

EXECUTIVE COUNCIL

PUBLIC

Title: FLH - Policies and Procedures Manual

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Responsible Director: None

Report Author: General Manager FLH

Portfolio Holder: MLA Phyl Rendell MBE

Reason for paper: This paper is submitted to Executive Council:
For policy update/information

Publication: Yes

Previous papers: Unknown

List of Documents: Appendix – Draft Policies and Procedures Manual

1. Recommendations

Honourable Members are recommended to approve:

- (a) the updated draft Policies and Procedures Manual
- (b) Delegated responsibility to the FLH Board to approve changes to the Policies and Procedures Manual. If required the Portfolio Holder can request any submission to ExCo.

2. Additional Budgetary Implications

None

3. Executive Summary

The FLH Policies and Procedures are out of date. In recent years FIDC has updated their Policies and procedures. FLH has been able to use their template to provide this update.

4. Background [and Links to Islands Plan and Directorate Business Plan/s]

- 4.1 The Falklands Landholdings Corporation Ordinance 2000 under Section 9A Policies and Procedures Manual states “Without prejudice to sections 8 and 9, there shall be Policies and Procedures Manual in relation to the Corporation and such Manual shall be approved, and any amendments to such Manual shall be approved, by the Governor on the advice of Executive Council”.
- 4.2 In recent years FIDC has updated their own Policies and Procedures. A considerable element of this document has been modelled on these updated procedures. The GM is very grateful to FIDC for providing their procedures to be used as a current template.
- 4.3 The draft Policies and Procedures were presented to the FLH Board Meeting on the 26th May 2017.

5. Options and Reasons for Recommending Relevant Option

None

6. Resource Implications

6.1 Financial Implications

None

6.2 Human Resource Implications

None

6.3 Other Resource Implications

None

7. Legal Implications

- 7.1 If recommendation two is agreed, Legislation may need amendment to reflect the delegated responsibility.

8. Environmental & Sustainability Implications

None

9. Significant Risks

None

10. Consultation

This paper has been sent to the Financial Secretary, Attorney General, Director of Human Resources and Head of Policy

11. Communication

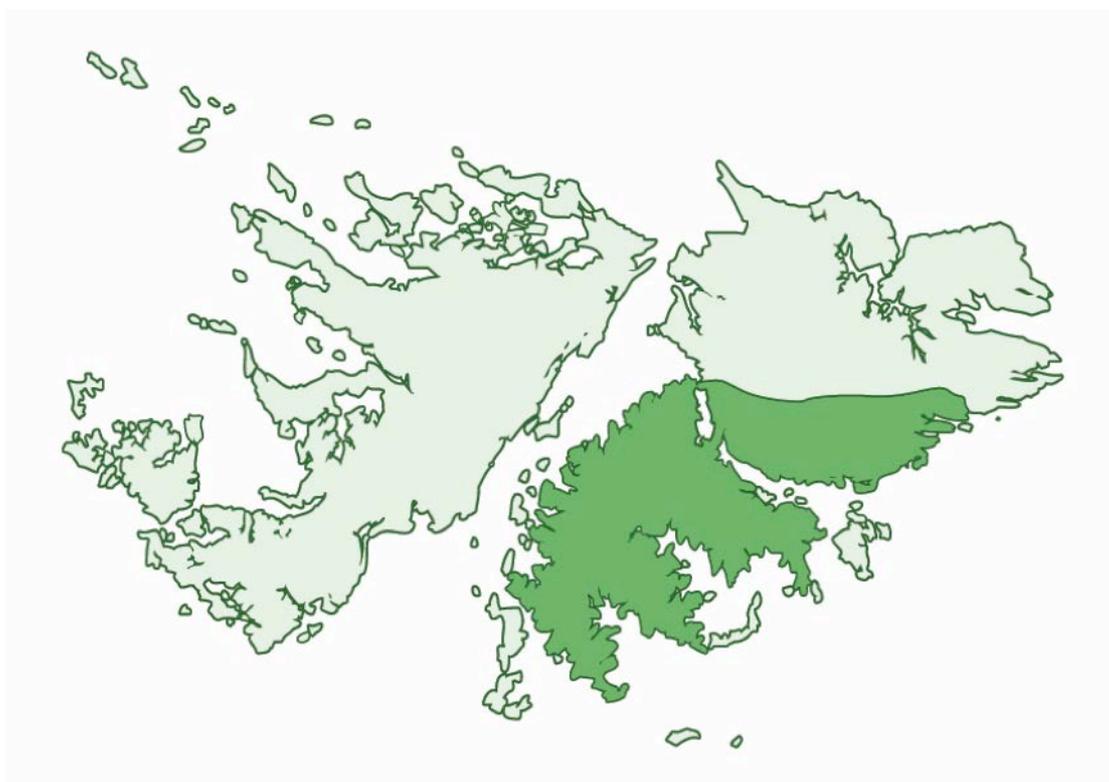
11.1 FLH Board Members

DRAFT

**FALKLANDS
LANDHOLDINGS
CORPORATION**

POLICIES & PROCEDURES MANUAL

MAY 2017



FALKLANDS LANDHOLDINGS CORPORATION

POLICIES & PROCEDURES MANUAL

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SECTION 1 - OBJECTIVES AND POLICIES

The policy objectives of FLH are (in order of priority):

- (a) To manage and develop its farms to make a profit on operating expenditure and revenue.
- (b) To assist in the development of farming generally in the Falklands, by working with the Department of Agriculture, WoolCo, FIMCO and FIDC.
- (c) To play a leading role in the implementation of a rural development policy for the Falklands, as set out in the Islands Plan.

In order to discharge its responsibilities FLH develops a 5 year business plan and budget annually to take account of markets and technological change.

1.1 BUSINESS PLAN

- 1.1.1 A 5 year Business Plan is developed by staff and incorporates the on going objectives from the current financial year and new objectives for the next financial year, as well as an outline five year medium term financial projection. The Plan is reviewed and updated where appropriate on an annual basis and is circulated to all staff

1.2 BUDGET

- 1.2.1 Alongside the Business Plan, the FLH Annual Budget is prepared in line with FIG timetables line with the full involvement of the FLH Board

SECTION 2 – MANAGEMENT PROCEDURES

2.1 FALKLANDS LANDHOLDINGS CORPORATION BOARD MEETINGS

- 2.1.1 Board meetings will be held every three calendar months throughout the year. Where urgent issues are required to be discussed an Extraordinary Meeting may be called, with the permission of the Chair or Vice-Chair.
- 2.1.2 Membership of the Board is prescribed in Section 4 of the Falklands Landholdings Corporation Ordinance 2000. Amendment No. 7 of 2008 notes “two members of the public appointed by the governor” which replaces clause 2(f).
- 2.1.3 Vacant Board Member positions are advertised in the local media, this then needs FLH Board adoption, followed by Executive Council (Exco) approval. If approved by Executive Council, the individual can be formally appointed by His Excellency the Governor
- 2.1.4 The Board shall discuss and evaluate development policy, business propositions or other matters brought to its attention, and in making decisions. Members shall be strictly impartial. Members shall not use information gained from FLH for any purpose other than the proper management of FLH, and shall keep confidential all information, which can legitimately be considered to be such.

- 2.1.5 The Board may refuse to consider any matter at a Board meeting where a written proposal has not been previously circulated, or where the FLH Board considers there to be insufficient information available. All submitted papers must follow the Committees (Public Access) Ordinance 2012.
- 2.1.6 Notice of meetings of the Board shall normally be given not less than 14 days prior to the date of the meeting.
- 2.1.7 The Secretary shall keep minutes of the meeting, which shall:
 - a) reflect the general content of any discussion;
 - b) record any particular concerns or comments;
 - c) record the decisions of the Board.
- 2.1.8 Board papers and agenda shall be circulated in accordance with the Committees (Public Access) Ordinance 2012, and at least 5 working days before the meeting.
- 2.1.9 Minutes shall be written, checked and distributed in accordance with the Committees (Public Access) Ordinance 2012 and be confirmed as correct by the next meeting of the Board, but it shall not be necessary to defer action on any decision of the Board until the minutes have been confirmed.
- 2.1.10 Minutes shall be written, checked by the Chair and distributed not more than one week after the day of the meeting and be confirmed as correct by the next meeting of the Board, but it shall not be necessary to defer action on any decision of the Board until the minutes have been confirmed.
- 2.1.11 The Board shall attempt to reach consensus on any decision. Where this cannot be achieved the eligible members shall vote and the majority view shall be recorded as the decision of the Board. In the event of a tied decision, the person Chairing the meeting will hold a casting vote.
- 2.1.12 A member of the Board who has any direct or indirect interest in any matter considered at a meeting of the Board at which they are present shall declare that interest and shall not vote in respect of that matter and, if they are so required by the remaining members of the Board, shall withdraw from the meeting during consideration of that matter. Should the interest render the Board inquorate, the paper will be deferred until a future meeting.
- 2.1.13 The Board shall attempt to reach consensus on any decision. Where this cannot be achieved the eligible members shall vote and the majority view shall be recorded as the decision of the Board. The Chair shall not vote unless the matter is tied, in which case he/she shall have a casting vote or refer the matter to Executive Council for decision.
- 2.1.14 The Board may refer any matter on which it feels unable to take a decision to Executive Council.

2.2 MANAGEMENT RESPONSIBILITIES

- 2.2.1 The General Manager shall be responsible to the Board for all matters relating to the planning and execution of FLH activities. In particular the General Manager shall ensure that:
- 2.2.1.1 Subject to the availability of financial provision FLH is staffed with sufficient numbers of suitably qualified persons to carry out all the functions required of it;
 - 2.2.1.2 All staff so employed are given a written letter of employment prior to commencement, which contains at least the grade and salary of the employee, hours of work, leave entitlement and requirement of confidentiality. Within 30 days of commencement the employee shall be given a full Statement of Employment and a copy of the Standard Terms and Conditions of Employment;
 - 2.2.1.3 Standard Terms and Conditions of Employment are produced and kept updated, and made available to all staff. These Conditions are contained in the FLH Employees Handbook;
 - 2.2.1.4 Staff are kept informed of the activities of FLH and of the Government in so far as it affects the proper functioning of FLH;
 - 2.2.1.5 All staff receive the necessary training to enable them to carry out their functions efficiently and effectively, and prepare them for promotion either within or without FLH.
 - 2.2.1.6 All assets and funds in the care or ownership of FLH are used to the greatest benefit in respect of the Objectives and Policies of FLH;
 - 2.2.1.7 Staff are released for participation in Government committees or other bodies which have an impact on or are related to FLH's activities or affect overall Rural Development policy;
 - 2.2.1.8 Records are kept for at least six years plus the current year on all projects and other subjects, including copies of all correspondence, minutes, information and financial transactions. There is a proper filing system and file lists that make the system easily accessible;
 - 2.2.1.9 Where there is a conflict of interest between FLH and a subsidiary, associate or assisted business notification is given to the business that FLH will in the first instance protect the interests of FLH;
 - 2.2.1.10 No member of staff is involved in the preparation or evaluation of any proposal, or in any FLH work, where the member of staff has a direct personal interest or where there is a potential conflict of interest. Further details on management of conflicts of interest can be found in the Staff Handbook.

2.3 DELEGATION OF AUTHORITY

2.3.1 In the absence of the General Manager, from the Islands or on leave, the Chair or Vice-Chair shall be responsible and accountable, and enjoy all powers and authorisations, as though they were the General Manager.

2.3.2 Authority levels for the approval of expenditure, execution of documents and the making or interpretation of policy are set out here below:

Executive Council:

- Budget approval
- Business Plan approval
- For the lease of areas in excess of 50 Ha
- For all sales not included in other delegations
- A variation to the budget where the cumulative change would be more than 10% from the last budget approved
- The borrowing of money or the giving of guarantees
- Project grant assistance to others in excess of £25,000 for any one project
- Projects in excess of £100,000
- Write-off of bad debts over £1,000
- Major changes proposed to stocking levels
- Amendments to the Policies and Procedures manual approval

Falkland Landholdings Corporation Board:

- Approval of items over the limits within the authority of the General Manager
- Approval of projects or purchases above £10,000
- Appointment of the General Manager and Farm Managers
- Disposal of assets by tender whose net book value currently exceeds £15,000
- Disposal of assets by negotiation whose net book value currently exceeds £5,000
- Approval of rent or lease agreements under 5 years of up to 50 Ha with or without buildings
- Approval of rent or lease agreements over 5 years
- Approval for the sale of existing houses/buildings with up to 2.5 Ha of land both within and out with settlements
- Approval for the sale of small recreation areas up to 2.5 Ha
- Write-off of losses on disposal of assets above £2,000
- Write off of bad debts below £1,000
- Expenditure overrun exceeding 20% of approved cost (but not if it exceeds 10% of the overall budget)
- Significant changes to livestock levels
- Bank Mandates for all FLH accounts

- The Chair shall have authority to agree urgent action, where this is necessary, subject to a report of such action to the next Board meeting
- Re-allocation of funds within Budget Sectors above £5,000

General Manager:

- All personnel and employment matters below Farm Managers, including appointment of replacement staff within approved budgets
- Approval of projects or purchases below £10,000
- Disposal of assets by tender whose net book value is currently less than £15,000
- Disposal of assets by negotiation whose net book value is currently less than £5,000
- Approval of short-term (max 5 years) leases or rent agreements on existing houses/buildings with up to 2.5 Ha of land both within and out with settlements.
- Write-off losses on disposal of assets below £2,000
- Expenditure overrun not exceeding 20% of approved cost (unless exceeds 10% of overall budget)
- Investment of surplus funds, in line with investment guidelines determined/approved by the FLH Board
- The General Manager may delegate any of his authority to any member of staff within his discretion
- Negotiation of sale of FLH product and inventory
- Re-allocation of funds within Budget Sectors below £5,000
- Signature of all documents binding FLH
- All of which requires the General Manager to keep informed the Board of matters of high risk

Company Secretary:

In relation to FLH and subsidiary companies, to perform a variety of functions including, but not restricted to:

- Administration in respect of Board meetings
- Proxy voting forms
- Statutory returns

The General Manager may delegate any of his/her authority to any member of staff within his discretion.

2.4 ANNUAL BUDGET

2.4.1 An annual Budget shall be prepared in accordance with the FLH Ordinance 2000. The annual Budget shall include at least:

- a) Detailed proposed expenditure by farm, also showing in summary the previous year's budget and expenditure.
- b) Details of income by farm, also showing the previous year's budget and income.

- c) A description of the use of funds.
- d) A summary of projected expenditure, income and funding requirements for five years.
- e) A summary of the proposed sources of funding for five years.
- f) Details of all major assets, cash balances and a summary of projected annual cash reserves for the next 5 years.

2.4.2 The annual Budget may also include such other narrative or explanation as FLH may feel is necessary.

2.4.3 The annual Budget shall be considered and approved by the FLH Board prior to submission to the Financial Secretary and Executive Council in accordance with the Ordinance, by the 30th June.

2.4.4 The annual Budget must be reviewed in line with instructions from FIG Treasury; recommendations for restructuring the Budget (if any) should be submitted to the FLH Board immediately thereafter.

2.4.5 The General Manager shall be responsible for monitoring expenditure against budget and shall report accordingly to the Board. Any corrective measures shall be taken in accordance with levels of authority to vary the Budget.

FLH will submit a request for subvention to FIG as detailed in the Ordinance – i.e. following the guidelines issued by the Financial Secretary.

2.5 FUNDING

2.5.1 FLH may seek funding from any source in order to carry out its Objectives and Policies, subject to the provisions of the FLH Ordinance 2000. FLH may not borrow without the express permission of Executive Council.

2.5.2 Income generated by FLH from sales, loans, mortgages, investments and other sources shall be retained by FLH for funding future activities (subject to section 3 (6) of the ordinance). FLH shall seek to maximise income, but will not go beyond reasonable standards or take an extra benefit from a specific situation to the detriment of an assisted business or overall development policy.

2.5.3 FLH shall seek to achieve a financial return where appropriate.

2.6 BIENNIAL REPORT

2.6.1 A Biennial Report setting out the principal activities of FLH throughout the previous two financial years shall be produced. FLH shall not be obliged to reveal in its report the details of financial assistance to individual companies or persons; the report shall otherwise be as full and complete as possible to keep the public informed.

- 2.6.2 The Biennial Report must be submitted to the FLH Board before being made Public.

SECTION 3 - GENERAL RULES AND GUIDELINES FOR CORPORATION ACTIVITIES

FLH shall undertake such activities as it may consider necessary to fulfil its Objectives and Policies, and may amend or suspend any activity or assistance scheme at any time. FLH must not engage in activities that are not provided for in its business plan, without first obtaining the approval of the Board.

FLH is empowered to enter into partnership or give assistance to individuals, commercial enterprises or other organisations that in its opinion will contribute either directly or indirectly to the rural development of the Falkland Islands. Such assistance or partnership will be after consultation with FIDC and DoA.

In addition to its core farming business activities may include any or all of the following:

3.1 PROJECTS

FLH may commit funds to special projects that will:

- a) develop the infrastructure of the Falkland Islands;
- b) set up new business enterprises, either solely or in partnership with other organisations, which can then be moved into the private sector;
- c) help create an environment that will aid the expansion and growth of existing enterprises.

FLH is committed to promoting a sustainable economic development and will require an environmental impact assessment to be carried out where there is any concern that a project may significantly impact on the environment.

3.2 ASSET PURCHASE & DISPOSAL

3.2.1 FLH may purchase assets including land in order to carry out its objectives and policies, subject to appropriate approval from Executive Council (if land is required) and evaluation procedures. It shall seek the best value for money in all purchases and obtain warranties and guarantees as to condition whenever possible. Assets may be purchased for own use, use by subsidiary or associated companies or for use by others subject to suitable lease or rental agreements. Limits for authorisation of expenditure for asset acquisition are in line with other expenditure authorisation, where budget exists for the purchase. In all cases where asset addition is unbudgeted the Board will approve the matter.

3.2.2 The thresholds for disposal of assets are set out in section 2.3. The actual practices for disposal of assets will vary, and in each case the General Manager will ensure the best economic use is made of any assets disposed of whilst seeking to maximise the return to the organisation.

3.3 OTHER

3.3.1 Professional Services

FLH may support the provision of professional, business, research or agricultural services to the private sector in order to improve the standard of business expertise among Camp businesses. Such support may be by way of direct subvention to suitable companies, the provision of guaranteed volumes of work to professional services, or through the provision of support to the user of the service. In particular FLH shall encourage, by whatever means, the keeping of proper records of account in all assisted businesses and enterprises, and the provision of independent legal advice from legal firms conversant with Falklands law.

3.3.2 Acquisition of Funding for Investment and Development

Subject to the provisions of the Ordinance, FLH may seek funding from external sources for general or specific purposes. Funding may be sought for specific projects from any source, multi-lateral or commercial, where the project warrants it.

FLH shall not normally borrow monies for projects at rates of interest that exceed those available locally. In any event, the permission of Executive Council is required for the borrowing of money or the giving of guarantees

3.3.3 Promotion of Commercial Activities

FLH may, where it sees opportunity or economic benefit to the Falkland Islands, promote any commercial activity, either on its own behalf or in conjunction with other local or external investors.

3.3.4 Participation in FIG Policy Working Groups

FLH staff shall be made available at all reasonable times to participate in policy working groups where there is a development impact, or where the maintenance and development of private enterprise is affected. FLH shall equally involve relevant FIG officers and other interested parties from the private sector in its working groups for input of information and co-ordination of policies.

SECTION 4 - TENDERS AND CONTRACTS FOR WORKS AND SUPPLY OF GOODS AND SERVICES

4.1 WORKS & SERVICES

4.1.1 Where FLH is to let a contract for major land improvement, building or other works or services, competitive tenders will be sought, in line with the procedures below.

- 4.1.2 Any works or services with an anticipated cost in excess of £10,000 in total must be put out to competitive tender. FLH may opt to pre-qualify or pre-select a minimum of three qualified tenderers where there is justifiable reason to restrict numbers of bids.
- 4.1.3 Where no pre-selection is required calls for tender should be advertised adequately and effectively for a minimum 7 days and/or printed in any relevant publication. The call for tender should describe the works or services in sufficient detail to enable prospective bidders to judge the content and include the closing date and other relevant details.
- 4.1.4 For works or services with an expected value of between £5,000 and £10,000, two competitive written quotations must be sought and the lowest quotation accepted, unless there are significant operational reasons to override this (including, but not restricted to, value for money). The General Manager must satisfy themselves of the validity of these overriding factors. Works or services with an expected value below £5,000 need not be put out for quote; it is in order for staff to approach individuals or companies to undertake the work, but quotes of total cost must be obtained from a minimum of two sources whenever possible, and the quotes must be provided in writing.
- 4.1.5 All tenders and estimates shall be received by an appropriate Officer; they shall be date stamped and remain unopened until considered by the relevant authority.
- 4.1.6 Tenders and estimates of over £10,000 shall be considered by a Tender Board appointed by the General Manager. The Tender Board will usually consist of an FLH manager and/or a senior manager in the Department of Agriculture, a representative of the Financial Secretary, an FIDC representative if appropriate and a representative of the Attorney General's Chambers.
- 4.1.7 The FLH project manager shall appoint a date and time for the opening of tenders as soon as possible after the tender closing date and time. At the meeting of the Tender Board, all members will be invited to check the Register of Tenders (see 4.1.9) against the tender envelopes. Tenders received after the closing date and time will not be considered by the Tender Board.
- 4.1.8 Every invitation to tender or quote must state that FLH does not bind itself to accept any tender or quotation.
- 4.1.9 The relevant Project Manager will prepare information as required and the General Manager will maintain a Register of Tenders in relation to every contract put out to tender and shall record in that register the following particulars:
- a) details of the tender;
 - b) the name and address of the person to whom tender documentation was issued;
 - c) the date and time for the receipt of tenders;
 - d) the date and time of receipt of each tender.

4.2 SUPPLIES

- 4.2.1 Where FLH is purchasing plant, equipment, materials or other supplies it shall seek to obtain the best value for money. In most cases this will require competitive bids to be sought for supplies, in line with the financial limits and processes as set out in 4.1.
- 4.2.2 Where purchases of plant and equipment are made, FLH shall ensure that proper advice is taken as to the suitability of the item to local conditions.
- 4.2.3 For regular purchases (e.g. stationery, stocks, etc.) suppliers and supply contracts should be reviewed on an annual basis. Suppliers' prices must be clear as to content, delivery, insurance and freight costs.
- 4.2.4 Orders for supplies shall only be made after approval of expenditure, in line with approval limits.
- 4.2.5 Where supplies are distributed to individual farms, a proper stock account shall be kept of the receipt and issue of stock to farms.

SECTION 5 - FINANCIAL PROCEDURES

5.1 SCOPE OF THE FINANCIAL ACCOUNTING PROCEDURES

- 5.1.1 These procedures shall cover the financial management of FLH, its subsidiaries, and associate companies for which FLH has a management responsibility.

These procedures shall apply equally to the activities of all staff within FLH and its subsidiaries.

Specific duties and responsibilities are assigned to staff responsible for the payment and receipt of monies and financial record keeping.

- 5.1.2 The General Manager shall satisfy himself that the accounting arrangements of FLH and all subsidiary companies and associate companies of FLH are satisfactory and of a standard which will enable the preparation of:

Management accounts on a monthly basis
Annual statutory financial statements

- 5.1.3 The attention of the financial management and accounting staff is drawn to FIG Financial Instructions as necessary to accommodate circumstances beyond the procedures detailed in this manual.

Generally Accepted Accounting Practice should be adhered to.

- 5.1.4 Internal audit services may be requested by FLH (either the General Manager, Board or Executive Council) when deemed appropriate. All reasonable assistance shall be provided to any appointed auditor or inspector by all financial staff.

5.2 ORGANISATION OF THE FINANCE FUNCTION

- 5.2.1 The FLH Board is responsible for the statutory financial record keeping of FLH activities.
- 5.2.2 The General Manager shall ensure that suitable financial records are maintained for any company in which FLH has an interest, and that this information is made available to the FLH Board as appropriate.
- 5.2.3 The financial staff of FLH shall, subject to the provision of adequate funding, be organised to provide adequate resources to maintain proper financial records for the companies.

5.3 CHART OF ACCOUNTS

- 5.3.1 FLH shall have an account structure as corporate total. First level reporting shall be by activity sector based on the individual farms.
- 5.3.2 Codes will be used to denote project or cost/revenue groupings of associated form for each farm.
- 5.3.3 Separate codes will be used for development projects.
- 5.3.4 It is the responsibility of Finance staff to maintain the nominal ledger system to ensure that adequate and appropriate department and nominal codes are identified and employed.
- 5.3.5 The use of General Expense accounts is to be actively discouraged.
- 5.3.6 The General Manager shall be responsible for maintaining up-to-date listings of codes for FLH.
- 5.3.7 The account structure forms the basis of budget development, financial reporting and forecasting.

5.4 FINANCIAL ACCOUNT RECORDS AND PROCEDURES

- 5.4.1 Sales Ledgers and Invoicing
 - 5.4.1.1 The Office Manager and Farm Managers shall be responsible for raising all invoices and the collection of all funds due to FLH.
 - 5.4.1.2 As payments are received Finance staff need to ensure that the payment received is clearly linked to the invoice to which it relates.
 - 5.4.1.3 Every month a schedule shall be prepared by showing the age of outstanding debts: this schedule shall be presented to the General Manager. Action should be taken in respect of debtors in accordance with Debt Recovery procedures.
- 5.4.2 Debt Recovery

5.4.2.1 The General Manager is responsible for the recovery of all debts, whether in arrears or not. Systems shall be maintained to ensure that all debts are identified and that all payments due have been properly received.

5.4.2.2 Where payments become overdue action shall be taken in accordance with the following schedules:

Lease payments:

- When a payment becomes overdue a reminder will be sent;
- When a payment becomes one month overdue a formal letter will be sent;
- The General Manager shall endeavour to resolve the matter by obtaining:

Payment of the amount due

Payment on account

A proposal for rephrasing the lease

Other acceptable solution resulting in payment of principal and interest

Other debts:

- When payment becomes overdue a reminder will be sent;
- When a payment becomes one month overdue a formal letter will be sent;
- When payment becomes two months overdue a formal letter of action should be sent and the matter referred to the Legal Advisor for recovery. In certain circumstances, however, particularly where urgent legal action is necessary, a case may be referred to the General Manager for agreement with the Legal Advisor to implement legal action.

5.4.2.3 Payments on account

In some cases where a borrower is unable to make a specified periodic repayment the problem may be short term and payments to account are offered.

With the exception of cases being handled by the Legal Advisor, all satisfactory offers to make payments on account arrangements for demand to be temporarily suppressed in these cases.

It is most important that FLH's position is safeguarded in these circumstances.

5.4.2.4 Debt Provision

The General Manager in consultation with the relevant level of authority may make provision for Doubtful Debts and write off Bad Debts.

5.4.3 Purchasing and Payment

5.4.3.1 Orders for supplies of goods or services shall only be made against approved budgets.

5.4.3.2 On receipt of an invoice it shall be date stamped as received by FLH

The person ordering goods and/or services shall be the checking officer and shall note on the invoice the project code to which the cost is to be allocated. The Office Manager shall check the invoice against appropriate documentation. If the Office Manager is satisfied that the invoice is in compliance with the terms of order and of receipt of goods they should provide to the General Manager, which will seek final approval, in line with delegated authorities.

Finance staff shall refer back to the checking officer all invoices with inadequate approval or cost centre/account code identification.

5.4.3.3 On receipt of an approved invoice or claim for grant, Finance staff shall:

- Check all computations
- Check the approval number or cost centre and refer to the checking officer if inadequately identified
- Check the approval level, current expenditure and refer the invoice for further consideration by the General Manager if the approval level is, or will be, exceeded.
- Pay on the due date against an account, which shall remain within the credit limits arranged
- Ensure the financial ledger is up-to-date and accurate in respect of these transactions

5.4.3.4 On presenting instructions for payment financial staff must ensure that the form of instruction is appropriate and covered by mandated authority.

5.4.3.5 Financial staff shall maintain a purchase ledger for all suppliers.

5.4.3.6 The invoice and its supporting documentation shall be filed by supplier name

- No payment will be made on verbal authority
- No bank will be verbally instructed to make payments
- No payment will be made without authorised documentation and adequate funding.

5.4.3.7 Urgent payments shall only be made on the authority of the General Manager, who shall be responsible for ensuring that all necessary accounting operations are completed before

payment is made. Normally, payments would be made within 30 days, unless stated otherwise.

5.4.3.8 Standing Orders and Direct Debits shall be an acceptable basis for regular payments and shall be monitored through the bank reconciliation process.

5.4.3.9 Two signatories are required for the paying of invoices, an 'A' and a 'B'. Formal approval is sought through the FLH Board

5.4.4 Wages and Salaries

5.4.4.1 The General Manager shall keep salary levels under review.

5.4.4.2 Financial staff shall be responsible for maintaining wages and salaries registers detailing:

Gross salary
Appropriate deductions, including but not necessarily restricted to
MST
RPC
AVCs
Rent deductions

5.4.4.3 Net salary amounts will normally be paid directly to the employees' bank accounts and posted to the financial ledger, along with all other appropriate amounts, including deductions.

5.4.4.4 Tax and pension contributions will be deducted and any transfers made to the Tax Office within their prescribed timescales, including deductions, and a full supporting details as required.

5.4.4.5 Payslips shall be issued monthly to employees detailing gross salary, deductions and net salary, and delivered to the individuals concerned.

5.4.4.6 Certificate of Tax Deducted form EMP04 shall be provided to employees on an annual basis or on termination of employment.

5.4.5 Investments

5.4.5.1 Equity investments may be made by FLH under the regulations stated in this manual. Financial staff shall maintain a register of investments and keep it updated.

Financial staff may be required from time to time to assist other members of staff in determining investment valuation.

5.4.5.2 Where investment valuation has fallen below the initial investment value this should be noted on the register and drawn to the attention of the General Manager.

5.4.6 Subsidiary and Associate Companies

The General Manager will ensure that there are satisfactory arrangements in place in relation to financial management reporting of FLH and subsidiaries and associated companies.

5.5 TIMETABLES

The Office Manager and Accountant shall be responsible to ensure that the following timetables of accounts activities are adhered to:

5.5.1 Daily

- a) Reconcile local bank accounts
- b) Update asset register
- c) Check that all rents have been paid

5.5.2 Weekly

5.5.3 Monthly

- a) Check petty cash and reconcile to petty cash book
- b) Reconcile overseas bank accounts
- c) Update financial ledger
- d) Check wages paid from bank statement
- e) Pay POAT/RPC to FIG/Tax Office
- f) Complete nominal ledger reports
- g) Monitor income and expenditure by cost centre
- h) Prepare and issue management reports
- i) Reconcile purchase and sales ledgers
- j) Prepare aged debtor analysis
- k) Preparation of accruals and prepayments
- l) Review all transactions and prepare journal adjustments as necessary
- m) Review budget profiling

5.5.4 Annually

- a) Reconciliation of closing accounts
- b) Preparation of accounts to trial balance
- c) Asset checks
- d) Roll and clear nominal ledger
- e) Posting of opening balances
- f) Agreement of year end accounts
- g) Response to audit management letter
- h) Timetables for agreed action resulting from audit letter
- i) Preparation and presentation of budgets
- j) Instructions for year-end stocktaking and account procedures for FLH and operating companies
- k) Detailing of cut off dates and audit for preparation of accounts
- l) Calculation of depreciation

5.6 ASSET MANAGEMENT

5.6.1 Cash

5.6.1.1 The general policy shall be to minimise the number of bank accounts in operation.

5.6.1.2 For FLH, accounts will be maintained in Stanley.
Present FLH bank accounts are:

SCB FLH Current Account Stanley
SCB FLH Short Call Deposit Account Stanley
SCB FLH Fixed Deposit Stanley

A minimum working balance shall be kept in current accounts and the balance on Short Call or Deposit facilities.

The General Manager shall ensure that all accounts are properly maintained and controlled.

An annual review of all bank accounts will be undertaken to ensure that an appropriate number of accounts is maintained to meet the needs of the business.

5.6.1.3 On identification of cash surpluses the Office Manager shall advise the General Manager of sums which may be placed on deposit attracting a higher rate of interest.

The General Manager shall advise the Bank in writing of sums to be deposited and the maturity date.

The General Manager shall ensure that Certificates of Deposit are received for each sum placed and that details including maturity date are accurate.

5.6.1.4 The General Manager shall in writing advise the Bank to roll over deposits or uplift with placement instructions as required.

5.6.1.5 No funds shall be used for speculative lending, currency dealing or financial dealing for gain. No funds shall be invested on call or deposit for periods exceeding three months without the written authority of the General Manager

5.6.1.6 No funds shall be invested on call or deposit for periods in excess of six months without Board approval.

5.6.1.7 All receipts shall be banked within two days of receipt and a bank receipt obtained for all deposits. The receipt must be allocated a voucher number and filed after posting in the financial ledger.

Any instruments of payment received which fail to progress through bank clearing should be treated as an overdue debt.

5.6.1.8 Petty cash shall be kept for FLH. All payments made must be supported by an authorised claim. The Administrative Officer shall maintain a petty cash book. The General Manager will satisfy himself that the record keeping in respect of petty cash is adequate and authority to spend petty cash is appropriate.

Petty cash shall be kept in a locked box and shall not exceed £50.00 at any one time.

5.6.1.9 FLH will maintain cash reserves of 2.5 times administration and staffing costs

5.6.2 Fixed Assets

5.6.2.1 The General Manager shall be responsible for maintaining a record of all fixed assets owned by the Corporation.

5.6.2.2 The fixed asset register shall show an entry for each asset of a capital nature, or item which cost over £500, in the undernoted categories, where applicable:

Farm land
Farm buildings
Dwellings
Farm plant & equipment
Motor Vehicles
Dwellings fixtures and fittings
Office equipment
Fencing
Assets under construction
Livestock - sheep
Livestock - cattle

5.6.2.3 The General Manager shall arrange to conduct checks to validate the continued existence of fixed assets and their condition on an annual basis. Fixed assets should be written down to their actual value if it is below the depreciated book value.

5.6.2.4 Fixed assets shall include all assets owned by FLH including:

- All equipment subject to a hire purchase agreement
- All property subject to a mortgage advance
- All property subject to a lease purchase agreement
- All plant and equipment leased to FLH

5.7 REPORTING

5.7.1 FLH

Each calendar month financial staff will prepare the following reports:

- Income and expenditure reports showing actual and budgeted income and expenditure.
- An expenditure forecast which shall list all approved projects and include estimated expenditure supplied by the General Manager and/or other staff. Unapproved but likely projects should be included in the expenditure forecast.
- A balance sheet and profit and loss statement for the organisation.

5.8 DRAWDOWN OF FUNDS FROM FIG

The General Manager will arrange to drawdown FIG funding for FLH as appropriate.