

## **Budgetary control, financial reporting and authorisation**

### **Budgeting**

Shared Interest adopts a formal budgetary planning process, led by the Management Team with support from both the Board and staff. The strategic planning process begins well in advance of the start of the financial year with the building of a business plan, incorporating key assumptions and objectives. This outline, once approved by the Board, is then developed into a detailed and comprehensive plan and a departmental line-by-line final phased budget which is also approved by the Board prior to dissemination and implementation.

### **Financial Reporting**

We produce monthly management accounts (for the Society and the Foundation) containing a balance sheet, a profit and loss account and a commentary which shows the breakdown of each expenditure by department or project. The accounts are backed up by a full set of balance sheet reconciliations that support the trial balance on Access Accounting software. Financial performance is analysed against budget and reported to budget holders, senior management and the Board in order for results to be monitored at the appropriate level and any decisions to be made and action taken accordingly. It also helps to ensure that decisions to undertake projects are made with concern for the financial structure and if the project can be carried out within the limits of the adopted budget. A further breakdown of departmental expenditure, compared with budget, is also issued to budget holders to enable them to monitor spend at micro as well as macro level. The balance sheet gives the Board a snapshot of the financial position of the organisation every month showing the assets and deposits as well as funds advanced to customers, also the liabilities of the Society and the Foundation, e.g. our foreign currency loans and payments due to creditors.

### **Authorisation procedures**

All staff have clear job descriptions describing their duties and must act solely within these. Duties are segregated so that the person processing the invoice is not the person authorising the expenditure or the person authorising the payment. All purchase ledger invoices or payment requests must be authorised by the budget holder and be within their authority limit. Managers' limits apply only to their own budgets and area of responsibilities. Shared Interest's bank mandate and payment procedures are such that two signatories or authorisations are required in order to process any kind of financial transaction (whether this be a cheque, electronic payment, transfer, loan, foreign exchange spot deal or foreign currency request). Furthermore, the key staff who process and reconcile transactions and have access to financial systems (i.e. the Finance Manager, Finance Officer and Finance Assistant) have no authority, either from a budgetary control or a payment perspective.

### **Prudential Lending Limits**

We operate prudential lending limits, set by our Board, which limit the proportion of share capital that can be lent to an individual customer or country as well as particular lending products, commodities and geographical regions. These provide an appropriate spread of risk for our lending portfolio.