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Amenity Funds at Adult Care Establishments

Derbyshire County Council - Adult Social Care

Name	Job Title	Date
Approved by:	Assistant Director (Strategy and Commissioning)	March 2013
Authorised by:	Policy and Procedures Group	March 2013
Revised by:	Head of Finance	July 2016
Revised by:	Head of Finance	January 2018
Revised by:	Head of Finance	February 2020

Version	Date	Name	Reason
V1	July 2004	Bill Smith	Original Version
V2	March 2013	Graham Woodhouse	Full revision
V3	July 2016	Graham Woodhouse	Revision re Advisory Committee and preferred bank
V4	January 2018	Graham Woodhouse	Review
V5	March 2020	Toni Padley, Graham Woodhouse, Philip Spencer	Added details about operating without an advisory committee and guidance on using a debit card

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Introduction

Each establishment must have the facility of an amenity fund account into which can be paid the proceeds from fund raising events and donations. In the case of legacies bequeathed for the specific benefit of clients, advice should always be sought from the service manager over the best method of dealing with this type of income. Expenditure made from the amenity fund should always be for the direct benefit of clients or to enhance the facilities available at an establishment.

Advisory Committees

1. Advice on the raising and spending of amenity fund money should ideally be vested in a small advisory committee set up for each amenity fund account. The committee must comprise the unit manager and his/her deputy, plus an equal number of representative members of the staff. The committee should also include two client representatives where possible and, if available, two independent persons from outside the establishment. However, it is recognized that this may not be possible in some of the smaller establishments. Please see paragraph 5 on the process for authorising spend where no advisory committee exists.
2. The committee must meet at least quarterly to receive a full statement of income paid into, and expenditure made from, the amenity fund since the last meeting of the committee. These statements should be prepared by one of the senior members of staff on the committee and signed by the chair of the committee. An example of a quarterly statement is attached (Appendix 1).
3. One member of the committee should be nominated to keep brief notes of meetings, which should record all decisions taken.
4. Where possible, proposals for spending money must be considered by the advisory committee which will decide by simple majority vote. Where it is not possible to convene the advisory committee, the spending decision can be made by the unit manager, but will need to be reported to the next meeting of the committee for retrospective approval. As the final accountability for the running of the fund rests with the unit manager (as the responsible officer of the county council) he/she will have the power to veto committee recommendations. Decisions taken to incur expenditure in excess of £250 must be referred to the service manager for ratification.
5. In establishments that have no advisory committee, all spend must be authorised retrospectively by the relevant service manager on a quarterly basis and reviewed annually by the relevant group manager. The service manager is responsible for writing a letter to state that the amenity fund will be operated without a formal advisory committee where it has not been possible to form one.

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6. An annual statement relating to the amenity fund giving details of income, expenditure and the balances in cash and at the bank, must be presented to the committee as soon as possible after the 31st December each year. The annual statement will be prepared by one of the senior staff on the committee. A copy should be forwarded to the service manager and further copies should be displayed on the notice boards at the establishment for the information of staff and clients. An example of an annual statement is attached (Appendix 2), although a spreadsheet may be used to record the information and to produce an annual statement. It is the responsibility of the service manager to check these figures, sign the statement and retain a copy on the establishment's file. Where the service manager has authorised the expenditure due to having no advisory committee the annual statement must be checked and signed off by the group manager. A copy of this statement must be retained.

Voluntary Organisations (e.g. League of Friends)

Although the constitution of advisory committees allows for outside volunteers to be involved in amenity fund activities, a number of establishments do have allied organisations, such as leagues of friends, who are prepared to take on the role of independent fund raisers for establishments. Unit managers must ensure that when the involvement of such an organisation is being planned, a copy of the proposed constitution is passed to the service manager for approval before clearance is given for the organisation to commence functioning.

Operation of Amenity Fund Accounts

1. Bank accounts, either current or deposit or both, should be opened at a convenient branch of one of the major clearing banks. If required, assistance in opening an account should be sought from business services staff at the area office. The account(s), which will be the responsibility of the unit manager, should be in the name of the establishment *e.g. 'Brookdale Amenity Fund'* and *not* that of the persons operating the account(s). At least three members of staff, one of whom must be the unit manager, should be nominated to act as designated signatories to the account. This is achieved by filling out a mandate form supplied by the bank which, amongst other things, will call for the specimen signatures of the nominated officers. Each time there is a change of personnel operating an amenity fund account a completely new mandate form will need to be supplied to the bank.

2. When completing the mandate form it should be made clear that cheques drawn on the account(s), and other withdrawals, will require the signatures of *any two* of the nominated account holders to be valid. This condition must be strictly observed. Cheques must not be pre-signed.

3. An account book (example page attached as Appendix 3) recording all transactions affecting the fund should be kept by the persons operating the account and be balanced

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at the end of each quarter (i.e. 31st March, 30th June, 30th September, 31st December) to coincide with meetings of the advisory committee. The quarterly balance must include a reconciliation with the bank statement, which is signed by the staff involved to evidence completion. Account holders who encounter difficulties in maintaining the records in the prescribed manner (i.e. double entry book keeping) should seek advice at an early stage from business services staff at the area office.

4. Receipts from an official Derbyshire County Council receipt book must be issued for *all* income received by the amenity fund. A separate receipt book should be used exclusively in connection with the amenity fund. It is an audit requirement that receipts made out for indeterminate amounts of cash must be signed by two members of staff to evidence that the amount collected is correct. Receipt books are available, in two sizes (50 or 400 receipts), from the Corporate Resources General Office and should be ordered on the special requisition form for the supply of controlled stationery.

5. All expenditure made from the amenity fund account should be covered by a paid invoice, receipt or voucher and these, together with the receipt book, should be retained in a safe place at the establishment and be available for audit inspection at a later date. It is helpful if the expenditure vouchers are serially numbered for easy cross-reference to the account book. Where an amount of money is taken from the fund to purchase items, a voucher should be prepared and held with the fund records until the items have been obtained. The receipts and any surplus cash should then be returned to the fund.

6. The income received from fund raising activities must always be checked and agreed at the completion of the event by one of the account holders in the presence of an advisory committee member and, if possible, one other independent person. The money should then be paid into the amenity fund account with the minimum of delay. A detailed statement of each fund raising event should be prepared and placed on the establishment's notice board.

7. Wherever possible payments out of the amenity fund should be made by debit card or cheque thereby keeping the cash in hand to an absolute minimum.

8. Amenity funds are official county council funds and so approval is required before items of expenditure in excess of £250 are incurred. Requests for approval should be directed to the service manager using the special form for this purpose. An example of the approval form is attached (appendix 4). His/her decision should be noted on the form after which it should be returned to the establishment for retention.

9. Any commission received by the amenity fund on clothing sold to clients should be entered on an official receipt which should be signed by a representative of the company who supplied the goods.

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10. When a one-off fund raising activity takes place then the details of the income and expenditure should be recorded. An example of a fund raising activity statement is attached (Appendix 5).

11. In certain circumstances it is possible to make arrangements for payments made from the amenity fund to avoid the impact of VAT. Derbyshire County Council is able to recover nearly all the VAT that it pays from HM Revenue and Customs provided *proper* VAT invoices and receipts are obtained by the county treasurer to substantiate his reimbursement claims. HM Revenue and Customs has agreed that it is acceptable for the Derbyshire County Council to make payments on behalf of Adult Care amenity funds as a tactic to avoid paying VAT but this is only allowable in certain strictly defined circumstances. To meet the necessary criteria the goods being purchased *must* be destined to remain in the long-term possession of the establishment, e.g. items of furniture and equipment. The payment of VAT *cannot* be avoided where the purchase relates to items of a consumable or non-tangible nature, e.g. stationery, food, holidays, hire of transport or goods that are going to be resold to service users.

To make a payment from an amenity fund account avoiding the impact of VAT the following procedure should be followed:

- i)** If the payment, excluding VAT, is over £250 the prior approval of the service manager must be obtained in the normal way.
- ii)** The supplier should be provided with an official Orderpoint order.
- iii)** Once the items have been received, they should be receipted in Orderpoint. A cheque for the amount of the invoice *before* the addition of VAT (made payable to the Derbyshire County Council) should be drawn on the amenity fund bank account and paid into the council's bank account using the normal procedure for banking official income. It is important that the *same* ledger code is quoted on both the order and on the bank paying-in slip used when banking the amenity fund cheque.

12. When using a debit card please ensure.

For cash withdrawals:

- unless in an emergency situation, the withdrawing of cash from ATM's that charge for the transaction should be avoided
- a receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the amenity fund account
- the cardholder must ensure that the correct amount of cash is received at the point of receipt and register any discrepancies with the bank/store

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immediately, or the following working day if out of normal business hours - the head of establishment and departmental finance team should also be informed

- any cash balances from withdrawals will need to be returned to the establishment as soon as operationally possible with receipts to account for any expenditure

For on-line and point of sale transactions:

- a receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the Amenity Fund account
- transactions and supporting documents (such as receipts) must be kept for a period of six years plus the current financial year by the relevant department for audit purposes
- payments made via debit card are limited to the cleared funds available in the amenity fund account

Reconciliation and inspection:

- all debit card transactions will appear on the Imprest account's bank statement, the receipts/invoices obtained must be reconciled to the statement, on a monthly basis as a minimum
- all receipts and the reconciliation schedule must be checked and authorised by a designated person who has not undertaken any debit card transactions that period and countersigned by the head of establishment or their representative

Restrictions are:

- debit cards must not be used for any personal expenses
- only secure sites should be used to make purchases via the internet sites with a web address beginning HTTPS
- personal loyalty cards/ store cards (Nectar etc.) must not be used in conjunction with amenity fund debit cards
- card insurance and/or subscriptions for card protection services must not be purchased

Security measures are:

- the card will only ever be used by the person named on the card
- it is the personal responsibility of the card holder to ensure the card is kept secure at all times and cannot be accessed by any other persons -

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reasonable steps should be taken to ensure the card details cannot be viewed or overheard by any other persons

- it is recommended for security reasons that wherever possible transactions are processed by the cardholder being physically present at the point of sale
- the card's security PIN number must be kept secure and not disclosed to anyone else, under any circumstances
- the bank must be notified immediately if the card is lost or stolen or fraudulent use is suspected
- the cardholder will surrender their card to the Head of establishment, or their representative when the cardholder leaves the employment of the council or if circumstances change so that a card is no longer required - the card should then be destroyed by the head or their representative of the relevant establishment who will immediately then notify the bank
- passwords or other details relating to the debit card or cardholder must not be written down

Fraudulent or misuse of the card means:

- If the cardholder misuses the card or fraudulently uses the card or permits any other person to use the card, this may result in disciplinary action being taken against the cardholder

Appendix 1 – Amenity Fund Account Quarterly Statement

Establishment:

Amenity Fund Account Quarterly Statement

???? to ????

Income

Date	Detail	Amount
		£
		£
		£
	Total	£

Expenditure

Date	Detail	Amount
		£
		£
		£
	Total	£

Signed

Date

Appendix 2 - Amenity Fund Account Annual Statement

Establishment:

Amenity Fund Account Annual Statement

????

Balances at 31st December ????

Cash in Hand £	£
Balance at Bank £	£

Income details for period 1st January ???? to 31st December ????

Expenditure details for the period 1st January ???? to 31st December
????

Balances at 31st December ????

Cash in Hand	£
Balance at Bank	£

Service Manager

Signed

Date

Appendix 3 - Account Book

Establishment:

Account Book

Date	Detail	Money In	Money Out	Balance	Checked
01/01/2017	Opening Balance			£350.00	
22/02/2017	Raffle	£100.00		£450.00	
25/05/2017	Outing		£250.00	£200.00	

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Appendix 4 - Request for Spend in Excess of £250

Request for spend in excess of £250

Date:

Detail:

Expected Cost:

Requested By:

Comments:
(Service Manager)

Approved By:
(Service Manager)

Appendix 5 - Fund Raising Statement

Establishment:

Fund Raising Statement

Event:

Income

Date	Detail	Amount
		£
		£
		£
	Total	£

Expenditure

Date	Detail	Amount
		£
		£
		£
	Total	£

Total amount raised for Amenity Fund £

Signed

Signed

Date