/signed off, all budget information including predicted spend is uploaded on to Xero (our online accounting software) by the programme teams and our Book-keeper, and all related expenditure is subsequently recorded/reconciled through Xero.

3. Maintaining online records

All programme-related financial information, documents and records are stored on Xero. Key responsibilities here include:

- Our Book-keeper has access to upload invoices and receipts, assigning them to projects and pre-agreed cost centres/line items
- The wider programme teams have access to upload expenses
- The Board/Company Directors, along with our external accountants TWP, have access to all of the above, plus reporting functions – e.g. monthly management accounts (balance sheet, profit & loss statement)

Programme-records on Xero are updated on a rolling basis by our Book-keeper and monitored monthly (at least) by the COO.

All year-end accounts, tax-related information and documents, and payroll-related documents are stored on TWP's online portal.

4. Managing/protecting income received

All income VIY receives – whether from grant-giving organisations, corporate funders, public sector bodies (e.g. local authorities/councils) or other sources – is confirmed and governed by contract, letter of agreement and/or service level agreement, with income amounts and payment methods/schedules agreed up-front.

Regarding the types of income we receive:

- The vast majority of our income (95%+) is received by bank transfer
- We occasionally receive payment by cheque, with the cheques being banked within one week of receipt
- We never receive cash payments

In all cases, it is the responsibility of the programme management teams to ensure that all restricted income received is spent correctly (i.e. in line with client contracts/agreements and programme deliverables). This is checked by the Book-keeper and COO when claims/invoices are made/submitted (usually against the successful completion of milestones). Grant claim/invoice amounts and timings are calculated/based on predicted cash flow and forecasted expenditure across the programme or project delivery period.

In line with agreed invoicing schedules, invoices are raised (within the specific project on Xero) by our Book-keeper, checked by our COO and distributed via the Programme Directors/Programme Managers/Project Managers.

If invoices are overdue, which is highlighted on Xero, the Programme Directors are instructed to chase payment accordingly. Debtors are reviewed on a monthly basis by the Book-keeper, CEO and COO.

5. Reviewing all outgoing payments

5.1 BACS payments and monitoring invoices

The majority of our payments are made via BACS against invoices received and all suppliers are required to submit detailed invoices.

All outgoing payments are checked/reviewed by the Project Managers, Book-keeper and ultimately the COO and compared to invoices. We also specifically monitor the following:

- Duplicate invoices
- Invoices for the same amount
- New suppliers/payees
- Multiple invoices from the same supplier over a short time period

Project Managers are briefed on what a supplier invoice should include (i.e. the correct date, an invoice number, sufficient detail/descriptions re what project/s the work relates to) – and suppliers are briefed/reminded to submit detailed and accurate invoices.

5.2 Spending limits/approvals

Payments up to £750 need to be approved by a Programme Director/Manager, whilst payments over £750 need to be approved by a Company Director.

NB: For the programme management teams, all project expenditure is governed by VIY's Project Spending Rules to which all VIY staff must adhere.

5.3 Company debit cards

Company debit cards are only held by Company Directors, Programme Directors and Programme Managers and therefore all payments made by a company debit card must be checked and approved by these people.

Debit card statements are checked by the Company Directors for accuracy on a monthly basis.

We do not have/use company credit cards.

5.4 Cheques

All cheques have to be counter-signed by two Company Directors. NB: the VIY bank account has two signatories, the CEO and COO.

5.5 Cash payments

We do not make cash payments/petty cash transactions with company funds.

NB: Team members do sometimes make cash payments with their own money, which are then claimed back within their expenses.

5.6 Expense payments

Team members submit their expenses, via Xero, on a monthly basis. All expenses are approved by a line manager, then checked/paid by the Book-keeper and COO.

5.7 Standing order payments

Where applicable, standing order payments are made. These are checked/reviewed on a monthly basis by the Book-keeper and COO.

6. Reviewing payroll

Payroll is run, via instruction from TWP, on a monthly basis by direct deposit and paid on or before the 27th of each month. All staff receive payslips, which are checked on an individual basis by the Book-keeper and COO prior to payment.

7. Reviewing bank statements and expenditure

Bank statements are reviewed/reconciled in detail by both the Book-keeper and COO on a weekly basis, and reviewed by the CEO every month.

We currently use two bank accounts, a current account and a holding account. The current account is for everyday banking, whilst the holding account is for surplus monies, grant payments that are made in advance and unspent loans.

Any missing invoices or receipts linked to expenditure that have not been uploaded on to Xero are investigated by the COO.

8. Maintaining asset registers and inventory controls

Asset registers/inventories are kept for the following:

- Office equipment
- Tools and materials stored centrally
- Tools and materials retained by the Lead Mentors

The receipt and release of tools and materials stored centrally is monitored and controlled by the Project Managers to ensure they are used for the purpose intended – i.e. solely for use on VIY projects. NB: We receive the majority of these tools and materials in-kind from our trade sector partners.

The asset registers are updated on a quarterly basis, with the designated persons responsible required to check/confirm both the condition of the equipment/tools/materials, as well as the levels stored or retained.

9. Maintaining monthly cashflow projections

Cashflow projections are updated/generated by the COO and reviewed by the CEO on a monthly basis. They are also reviewed by the Board every six weeks. Predicted vs actual income and spend is specifically tracked by the Book-keeper and monitored/evaluated by the COO and CEO.

10. Monitoring debt and cashflow

We have never gone overdrawn. We currently have two loans, from The Postcode Innovation Trust (accepted to support our growth and scaling) and a government Covid-19 Bounce Back Loan (taken out as a precaution and which currently remains unspent in a separate company bank account as a safeguard against a sudden cashflow need or issue). We ensure that loan repayments are made as agreed (this is monitored by the Book-keeper and COO) and these repayments are incorporated/allowed for in our rolling cashflow projections.

11. Regularly updating management accounts

The balance sheet and profit & loss report are updated/generated by the Book-keeper and reviewed by the CEO and COO on a monthly basis. They are also reviewed by the Board every six weeks.

12. Submitting annual accounts

Our accounts are filed with Companies House annually, along with a CIC 34 report. The accounts are drafted by TWP and signed off by the Board (and included as an action within our company-wide Governance Calendar). Our CIC 34 report, which is also signed off by the Board, is reviewed by our Advisory Board.

13. Updating financial policies

We have existing policies in place that are linked/related to financial management controls and malpractice (Financial Probity Policy and Whistleblowing Policy). These policies are reviewed/updated annually. All staff have to read and confirm their understanding of (and adherence to) these policies.

14. HR/staff checks

We conduct background checks prior to employment (for all staff, including those whose job involves finances). All staff/team members, whether full-time or part-time, are under employment contract or subject to a contract for services.

We ensure that team members directly involved with finances, higher level approvals and payments (i.e. our Book-keeper, COO and CEO) take annual holidays, during which they have no financial involvement and their finance-related responsibilities are temporarily delegated as appropriate.

15. Reviewing insurance cover

Our insurance cover is reviewed and renewed on an annual basis, every October, to ensure that it meets our needs. We currently have Public Liability cover of up to £5m and Employers' Liability of £10m. NB: reviewing/renewing our insurance is included as an action in our Governance Calendar and is discussed annually at Board level.