



Ilkley BID Ltd

Financial Procedures

Latest Review 30th April 2023

Background

This document aims to provide a clear and concise set of processes to govern the financial expenditure made by the Ilkley Business Improvement District (the BID).

Guiding principles

The BID exists to deliver the agreed Business Plan for Ilkley and all expenditure should therefore be used towards the delivery of this and for no other reason. It is also important that the following principles are adopted when considering any expenditure on behalf of the BID:

- Only individuals authorised by a Board meeting of the Ilkley BID shall be responsible for any expenditure on behalf of the BID.
- The proposed expenditure should represent value for money and at least three independent comparative quotes should be sought for any expenditure exceeding £1000 (refer to Procurement Policy).
- Due diligence, care and attention should be taken when dealing with any expenditure and cards, cash, passwords or PIN numbers should be subject to the same precautions as the individual would take if they were dealing with their own finances.
- No financial or other gain should be sought or accepted when undertaking any expenditure on behalf of the BID.

Annual budget

The annual budget for the BID should correlate, as far as possible, with the Business Plan and the agreed annual budget figures should be embodied within the annual Action Plan and any projected variances on spend in relation to the Action Plan should be considered by the Board. The Board should receive a headline spreadsheet on financial activity against the annual budget in advance of each meeting and be able to request any further detail as may be required.

Budget monitoring

As well as the overall scrutiny of the Board, activity against the approved annual budget will be monitored by the bank signatories in advance of each Board meeting and this will be supported by independent financial advice. The role of the advisors will be to support the creation of financial monitoring systems & reports, to ensure best-practice in financial management and to arrange year-end reporting, including the submission of statutory financial statements & accounts.

Specific expenditure procedures to be followed

1. Use of company Debit cards

- If approved, a debit card will be issued to a named individual and only they will be authorised to use it – under no circumstances should details regarding the card be disclosed to third-parties.
- A receipt, wherever possible a VAT receipt, should accompany any debit card purchases and this should be uploaded to the accounting software.
- All debit card purchases should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

2. Use of online banking

- If approved, online banking will be set up for a named individual and under no circumstances should details regarding the online account be disclosed to third-parties.
- Any online banking transaction should be accompanied by an invoice or other confirmation and these should be uploaded to the accounting software.
- Secondary approval will be required for all online payments of over £500.
- All online purchases should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

3. Use of cash

- Given the ability to use a debit card or online banking, cash should only be used in rare circumstances but has been approved for purchases under £5.
- In these rare circumstances, cash should be withdrawn from the cashpoint to the nearest denomination available for the required purchase.
- A receipt, if possible a VAT receipt, should accompany any cash purchases and this should be uploaded to the accounting software.
- Any resulting change from cash purchases should be securely stored in the petty cash tin at the BID offices and the level of cash held in this tin should not exceed £50 at any time.
- All cash withdrawals should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

4. Use of cheques

- Given the ability to use a debit card, online banking or cash, cheques should only be required in very rare circumstances.
- Any cheque would require signing by the approved BID signatory.
- All cheque payments should be checked against the corresponding bank statements to ensure that the debit has been applied correctly.

Levels of expenditure authority to be observed

Ultimately, all expenditure will be set and monitored by the Ilkley BID Board and the following levels of authority will apply:

1. The Board will approve all high-level project expenditure via a planned budgeting process which will be set and monitored throughout each financial year. This will provide the financial structure for all projects.

2. Those who are advised to make expenditure on behalf of the Board will be expected to observe the following levels:

Up to £1000 – may be authorised by the BID Manager with no specific prior authority required, where the expenditure forms part of agreed BID activity.

£1001 up to £2500 – prior Board signatory member authority to be sought by email and to form part of regular update to Board signatories.

Over £2500 – prior approval to be agreed by BID Board.

Banking arrangements

The BID bank account allows for online banking and electronic signatory authorisation.

BID income

Whilst the majority of BID income will derive from invoicing the Council for levy income, as outlined within the BID Operating Agreement, there will also be a number of invoices which the BID raise to other organisations and the expectation is that the resulting income from invoicing will be received via electronic transfer and should be monitored via an invoice tracking system. All receipts should be reconciled against the bank statement at least once per month and, in the rare event that any income is received by cash, this should be banked as quickly as possible as a single and fully intact deposit.

Financial reporting

The BID Board signatories will receive monthly financial updates detailing all income and expenditure.

IMPORTANT NOTE – it is expected that at least monthly checks will be made by Board signatories on both the BID bank account(s) and any associated expenditure records. Failure to follow the above procedures could lead to disciplinary action being taken by the BID Board which, in the case of BID employees, could result in their dismissal.