

SECTION 6

Cardiff & Co

Operational Procedures

Adopted by Resolution of the Board on 4 December 2009

SECTION 6.1

6.1 Delegated Authorities: Power to Commit

6.1.1. Introduction

It is company policy to obtain best value in the obtaining of goods or service. Employees are expected to minimise costs and avoid unnecessary cost without impairing the efficiency of the company.

Company policy is to obtain competitive quotes for the obtaining of goods or service save where this is neither practical nor reasonable. Such circumstances to include:

- repeat orders where the goods/service provider has been identified and confirmed
- small incidental services

Employment and establishment costs are determined through the annual Budget process which also defines budget lines for specific activities.

Financial control is focused predominantly on the commissioning of expenditure through the creation and authorisation of Purchase Orders. Purchase Orders are set against budget lines and, as part of the commitment authorisation, budget capacity is established.

Each Purchase Order requires a minimum of two signatures (see below).

6.1.2. Budget Process

Commenced (3 months) before the financial year end. Plans to be based on discussion/review by Sector Boards and set in the context of identified revenue streams and the strategic objectives of the company.

To be submitted by the Managing Director in draft to the Strategic Board for discussion and approval subject to amendments agreed by the Board.

6.1.3. Signatories and approval process

(a) Signatures for Purchase Orders/Expenses as at [] December 2009

Group A
Bill Savage
Richard Thomas
Rob Jones

Group B
Jaqueline Van de Stadt
Ed Townsend
Hywel Thomas

Group C
Anna Garton
Ai-Lin Valentine
Jannie Kingma

Jon Horne
Mark Hallett

Pat Crimp
Carys Pugh-D'Auria
Sara Llewellyn

Vicky Jones
Cheryl Walker

Amendments to the signatories list to be approved by the Strategic Board.

(b) Budget holders

Network development – Pat Crimp
Investment Promotion – Carys Pugh D'Auria
e-Communications & e-Marketing – Anna Garton
Leisure Tourism – Jacqueline Van de Stadt
Business Tourism – Sara Llewellyn
PR and Branding – Anna Garton

Amendments to the designated budget holders to be notified to the Strategic Board.

(c) Signatories for Bank Purposes as at 4 December 2009

Bill Savage
Richard Thomas
A N Other (to be Chair of F&GP when appointed)

(d) Approval Process

(i) Purchase Orders which fall within agreed Budget lists

- up to £2000 One C signatory: One A or B signatory
- £2000 to £25000 One B or C signatory: One A signatory (normally Chair or Managing Director)
- over £25000 Two A signatories to include either the Chair or Managing Director

All Purchase Orders to be initialled by the designated budget holder and/or subsequently confirmed.

All Purchase Orders to an individual service or goods supplier which either by itself or in aggregate exceed £5000 to be reported to F&GP and the Main Board.

(ii) Purchase Orders which fall outside agreed budget limits

- up to £2000 One B or C signatory: One A signatory (normally Chair or Managing Director)
- £2000 - £5000 One B signatory: One A signatory (normally Chair or Managing Director)
- £5000 - £10000 One B signatory: Two A signatories to include either Chair or Chief Executive

All Purchase Orders to be initialled by the designated budget holder and/or subsequently confirmed.

The above is subject to the overriding condition that if the aggregate of all Purchase Orders falling outside agreed budget limits aggregate

more than £25000 in any period subsequent to the last Board then Board approval must be obtained. This will be determined in the context of the most recent Management accounts and will include both actual and committed expenditures. If necessary this should be done outside the normal Board sequence.

(iii) Payment of Invoices

- if consistent with the Purchase Order approval by a signatory designated in (c) above
- if not consistent (in excess of Purchase Order) a new Purchase Order to be raised with approval per (d) above.
- In exceptional circumstances where timing prevents the normal issue of Purchase Orders, invoice must be approved by Managing Director and one of Chair or another A signatory.

All invoices not consistent to be noted and reviewed by F&GP.

SECTION 6.2

6.2 Fees and Expenses Policy

6.2.1 Fees

The remuneration of the Chair was initially set and agreed by the Special Member. Three members of the Finance and General Purposes Committee shall review such remuneration annually and, with the agreement of the Special Member, recommend to the Strategic Board any changes to the remuneration. In exceptional circumstances Board members may receive payment for carrying out executive functions subject to a recommendation of three members of F&GP, the consent of the Special Member and the agreement of the Strategic Board

6.2.2 Expenses.

It is company policy that claimants are reimbursed the cost of allowable business expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment.

Claimants are expected to minimise costs and avoid unnecessary cost without impairing the efficiency of the company.

Any excess claims over allowable limits, as defined, will not be reimbursed.

Original receipts plus valid VAT receipts (when applicable) to be attached to any claim. Without a proper VAT receipt the company is unable to reclaim VAT. If receipts are not available an explanation as to why should be noted.

Claim forms, as per attachment A, to be completed as soon as possible to avoid accruals between different financial years and to ensure that expenditure on expenses can be effectively monitored and managed. Expense claim forms to be signed by an authorised signatory

In terms of sign off, the Managing Director's expenses to be signed off by the Chair. The Chair's expenses to be signed off by the Chair of F&GP. The expense claims of other Board members to be signed off by the Chair, other than the Chair of F&GP whose expenses should be signed off by two Board members other than the Chair.

All staff expenses over £250 to be signed off by the Managing Director. Staff expense claims under £250 to be signed off by Jacqueline van de Stadt.

Marketing and training expenses require prior approval and to be allocated against specific marketing / training budgets. Approvals as per the guidelines.

6.2.2.1 Allowable Business Expenses

- a) Rail Fares. All claimants to travel standard or equivalent class. In exceptional circumstances first class travel may be reimbursed where, for example, a client, stakeholder or business partner is being accompanied for the benefit of the company's objectives. Prior approval is normally required from the Managing Director and / or Chair (or other designated authority).

Lowest cost alternatives should be used whenever possible.

- b) Buses, Underground. Lowest cost alternatives or day return or saver tickets should be used wherever possible.
- c) Taxis. To be avoided unless alternatives are not available or impractical.
- d) Late working. The company will reimburse the cost of a taxi home and / or to a hotel if public transport has ceased working or it is not reasonable for the employee to use it.
- e) Car. Full details of trips to be recorded.

- (i) Own Car. Business travel to be reimbursed at 'approved Mileage Allowance Payments' set out by HRMC

Currently : 40p per mile for first 10,000 miles; 25p thereafter.

- (ii) Hire Cars. Only in exceptional circumstances subject to prior approval from the Managing Director and / or Chair (or other designated authority) and subject to no viable alternative being available.

It must not be used for any private purpose.

The company will not reimburse for costs associated with accidents or damage to the car.

- (iii) Tolls. Will be reimbursed when incurred in relation to business travel and evidenced by a receipt.
- (iv) Car Parking. When incurred in relation to business travel and when supported by a receipt. Parking costs incurred whilst parking near the normal place of work will only be permitted where this is in preparation for, or after, a business journey.
- (v) Fines / Penalty Notices. These will not be reimbursed.
- (f) Air Travel / International Travel Costs. Only in exceptional circumstances subject to prior approval.

- (i) Air Fares : lowest cost alternatives for the time of travel at a reasonable time.

A business class reservation may be appropriate in some cases for individual flight sectors over eight hours provided written approval is obtained in advance from the Chair (or in the Chair's case by one of the Sector Board Chairs plus the Chair of F&GP).

- (ii) Excess Baggage. Can be reclaimed only if this arises due to the necessity of taking items for business reasons.

- (g) Currency Exchange Costs. Reasonable charges will be reimbursed if evidenced by relevant paperwork and receipts.
- (h) Accommodation. Claimants are expected to minimise costs and to identify accommodation which provides basic, reasonable provision (chains such as Novotel, Future Inns are examples). Accommodation to be limited to standard rooms with en suite facilities.

Items such as telephone calls home, newspapers etc., are not allowable expenses but can be covered by PIE (Personal Incidental Expenses – see below).

Items other than breakfast to be claimed under PIE or other appropriate expense category.

Claimants staying away overnight may claim PIE of £6 per night in addition to expenses incurred under other appropriate expense categories. No receipts required.

If a claimant chooses not to stay in hotel accommodation and stays with friends / relations the company will reimburse the cost of a gift up to £20 with a receipt.

- (i) Subsistence.
 - (i) Day Subsistence. If away from home and place of business, reasonable costs up to:

£6 for lunch

£24 for dinner
or £30 for lunch and dinner

(ii) Overnight Breakfast. If not included in the standard hotel charge, reasonable costs up to £10.

(j) Mobile Phones.

(i) Company Phones. To be used predominantly for company purposes. Private calls must be highlighted and will not be met. Phone bills must be submitted.

(ii) Private Phones. Business calls will be met if highlighted and evidenced.

(k) Client Entertainment (Marketing).

All client entertainment must be treated on a marketing expenses basis and has to be approved.

- Other than in exceptional circumstances, prior approval is required for any expenditure over £50. Approval to be granted by the Managing Director (or in the Managing Director's case by the Chair or Chair of F&GP).
- For expenditure anticipated to be less than £50 prior notification of the intention to incur expenditure should be given to the Managing Director or designated authority. In circumstances where, through timing, this is not possible, subsequent approval is required.

For this purpose 'business contacts' do not include other individuals in the company although other employees may be present.

If a non-executive director is involved his / her role must be clearly defined either as a legitimate client and / or as a director of the company.

Client entertainment must be claimed on an expenses claim form (see attachment A) but with each item claimed for clearly marked up "Client Entertainment" and with detail which specifies:

- name of attendees
- organisation they represent
- purpose of entertainment.

Costs incidental to business entertainment costs (such as taxis to an event) should be categorised as business entertainment.

Drinks incidental to an event may be claimed but limited to reasonable levels.

Clothing (such as a dinner suit) may not be claimed unless hired for the specific purpose of a meeting or event where that person's attendance is required as a company representative.

Details of expenditures on Entertainment to be noted and reviewed by F&GP.

- (l) Staff Entertainment. HRMC states that staff entertainment is a taxable benefit for the recipient. Exceptions are limited to modest lunches and events totalling no more than £150. pa including VAT.

Prior approval from the Managing Director and Chair is required as per appropriate authorities. Cost will be reimbursed if reasonable and accompanied by a receipt.

SECTION 6.3

6.3 Gifts/ Hospitality / Sponsorship

6.3.1 The company's policy on gifts and hospitality received by employees including Board Members is set out below.

- (a) Employees must not benefit personally from receiving gifts for their retention (other than those of a trivial value, i.e. less than £20) due to their being employed by the company.
- (b) Employees should gain clearance for any offers of hospitality they receive which in their view might prejudice the company's position, and in particular conflict with the company's Principles of Best Practice, with the Managing Director who should keep a record of all such cases.
- (c) The receipt of gifts or hospitality must not influence, or be able to be seen as able to influence, the company's actions in any way. Particular care must be taken in situations where suppliers are in the process of tendering for company business.
- (d) All gifts or offer of gifts with an estimated value of £15 or more must be reported to the Managing Director who will agree on a sensible course to follow. He/she maintains a "Gifts Received" register, containing details of each gift valued at £15 or more and its destination. The Managing Director in taking a view will distinguish between gifts specific to an individual and "common" gifts such as gifts provided to speakers at a conference or attendees at an event.
- (e) The Managing Director is also responsible for informing the auditors of special or large value gifts received, in line with company guidelines.

6.3.2. Gifts made by the Company

- (a) The Managing Director in consultation with the Chair determines policy on gifts (including promotional items) made by the company. Gifts and promotional items must be purposeful, justifiable and not excessive in value (those costing the company over £100 require prior approval from the Board). Gifts, including competition prizes shall not be for the benefit of Board Members or employees.

6.3.3 Sponsorship

- (a) Every marketing sponsorship case (where the company sponsors another entity) must be approved in accordance with the financial delegations. . Sponsorship is defined as a business relationship between a provider of funds, resources or services and an individual, event or organisation which offers in return some rights and association. Such sponsorship must be consistent with the company's corporate aims and objectives. As outlined in the financial delegations, all sponsorships above £5,000 to be reported to the Board.
- (b) The following arrangements will apply in circumstances where another party is seeking to sponsor Cardiff & Co:
 - (i) Final approval to accept investment under the Investor Member scheme will rest with the Board, either at a Board meeting or via correspondence
 - (ii) The company will accept investment under either the Gold or Silver Cardiff Corporate Champions package following the agreement of both the Chair and Managing Director
 - (iii) Acceptance of any other investment or sponsorship offer will be made on the following basis:
 - o Up to £5,000 – Managing Director's approval
 - o £5,000 to £10,000 – Managing Director's and Chair's approval
 - o Over £10k – Board approval
- (c) All sponsorships received or offered will be reported to the Board.

6.3.4. Hospitality

When Board Members, the Managing Director or Executive Team members are invited by third parties in their capacity as connected with the Company, they shall seek approval of that invitation from the appropriate line manager. For the Executive Team this will be the Managing Director. For the Managing Director from the Chairperson, for Board Members from the Chair and an A signatory.

At all times they must seek to ensure that their independence is not impaired or could be seen to be impaired. A record of all entertainment offered and accepted should be held by the Company Secretary.