

**DYFED ARCHAEOLOGICAL TRUST**  
**FINANCIAL CONTROLS AND PROCEDURES**



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**DYFED ARCHAEOLOGICAL TRUST ('DAT')**  
**FINANCIAL CONTROLS AND PROCEDURES**

**Introduction**

The purpose of this document is to ensure controls and procedures are in place for financial transactions associated with DAT.

DAT is both a limited company and a registered charity and must abide by the regulations laid down by the Companies Acts, Charity Commission and HM Revenue & Customs. Charitable status gives DAT exemption from income and corporation tax on its activities, to the extent that they are in support of its primary purpose. Tax exemption only applies to primary purpose trading as defined in the charity's principal object in DAT's Memorandum & Articles of Association. The object for which DAT is established is to advance the education of the public in archaeology.

All trustees and staff must comply with these financial regulations. Any member of staff who fails to do so may be subject to disciplinary action. It is the responsibility of line managers to ensure that all members of staff are aware of DAT's financial regulations.

This document defines the financial controls and procedures used by DAT.

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### **1. Postal Receipts**

The process of post opening (and control of cheques and cash inwards) is the responsibility of Central Services. Post will be opened and date-stamped by the admin assistant and passed to the office manager for checking. Cheques received will be entered in the paying-in book ready for banking. Cheques will also be posted to the appropriate sales ledger account on Pegasus Opera 111. If the admin assistant is absent, the office manager will open the post and will follow the same procedures except that, in this instance DAT's director will be made aware of any cheques that are received. Note: all cheques received are against invoices raised: no cash is received in the post.

### **2. Ordering supplies and services**

#### *Ordering of Goods/Services*

All staff should be aware that expenditure is committed when an order is placed on behalf of DAT, not when the cheque is requested. Therefore, it is important that all orders are placed properly, and expenditure is within agreed budgets and delegated powers.

All orders must be placed in writing, a purchase order completed in the central services office and the purchase order number quoted on the paperwork. Where this is not practicable, central services should be notified immediately and a purchase order number requested. If payment is needed on or before delivery or no credit is given, a 'pro-forma' invoice must be requested from the supplier.

Goods or services supplied automatically, such as rate demands, annual subscriptions, annual maintenance, electricity, gas and telephone accounts are outside the purchase order system. A record will be kept of these items, to show, for each payee, details of the period covered, amount and other details such as meter readings and date passed for payment.

#### *Procurement procedures*

Procurement must always be undertaken with the objective of securing the maximum value for money consistent with acceptable and appropriate standards of quality and service using the following criteria:

- The most economically advantageous tender based on price, quality, technical merit, environmental factors etc
- Lowest Price

Where lowest price is not used the rationale should be documented.

The following thresholds apply:

Over £25,000

- Circulate details locally or wider afield (consider advertising widely such as on Sell2 Wales or other outlets)
- Minimum of 3 tenders
- Scoring panel of at least 3 (include at least one trustee)
- Expenditure must be authorised by the board of trustees or by a delegated sub-committee of the board of trustees.

£10,000 - £25,000

- Circulate details locally or wider afield if appropriate
- Minimum of 3 quotations
- Decision made by a of 3 (normally including one trustee)
- Expenditure must be authorised by the board of trustees or by a delegated sub-committee of the board of trustees.

£5000 - £10,000

- Minimum of 3 quotations
- Decision made by a panel of 2
- Expenditure must be authorised by the chairman on behalf of the board of trustees or by a delegated sub-committee of the board of trustees.

£1000 - £5,000

- Evidence based documentation. Evidence should be provided and kept on file that a minimum of three prices have been sourced where possible, and value for money achieved.
- Expenditure must be authorised by the chairman on behalf of the board of trustees.

£500 - £1000

- Evidence based documentation. Evidence should be provided and kept on file that where three prices have been sourced where possible, and value for money achieved.
- Expenditure must be authorised by DAT's director.

Below £500

- For capital purchases below £500 three prices should have been sourced where possible and value for money achieved. Only staff at project manager level (Grade 3) and above can authorise the purchase of goods or services over £100 and these must be approved by a head of section.

Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same procurement and authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract.

Note: Some project funders (for instance European Union and Heritage Lottery funded projects) require specific procurement procedures: these will be adhered to.

#### *Receipt of Goods*

In order to segregate tasks and provide automatic 'double checks' confirmation of receipt of incoming goods will be by a member of staff other than the officer who placed the order.

### **3. Payment of Suppliers Invoices**

All incoming invoices are to be passed to central services as soon as they arrive. Central services will arithmetically check all invoices before passing them on to the relevant project manager/line manager, for approval.

All invoices must be authorised for payment by the project manager/line manager who placed the order. This person is also responsible for checking that the services or goods have been received, that the invoice agrees with the order placed and that the cost is correct. S/he are also responsible for following up any problems or discrepancies. Central services must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason. Payments will only be made against invoices received, either paper or digital.

Once authorised as above, suppliers will be paid within the appropriate timescale. This will be within 30 days of invoice date except where a discount is offered for early payment, or there are exceptional cash-flow difficulties, or specific supplier arrangements have been made. Where special exceptions do apply, the project manager/line manager must discuss them with office manager prior to acceptance.

### **4. Cheque writing and signing**

Signatories will only be drawn from trustees and senior staff. New signatories must have trustees' approval before the bank is notified. No cheques should be signed unless the expenditure has been authorised (see Items 2 and 3).

Salary payments are made by BACS monthly, except in exceptional circumstances (see Item 5 below).

Signatories will not under any circumstances sign blank cheques or cheques which are payable to themselves, to their partners or any of their relatives. Cheques must be filled in completely before being presented for signature.

The day-to-day limit on encashment of cheques is £150. However, where a larger cash float is required (for a major event for example), this must be arranged through the office manager and approved by DAT's director.

### **5. Handling of cash**

Central Services is responsible for the handling of cash.

#### *Wages*

It is not DAT's policy to pay wages/salaries by any other method but BACS. However, in exceptional circumstances wages may be paid in cash with the written approval of DAT's director. Any wages paid in cash must be signed for on receipt.

### *Petty Cash*

Petty cash will be topped up using the 'imprest' system. This means that cash and receipts in the petty cash tin will together total the petty cash balance. It is intended for small items that are needed on a day-to-day basis. The petty cash float will be £50. The petty cash balance will be reconciled when requesting a cheque to restore the cash balance.

All cash taken from petty cash must be signed for, and receipts must be obtained for all expenditure. Specific extra petty cash floats (for fieldwork) should be arranged with the office manager. The person signing for the float is responsible for ensuring cash and receipts are returned within one of week of completion of the fieldwork. No further floats may be issued to that person, or another person in the same department for a similar purpose, unless the previous float has been accounted for.

Cash will be kept in a secure place at all times.

### *Postage*

Stamps will be kept in a secure cabinet. As these are used, a cheque will be cashed and stamps purchased to bring the value of stamps held back to £100. A record of postage used will be kept in the outgoing-post book.

## **6. Salaries, Payroll**

DAT operates the PAYE system, and makes annual returns to the Inland Revenue. All staff working directly for DAT, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate. All payments will be made by monthly direct bank credit.

Contracts of employment will be issued to all employees.

Central services electronically issue weekly timesheets to all members of staff. These must be completed and returned to central services by the Monday of the following week with time broken-down in 15 minute blocks. Projects worked on during the week should be shown, with, where appropriate, the relevant project number. In certain circumstances, for instance if a member of staff is on a long-term field project, it is permitted to 'phone-in' timesheets to central services.

Payments for additional work over and above standard hours must be approved by a line manager and must be within the relevant budget. Clear written authorisation must be given in adequate time, in accordance with DAT's overtime procedure for central services staff to process it for the relevant payroll. These claims are financial records, and should be treated in the same way as any other.

Payment will be made via the auto-pay service, direct to the employees' bank account. The salary payment listings will be checked by a member of the senior management team before submission to the bank. Salaries will be paid monthly on the last Friday of every month.

DAT uses the National Joint Council for Local Authorities pay scales and inflationary increases. Any revisions will be presented to the board of trustees for approval.

Staff loans will not be issued. However, in exceptional circumstances, advances may be made against salary due, by arrangement with the office manager and with the approval of DAT's director.

The central services department is responsible for:

1. Paying each employee in accordance with the approved terms and conditions, and issuing payslips.
2. Operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
3. Making the correct deductions for Income Tax, NI, Superannuation, court orders and any other appropriate deduction authorised by staff.
4. Ensuring that deductions are paid to the correct body, and necessary returns made.
5. Administering the Tax Credit, Student Loan, Statutory Sick Pay and Statutory Maternity & Paternity Pay schemes, alongside any additional related benefits provided by DAT.
6. Administering the Cycle2Work Scheme, which is a salary sacrifice scheme.
7. Ensuring that the correct deductions are made for pensions schemes, and paying them over to schemes.

## **7. Expense Claims**

DAT will reimburse employees and trustees for approved expenses incurred in the course of their duties.

It is not the purpose of expenses payments to provide an incentive or reward for nonstandard duties. The amount of any expenses payment will be the additional costs incurred as a result of the employee undertaking a work assignment. Travel and subsistence claims will be in accordance with DAT's written procedures governing such claims.

All claims for expenditure must be substantiated with a receipt (except for mileage claims) and a declaration signed stating that the expense was incurred on behalf of DAT. The relevant line manager must certify the claim for payment.

On an annual basis, or when there is a change of circumstances, central services requires sight of (and have the right to make copies of) driving licences, insurance certificates and MOT certificates from members of staff submitting a mileage claim. No payment will be made unless these documents have been submitted.

## **8. Income**

Other than grants and service level agreements, the income received by DAT is for contracted projects and miscellaneous sales. Invoices should be issued as soon as a project is completed or a sale has been made. For large projects, interim invoices should be issued in accordance with a pre-agreed schedule of payments linked to a specific schedule of work. A schedule of interim payments must be agreed with the client for all projects over £20,000.

All invoices will be raised on DAT letter-headed paper and endorsed with the statement "*Cheques to be made payable to The Dyfed Archaeological Trust - Payment within 30 days*"

All invoices will be sequentially numbered.

Outstanding invoice payments will be followed up on a regular basis by central services. If the project manager is aware of a good reason for a payment being delayed, central services should be informed.

Central services should be notified of all grant applications made and quotations issued. Copies of grant awards, and approved contracts should be passed to central services as soon as they are received. The relevant paperwork will be filed by central services for reference and used to ensure that income is correctly recorded in the accounts, and grant conditions and other relevant details noted. It is the responsibility of the person securing the grant on behalf of DAT to ensure that all grant income is claimed as it becomes due, and that the appropriate members of staff are aware of, and comply with grant conditions.

Cheques received by post will be processed as stated in Item 1 and all income paid into the current account within one week of receipt. Cheques exceeding £100 should be paid in on the day of receipt, where possible. The paying-in vouchers will clearly record the payee, the number of the invoice being paid and any other relevant information for computer entry. All receipts will be posted to the computer system on a regular basis to ensure that the customer balances are kept up to date on the system.

## **9. Bank accounts**

DAT's bankers are: National Westminster Bank plc, Carmarthen

Bank Accounts:        Current Account  
                              Business Reserve Account  
                              CAF Account

An automatic arrangement between current and business reserve account is currently operated maintaining a daily closing balance of £5,000 in the current account. This arrangement is subject to review, in the light of what is most advantageous in terms of cost and service. All changes are to be authorised by trustees.

The Bank Deposit Protection limit is £75,000. DAT will disaggregate its cash into multiple accounts to ensure that the £75,000 limit in any one account is rarely exceeded, and then only for short periods of time.

Checks will be made to verify that standing orders and direct debits are in accordance with valid instructions given to the bank.

## **10. Books of account and records**

Proper accounting records will be kept in accordance with the Companies Act requirements and those of the Charity Commission. Pegasus Opera 3 is the current computerised accounting system. DAT's auditors audit the accounting records and systems of control annually. Where the auditors identify errors or weaknesses in the system their recommendations will be implemented where practicable.

Petty cash and bank accounts will be reconciled at least monthly and all income and expenditure data will be entered into the computer system on a regular basis. DAT's director will check bank and petty cash reconciliations at the end of each month.

Purchase ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and statutory purposes.

All fixed assets costing more than £500 (or such other level as may from time to time be agreed by trustees) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of purchase: date, supplier, cost, serial no, description and at the end of the assets life, details of sale or disposal.

DAT is required to retain prime documents for seven years, these include:

- Purchase orders
- Paid supplier invoices
- Customer invoices & receipts
- Bank statements
- Copies of Nominal, Sales, and Purchase Ledger
- Payroll data (note: computerised system keeps data automatically)

## **11. Budgets**

Budgets will be monitored through quarterly meetings with the DAT director, office manager, line manager and the relevant project manager, and more frequently when required.

DAT's director and office manager and/or relevant head of section will be responsible for ensuring that grant requests are submitted on time and under the terms and conditions of the grant-aiding body.

Budgets for all other work will be prepared by the relevant project manager and submitted to their line manager and, in some instances, DAT's director for approval. Income and expenditure on these budgets will be monitored as stated in Item 12 below.

## **12. Financial monitoring and audit**

Quarterly meetings between DAT's director, office manager, project managers and heads of section will be held to ensure that those responsible for budgets receive progress reports on income and expenditure and on any relevant staffing issues.

DAT's director will receive monthly reports of actual and projected income and expenditure from the office manager and quarterly figures will be submitted to the management committee for examination at their quarterly meetings.

DAT's financial year is from 1<sup>st</sup> April to 31<sup>st</sup> March. The annual accounts will be audited externally.

Trustees and staff should be aware that external auditors have the authority to access all records, documents and correspondence relating to DAT at any time. They have the right to require and receive an explanation from any trustee or member of staff concerning any matter under examination. The annual accounts will be prepared in accordance with the Companies Act, the Charity Commission's 'Standards of Recommended Practice' (SORP), grant conditions and any other relevant accounting conventions.

Final audited accounts must be accepted by the board of trustees and presented to the members at the AGM within 10 months of the end of the financial year. The board of

trustees will also be notified of any recommendations made by the auditors as a result of their examination of DAT's accounting and financial procedures.

### **13. Role of Senior Management**

The senior management team consists of the director, heads of section and office manager. Each is responsible for ensuring that their section complies with the Financial Controls and Procedures. The team will review finances thoroughly at its senior management meetings and project management meetings.

### **14. Financial Role of Trust's Director**

DAT's director works in close co-operation with, and provides support and advice to, the office manager and to the management committee and board of trustees. Specific financial responsibilities of the director are to:

1. Guide and advise the board of trustees in the approval of budgets, accounts and financial statements, within a relevant policy framework.
2. Keep the board of trustees informed about its financial duties and responsibilities.
3. Advise the board of trustees on the financial implications of DAT's strategic plans and key assumptions included in management's operational plan and annual budget.
4. Confirm that the financial resources of DAT meet present and future needs.
5. Understand the accounting procedures and key internal controls, so as to be able to assure the board of trustees of DAT's financial integrity.
6. Ensure that the accounts are properly audited, that the recommendations of the auditors are implemented, and meet the auditor at least once a year.
7. Formally present the accounts at the AGM, drawing attention to important points.
8. Monitor DAT's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities.

### **15. Role of Board of Trustees**

The board of trustees and/or its delegated management committee is responsible for:

1. Approving signatories to the bank accounts.
2. Appointments of staff where not delegated to the director or senior staff.
3. Receiving reports from the director on areas of concern.
4. Approving exceptional items of expenditure (see 2).
5. Monitoring the financial position based on quarterly reports, with advice from the director and office manager.
6. Approving the annual report/accounts and auditor's report.

Detailed notes on the Opera 111 accounting package are contained within the Opera 111 training pack, which should be used in conjunction with the above Financial Statements.