



Alehm LEHP Financial Controls

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Accounting requirements

- a) The financial year shall be from 1st April to 31st March unless changed by resolution of the executive. The Executive agreed to change the financial year date from 1st January to 31st December at their meeting on the 18th November 2015 and this decision is recorded in the minutes.
- b) A financial report in the format agreed by the executive shall be produced and presented quarterly to an executive meeting.
- c) An annual accounts report shall be prepared in the format required by the Charity Commission and/or Companies House.
- d) The annual accounts shall be subject to independent review before submission to the Charity Commission and Companies House.
- e) The executive may appoint a book keeper to independently record all expenditure and income and reconcile accounts with the bank account.

The charity's organisational structure

From 1st April 2018, the charity established formal employment contracts for permanent and temporary employees.

Employees employed by Alehm consist of the following:

- a) A secretary responsible for the administrative and strategic support for the organization. They provide company secretarial support to LEHP and Alehm and are contracted to work up to 80 hours a month.
- b) A trustee project manager who carries out the work of the secretary and coordinator, in their absence, as well as managing any externally funded projects for Alehm and supporting the technical groups. Contracted hours 15 hours a month, plus additionally funded hours from external projects.
- c) A coordinator who manages the operational and membership activity and covers for the secretary where necessary. Contracted on a 12 month contract until 7th July 2020 working up to 80 hours a month.
- d) An administrative officer provides administrative support for Alehm's activities, including managing subscriptions, managing bookings for training courses and student activities, contracted to work 20 hours a week.
- e) The Executive will agree before the start of each financial year the maximum hours to be worked each month by all Alehm staff, to ensure Alehm operates within its means.
- f) Alehm has a number of technical groups consisting of unpaid volunteers that support members' activities. These groups meet regularly and hold minuted meetings. Alehm's officers attend the meetings, provide technical and administrative support and allocate trainees and other appropriate officers to keep minutes and undertake projects to gain experience in a range of areas.
- g) Alehm will appoint additional financial businesses as directed by the Executive to undertake book keeping, accountancy and audit/independent review, as considered necessary. Details of current appointments and dates of minuted decisions to be recorded in appendix 9.

Trustees' liabilities

The Trustee liabilities are contained in the Memorandum of Association and Articles of Association of the London Environmental Health Practitioners. Alehm holds indemnity insurance to protect its elected trustees from being personally liable for any action taken against the organisation. Current insurance details are listed in appendix 9.

Delegation of financial duties to employees or other officers of the charity

The Alehm secretary and coordinator shall be the officer(s) appointed under this part of the rules.

Duties include

- Managing the accounts software and ensuring all records are maintained and kept up to date.
- Managing salary payments and ensuring HMRC and NEST pension requirements are met.
- Producing financial reports for trustees.
- Reconciling bank account payments and income and project accounts with the main accounts in Xero.
- Ensuring financial procedures remain up to date and are followed. (List of current procedures and review dates in appendix 5)
- Checking invoices, obtaining payment clearances and making payments.
- Issuing invoices, chasing payments and reviewing income and expenditure.
- Keeping appropriate records to meet Companies House, Charity Commission and any independent funders' requirements.
- Liaising and providing information as required with appointed book keeper, accountant and external auditor
- Filing annual reports to Companies House, Charity Commission and HMRC

Pension Arrangements

Alehm has set up workplace pension arrangements with NEST, the government pension provider. All staff earning above the annual limit (£10,000 in 19/20) will be enrolled into the NEST pension scheme. Alehm's payments are set at the legal limits of 5% for employees and 3% for the employer.

Pension payments are linked to the Xero payroll and is submitted each month following submission of the monthly pay roll.

Employees may opt out of the scheme, if the wish. See appendix 9 for details.

Basic internal controls

- The secretary shall manage the financial arrangements.
- An accountancy firm appointed by the executive shall advise the secretary on management of the financial arrangements and prepare the statutory accounts for the annual report. (see appendix 9)
- The executive shall approve the list of bank account signatories and the issue of debit cards to individuals.

Segregation of duties

- Custody of assets: The current account and deposit account are managed by the secretary, and a list of recent transactions and weekly account balances are sent

to the Chairman and deputy on a weekly basis, to scrutinise the payments and ensure balances are correct.

- Authorise the use of assets: The persons responsible for making payments and the payment limits for authorisation of payments is agreed by the executive. The payment limits and signatories are set up with the bank by the secretary. See appendix 1 and appendix 6.
- Record keeping of assets: All transactions are recorded in the Xero accounts package and independent records are maintained of all specific funds that make up the Alehm accounts. These are managed by the secretary and provided to the accountants to undertake the statutory accounts and independent review of accounts. Quarterly reports are presented to the Executive and their requirements, approval and comments reported in the minutes of the Board meetings

Description of roles:

- The Alehm secretary & coordinator is/are responsible for invoicing and making payments, either directly or by instructing and supervising the admin support officer or appointed book keepers, maintaining accounts and records, managing on-costs for projects and funded activity, producing financial reports and preparing the annual report.
- The Admin officer is responsible for raising invoices and taking credit card payments, keeping records of all income for training courses and subscriptions, providing reports for the coordinator and chasing non-payment of invoices.
- Trustees acting as signatories will check and approve payments in accordance with financial procedures and monitor the use of the Alehm debit card.
- Trustees will review the financial reports and monitor Alehm's financial position, and agree funding streams and financial priorities. Each year they will agree the level of funding available for operational activity and any other funding for specific activity.
- Book keeper, (not currently appointed), will manage payments and invoices on behalf of the secretary and coordinator and reconcile accounts with the bank account and liaise with the external auditor
- Accountant, will oversee the financial activity, produce statutory annual accounts, advise on legal obligations and liaise with the independent review team.
- External auditor, appointed by agreement with the executive and confirmed at the AGM, will undertake the statutory annual independent review.

Qualification of staff and advisers

Reputable accountancy services company appointed to prepare statutory accounts
Reputable accountancy services company to undertake the annual independent review.

Secretary to seek approval from the executive to obtain advice from appropriate qualified and expert professionals on financial matters as and when appropriate.

Reserves Policy

The executive shall ensure that the organisation maintains a financial reserve of the equivalent of one year of members' subscriptions £40,000 plus £100,000, to provide sufficient funds to maintain liquidity for the operation of externally funded projects, which are often paid in arrears. £15,000 is to be held for any contingencies. Total reserves to be held £155,000. This excludes any deferred funds held for activity in future years.

Postal receipts

Alehm holds a registered address at 4th Floor, 18 St Cross Street, London EC1N 8UN, renewed annually in November. The address is managed by a supplier who holds a deposit to cover the cost of scanning and forwarding post. (Appendix 9)

All formal correspondence is scanned and forwarded to the secretary for attention, and any post which is not suitable for scanning is sent to the home address of the secretary, including bank cards, pin numbers etc.

Public collections

None at present

Fundraising events

None at present

The Gift Aid Scheme

None at present

Banking and custody procedures

All activities to be carried out in accordance with Alehm internal operating procedures.

Checks of income records

A record will be made of all income received, by creating an invoice record in Xero which is reconciled with the bank statement. This includes income received from invoices, credit card payments and cheques. Where income relates to a specific fund or project, separate records will be kept by the secretary and coordinator to demonstrate income and expenditure of each fund and fund/project balances. See appendix 8 for list of current operational funds.

Virtually all income will be received by BACS payment following an invoice being raised in Xero, or by credit card receipts paid into the bank account through Alehm's Worldpay account. Cash income will not be an accepted means of payment. Income received by cheque is accepted following Alehm's internal operating procedures. (See Page 7.)

Controls over expenditure.

Expenditure for routine areas of work will be automatically approved by the executive in accordance with specific controls laid out in the procedure for approving payments. For large, one off expenditure items, specific approval will be sought from the executive.

The procedure for approving payments is reviewed by the Executive regularly and decisions recorded in the minutes. (See appendix 6)

Use of debit cards

The debit card is to be used only for Alehm purposes;

Where expenditure is incurred for a purpose other than for Alehm, the Chair, or a member of the executive must be advised immediately and repayment arrangements agreed.

Details of payments made by debit card holders will be notified to the Alehm secretary within 3 days of purchase along with receipts and payment record of the expenditure, as outlined in appendix 2. The record will include the date, description of payment and relevant budget code for the expenditure.

The secretary will ensure details of the payment are included in the record of expenditure in appendix 2, recorded as a wireless, pin authorised or on-line debited payment, and reconciled with the bank account transaction which is forwarded to the chairman or other authorised signatory each month for review and approval.

Direct Debits

Monthly direct debits are set up by the Alehm secretary, and approved by the Alehm chair. A record of services paid by direct debit is maintained in work sheet (DDS and reg payments) in the **payment schedule spreadsheet** by the secretary. Any significant changes to these mandates or new mandates will be submitted to the chair for approval and records held of this approval. (See appendix 3)

Internet and telephone banking

Alehm's bank account is held by HSBC, with a current and deposit account. (see appendix 7). All financial activity with the bank is through on-line and telephone banking.

Maximum total daily payment is £5000.

- All Alehm employees may be authorised to make payments by these methods. The secretary is notified of all transactions made to and from the account.
- Authorisation to pay an invoice will be made by the person placing the order or receiving the service, which may be an Alehm employee, a trustee or a local authority member representative in accordance with payment authorisation limits. Where the service is authorised by a non Alehm employee or trustee, the payment will be confirmed by an Alehm signatory prior to payment, in line with payment procedures.
- The Alehm chairman or other member of the executive will check all payments on a weekly basis.
- All payments will be made in accordance with Alehm's signing and payments procedure. (appendix 6)

Credit card income. (see appendix 4)

Alehm has a contract with WorldPay to take credit card payments. To reduce financial and data protection risks Alehm uses a Pay by Link system, which sends the link to the WorldPay payment screen in an email to the customer, which enables customers to directly enter their card details onto a secure system run by WorldPay. It avoids the

need to collect or hold customer card data, saves time and enables customers to make payments when it suits them.

Alehm receives monthly bills, paid by direct debit, from Worldpay and can manage and match the payments using the WorldPay dashboard, which the secretary and coordinator have access.

Payments from WorldPay are paid into the account around 3 days after the payment is completed by the customer. These payments may be an aggregate payment from a number of different transactions from a range of customers, which makes reconciliation with bank statements more complex. Authorised Alehm officers will ensure each individual payment made to Alehm by Worldpay is matched to an invoice created in Xero, and lists the specific payments included in the Worldpay payment. The separate transactions can be identified from the WorldPay dashboard (For access see password protected procedure) and the bank statement date. The secretary records all payments confirmed by email from Worldpay along with the transaction date, which enables the invoices to be accurately matched. These bank income payments are then reconciled with each invoice. See appendix 4 for credit card record.

Each year contact by WorldPay is made to the secretary to ensure data protection meets financial legal requirements. The secretary is authorised to complete this declaration.

Payment/Income by cheque

To be undertaken in accordance with the Alehm/LEHP signing policy and operational procedures.

- For payments of an amount greater than £5000, payment may be arranged by cheque and two authorized signatures are required, one to be the Alehm chair;
- For payments of sums less than £5000 the payment will be made by 2 authorised signatory from the mandate list of signatories except where payment is part of a project and the executive has previously approved the expenditure programme. This may include 2 separate payments totaling more than £5000 provided this has been previously approved by the Board
- Details of receipts by cheque will be recorded using the credit card income record system, and paid into the Alehm bank account as quickly as possible, and details of the payment forwarded to the secretary, for reconciliation with the relevant invoice.

Payment/Income using cash

- Cash will not be accepted.

Allocation of internal costs to funded projects

Bids for funded projects will include charges to cover the expected cost of employees involved in the project (direct salary costs per hour plus 20%) and 15% on-costs, where appropriate, to make a contribution to the organisational running costs.

Wages and salaries

Alehm uses the Xero payroll system.

Salaries are paid on 15th of each month.

Employees have an agreed minimum hours contract, to enable flexibility, but can then work up to an agreed additional number of hours. Employees submit a timesheet each month, and any agreed additional hours worked will be added to the payroll for payment at the next payroll date, along with any expenses claims. These claims and the payroll reports are sent to the chairman each month for approval. At the meeting of 11th December 2019, the trustees agreed to allow employees and trustees to not submit receipts for travel costs to attend meetings provided they record the meeting they attended, and the details of the journey undertaken so the claim can be checked and confirmed.

The Xero system is automatically linked to the HMRC and NEST pension systems so submissions are made after submitting the monthly pay roll. Salary payments, HMRC tax and pension payments are then set up in the bank account via on-line banking by the secretary and Xero records are then reconciled with the bank account statements. Salary payments are set up to be paid on 15th Month, except where the daily payment would be exceeded, when payments will be made on adjacent days. Payments to HMRC and Nest are made on or around 30th of the month.

Checks on income and expenditure records

Regular income and expenditure reports are prepared and presented to meetings of the executive.

Bank balances and recent transactions are sent to the chairman or other member of the Executive on a weekly basis.

Control over assets

An electronic record is kept of any item purchased for the use of the association.

Fixed assets for use by the charity

The charity has no fixed assets.

Investments

The charity has no investments other than cash kept in a deposit account held by the HSBC bank.

ALEHM/LEHP Signatories resolution

The executive agrees that the persons listed in the appendix 1 are signatories for the purpose of signing cheques and other documents for the charity.

Auditing Of Accounts;

The Executive will appoint the company to carry out accounting, independent review and tax return. This will be affirmed by the membership at the AGM.

Appendix 1: Schedule of signatories

name	designation	organisation	Authorisation level
Steve Miller	Chair	ALEHM/LEHP	Bank signatory and routine review of all expenditure and signatory to all payments, with 1 other signatory approval for payments over £5000
Paul Morse	Deputy	ALEHM/LLP	Bank signatory and routine review of all expenditure and signatory to all payments, with 1 other signatory approval for payments over £5000
Janine Avery	Secretary	ALEHM/LEHP	Bank signatory and all payments up to £500 and payments to £5000 where activity pre-approved by the executive with 1 other non-signatory approval
Andrew Bradley	Coordinator	ALEHM/LEHP	Bank signatory and all payments up to £500 and payments to £5000 where activity pre-approved by the executive with 1 other non-signatory approval.

Appendix 2: Record for debit card and other payments

company	activity	Wireless/pin	Date of transaction	fund	amount

Record of checks and procedures for making payments

cleared by	date	paid by	date paid	Date added to Xero	Date reconciled with bank
		Total			

Appendix 3: Direct debit payments

company	payment made for	amount	on bank statement
xero	accountancy monthly direct debit	£ 34.80	invoice sent to secretary
Google	email monthly direct debit	£55.20	invoice sent to secretary
62 Design	web site maintenance Alehm and HCC monthly direct debit	£15 and £12	go cardless & payment number
salaries	salary	varies	
HMRC	PAYE		
NEST	Direct Debit	varies	
World Pay	direct debit, for monthly charge, pay by link payments and transaction charges	varies	

Appendix 4: Credit card income payment records

Statement reference payment date	Payment details	bank payment date	Breakdown of costs	Reconcile invoice and bank statement and in Xero, date

Appendix 5: List of Executive approvals

Activity or procedure	Approval date	Review date
Payment authorisation procedure		
Financial limits		
Signatories for bank		
Financial Rules overarching procedure		

Appendix 6: Payment authorisation and financial limits

- **Up to £500**

1 person can authorise payments. All Alehm employees, trustees and any appointed financial administrator may authorise payment any expenditure which is appropriate to the day to day activity within Alehm.

- **Up to £5000**

2 persons must authorise payments, but only 1 needs to be an Alehm signatory. All Alehm employees can authorise payment for any invoices/activities which are part of an ongoing project previously approved by the board, although any unplanned increases in cost must be returned to the Board for approval. (This includes ongoing contracts, grant funded activities, approved development activity). Where payments are not part of an ongoing project, the chairman or deputy chairman must authorise the payment.

- **Above £5000**

Two signatories required for authorisation, one must be the Alehm chair or (deputy), the other either the secretary, trustee or Coordinator

- **Payments to secretary or other Alehm officers/trustees**

All payments made to Alehm officials must be approved by the Chair (or deputy). Expenses claims may be processed by the secretary through payroll, but these will be checked and authorised by the chair or deputy chair. All payroll reports, time sheets and expense receipts are sent to the chair each month for review and approval. In the event any changes to salaries and claims are required, adjustments will be made through the next month's payroll.

- **Proposed procedure for approving project bids for funding**

Bids for less than £10,000 may be submitted to funders by the secretary or Trustees, but must include a breakdown of the costs for approval and scrutiny by the Board at the next meeting.

All bids over £10,000 will require Board approval before submission. The bid or report for the Board will list organisations and individuals who will receive payment for works, an estimate of the costs, the funds allocated to Alehm and any costs likely to be incurred by Alehm in delivering the project. The progress of grant funded projects will be reported to the Board and any increase in payments to individuals above that already agreed, will be reported to the board and payment will be subject to the limits outlined above.

Ongoing or recurring projects will be referred to the executive if there are any significant changes in funding or delivery.

Reports on progress of all funded projects will be regularly made to the executive.

Appendix 7: Bank account details

HSBC business current account

Branch sort code: 40-11-60

Account number: 21093444

Tel 03456 037917

Deposit account

Branch sort code: 40-11-60

Account number: 80242403

Appendix 8: List of Alehm's operational funds

Fund	Balance at Jan 2020
General	£73,000
Events	£2000
Technical Groups	£18,000
Feed 18-19	£12,686
Feed 19-20	£-17,000
Public Health (HCC)	£3000
HCC grant funded	£-435
Student consortium	£10,000
Bursaries	£48,000
Intelligence project	£8772
Designated funds (sampling, Middlesex project, H&S project, Special treatment)	£4976
Reserves	£55,000
Deferred subscriptions	£20,000

Appendix 9: Current financial/operational appointments

Name (company or person)	role	Date appointed
Kingston Smith	Statutory accounts, independent review	June 2019 September 2019
62 Design	Website maintenance	
Fasthosts	Web domain name	September 2019
Arthur J Gallagher	Insurance broker, provides employment, indemnity and trustee insurance	March 2015 and November 2016
Aviva Combined liability Insurance	Employers £10 mill, Public and product liability £5 mill, Legal £50,000	3 rd November 2019
Royal Sun Alliance Trustee indemnity insurance	Trustee liability £1 mill Charity prof indemnity £100,000	20th March 2019
National Employment Saving Trust (NEST)	Work place pension employer ID: EMP001654226 Secretary ID: EMPR010575469	April 2018
i-support Business	Tel 01323 484542 0800 612 32 82 Sussex Office: 49 Station Road, Polegate, East Sussex, BN26 6EA London Office: 4th Floor, 18 St. Cross Street, London, EC1N 8UN	1 st April 2018