Falcon Point Management Group

Financial Procedures

1. General

1.1 Falcon Point Management Group (FPMG) is a co-operative society, registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, and adheres to all the statutory and regulatory requirements imposed on such societies.

1.2 FPMG is a Tenant Management Organisation established under the ‘Right to Manage’ regulations and is responsible for the management of the Falcon Point Estate under the terms of a management agreement with the London Borough of Southwark signed in December 1996. Chapter 4 of that agreement and its associated schedules set out a framework within which FPMG operates its financial procedures.

1.3 FPMG aims to operate financial procedures which ensure:

- value for money in the management of the estate
- the generation of savings which can be spent on estate improvements or community well-being
- minimisation of the risk of fraud
- transparent operations capable of scrutiny by members of the co-operative, the Council and other stakeholders
- prompt payment of creditors
- effective rent and service charge collection and arrears management
- proper evaluation of economic, social and environmental implications of purchasing decisions

1.4 FPMG will ensure that purchasing arrangements for goods and services are subject to regular review and will promote recycling and the placing of business with smaller and local enterprises where appropriate.

1.5 At the first committee meeting after each Annual General Meeting, the Management Committee (the Committee) elects a Treasurer, and approves bank account signatories for the company’s current bank account. No two signatories shall be related to each other or live together.

1.6 At the start of each meeting of the Management Committee, the chair will ask if anyone present has a financial interest to declare in any of the business on the agenda. Any committee member or member of staff will absent themselves from any part of the meeting where any matter having a financial implication for them or their family is to be discussed.

2. Budgets

2.1 Almost all the company’s income is represented by the allowances provided by the council for the management of the estate. The Estate Manager, in consultation with the Treasurer and the Accountant, will draft a budget for the following financial year within two weeks of receiving the draft allowances from the council.

2.2 The draft budget will be presented to the Management Committee for agreement at the earliest opportunity and, normally at the latest, at the Committee’s March meeting. The budget may be inspected by members at any time.

2.3 The Accountant will produce monthly reports analysing expenditure against each budget heading and sub-heading. These will be submitted to the Management Committee at its monthly meetings.

2.4 The Estate Manager or Treasurer will highlight any significant over- or under-spends to the Committee.

2.5 The Estate Manager is responsible for ensuring that expenditure remains broadly in line with the budget. Any significant variances require the approval of the Management Committee who will decide what action is to be taken.

3. Annual accounts

3.1 As soon as possible after the end of the financial year the Accountant will provide the Auditors with the data they require to draw up the annual accounts and carry out the annual internal audit.

3.2 An end of year statement of expenditure against budget will be presented to the April meeting of the Committee.

3.3 The draft audited accounts will be submitted to the September meeting of the Committee for approval, for signature by the relevant officers of the Co-operative and for submission to the Annual General Meeting (AGM) of the Association, to the FCA and to the Council. The audited accounts will be circulated to members along with the AGM agenda.

4. Book-keeping

4.1 FPMG retains the services of an Accountant to keep financial records separate from staff who authorise expenditure or use resources – therefore maintaining an appropriate separation of functions. The Accountant produces monthly reports (see 2.3), carries out bank reconciliations, checks on the process of banking the Association’s rental and service charge income and its submission to the Council, maintains all individual rent and service charge accounts

4.2 A monthly bank reconciliation is carried out by the Accountant and the figures presented to the Treasurer (or in their absence the Chair) for approval on a monthly basis. The Accountant may move money only internally between FPMG accounts to cover expenditures, subject to approval by the Treasurer (or in their absence the Chair). Approval in both cases is evidenced by an email sent by the Treasurer or Chair.

4.3 The Accountant keeps the records necessary and submits the quarterly VAT return to HMRC subject to the Treasurer’s approval.

5. Banking

5.1 No more than £500 worth of cash and cheques is kept at any one time in the office. The Estate Manager is responsible for ensuring that these limits are not exceeded. Cash and cheques are kept in a locked cupboard or safe whenever the office is unattended.

5.2 The Estate Manager is responsible for ensuring that money and cheques received at the office is banked within a reasonable period of time and at least every four weeks.

6. Petty cash

6.1 A petty cash float of around £200 in cash is held in the office. No petty cash is held elsewhere.

6.2 The Estate Manager is responsible for keeping accurate records of petty cash income and expenditure. Income and expenditure will be recorded separately and a running cash balance recorded. On at least a six-monthly basis the Accountant will check the petty cash float and records.

7. Purchase orders

7.1 Purchase orders to a value of £700 (excluding VAT) for any one repair or purchase transaction may be authorised by the Estate Manager.

7.2 When an urgent purchase is contemplated of a value of more than £700 (excluding VAT) the Estate Manager seeks the approval of the Treasurer and copies in the Co-Chairs. Where such a purchase is not urgent, approval will be sought from the next Management Committee.

7.3 Any purchase of a value of over £1,100 (excluding VAT) should only be made on the basis of at least two competitive quotes. In exceptional circumstances where a purchase (such as works) costing over £1,100 needs to be carried out in an emergency the Estate Manager will take photos and any other evidence supporting the necessity for the work and will circulate a report to Committee members by email. A decision will be made by email, if necessary within 24 hours. Void works are ordered to FPMG's most competent repairs contractor and likely expenditure reported to the Treasurer as soon as the information is available. Works to lifts are usually by definition urgent and it is generally impossible to obtain a second competitive quote to compare with one from our appointed lift contractor. Works to any lift costing over £1,100 should be referred for advice to our lift consultants to ensure that the quote from our lift maintenance contractor offers good value for money and that the works are definitely necessary.

7.4 Any purchases of a value of over £11,000 should only be made on the basis of a competitive tender and agreed by Management Committee.

7.5 Competitive tenders must involve a specification of requirements sent to at least four suppliers and prices received from at least three tenderers. These requirements may be varied by specific decision of the Management Committee.

7.6 Purchases should always be made on the basis of a purchase order, a repair order, an email or through the internet so that a written record is maintained of all financial commitments.

8. Contracts and service level agreements

Where the TMO is entering in to a contract or agreement for the provision of services of an ongoing nature a contract specification or service level agreement will be agreed with clear definitions of the duration of the contract, the quantity and quality of services to be provided and how the contract will be monitored and managed.

9. Payments

9.1 Where payments are made by cheque, a schedule of payments is drawn up by the FPMG accountant, agreed by the Estate Manager, with payments and cheques authorised by two main signatories of the Association's four or more cheque signatories, one usually being the Treasurer, and a payment approval form signed by one of the cheque signatories.

9.2 Going forward, most payments will be made online, now that the Association's bankers, HSBC, allow for dual authorisation of any such payments. To process online payments, a schedule of payments is drawn up by the FPMG accountant, agreed by the Estate Manager, with the Treasurer or another of the Association's four or more cheque signatories first signing a payment approval form, and the payments then being authorised online by two of the three General Users of the Association's online bank facility at HSBC. Those general users are currently the two Co-Chairs and the Treasurer. The Estate Manager would be alerted by email of all payments as they were being made.

9.3 In a few cases it is appropriate to set up a direct debit or standing order. In such cases two cheque signatories must approve the setting up of the arrangement which currently applies to: BT for the phones and broadband, payments for the photocopier, and utility bills for the office and communal electricity.

9.4 The Estate Manager is provided with a credit card linked to an HSBC current account with a credit limit of £2000. The Estate Manager is authorised to use it for one-off purchases in local shops or for on-line purchases which allow for easy price comparison and therefore good value for money. The limit for any one purchase is £700 (excluding VAT). The Estate Manager should seek approval from the Treasurer, or in his/her absence another officer, when the card is to be used, other than for routine office stationery supplies. Purchases over the limit require approval as set out in section 7. above.

9.5 The monthly credit card bills are paid by direct debit from the Association's current account. The Estate Manager keeps supporting documentation in relation to each transaction including invoices and receipts showing the goods purchased and, where appropriate, the reason for the purchase and the budget expenditure area to which the payment should be coded. Wherever possible, VAT receipts should be obtained. Each monthly credit card bill with the supporting documentation is scanned and submitted to the Treasurer and the Accountant and copied to the Co-Chairs so they are all aware of the expenditure that has been incurred. The Treasurer will reply by email to all to confirm that they have been able to scrutinise it.

9.6 Where payments are to be made to tenants or leaseholders they are subject to the same approval process except that a scale of payments to new tenants in respect of decoration expenses has been approved by the committee. Where payments are to be made to tenants or leaseholders who are in arrears of rent then the payment is credited to the rent account. No member of the committee should be involved in processing a payment to themselves.

10. Expenses

10.1 Where out of pocket expenses are incurred by a member of staff or by a member of the committee, the payment may be made through petty cash if less than £50, or by cheque or online. All payments must be approved by the Estate Manager. Payments to the Estate Manager must be approved by the Treasurer. Where these are for expenses of less than £50 these may be approved retrospectively.

10.2 Staff or committee members claiming expenses must present a receipt or other proof that the expenditure has been incurred. All claims must normally be submitted within two months of the date the expenses were incurred. Any expenses claimed must have been incurred in respect of the business of the Co-operative such as travel to a training course, legitimate expenses for meeting attendance such as carer costs or for costs agreed from time to time by the committee.

10.3 Where travel expenses are incurred on Co-operative business, the cost not exceeding the price of a one-day travel card will be reimbursed for travel within London and for travel outside London the cost of a second class rail fare will be reimbursed. Committee members may claim taxi fares for travel on Association business where this is appropriate. Such claims are appropriate where there is any risk to the personal safety of the committee member such as for journeys after dark or in bad weather, or where the committee member is disabled or otherwise at risk. Travel by taxi may also be appropriate for groups of committee members travelling together where the cost does not significantly exceed the equivalent bus or tube fares.

11. Reserves and Surplus funds

FPMG maintains a general contingency reserve equivalent to at least one year’s expenditure. FPMG also has a separate reserve for external decorations (currently standing at £ £224,803).

12. Rent and service charge collection and accounting

FPMG’s procedures governing its rent and service charge income are contained in separate documents.

13. Review

This procedure will next be reviewed by the Management Committee in April 2026