

## Financial Controls Policy

### 1 Financial Records and Accounts

- 1) Financial records must be kept so that:
  - a. The organisation meets its legal and other statutory obligations, such as Charity Acts, Her Majesty's Revenue & Customs and common law.
  - b. The trustees have proper financial control of the organisation.
  - c. The organisation meets the contractual obligations and requirements of funders.
- 2) The books of accounts must include:
  - a. A cashbook or excel spreadsheet analysing all the transactions appearing on the bank accounts
  - b. A petty cash book for cash payments.
  - c. Inland Revenue deduction cards P11 (if registered for PAYE)
- 3) Accounts must be drawn up at the end of each financial year, 31st March, within 3 months of the financial year-end and presented to the next Annual General Meeting and the reserves policy reviewed.
- 4) Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- 5) A report comparing actual income and expenditure with the budget should be presented to the trustees every three months or whenever meetings take place. Significant variations should be discussed and action to be taken minuted.
- 6) The AGM will appoint an appropriately qualified auditor/ independent examiner to audit or examine the accounts before presentation to the next AGM.
- 7) Minutes should be kept of all meetings.

### 2 Banking

- 1) The Charity will bank with Barclays Bank plc at Greengate St, Stafford and accounts will be held in the name of the Charity. The following accounts will be maintained: Gnosall Library, Environment and Nurture Hub (in full)
- 2) The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by the trustees, as will any changes to it.
- 3) The charity will require the bank to provide statements and these will be reconciled with the cash book? records each month by the Treasurer (signed and dated). Another member of the committee (usually the Chair or Secretary) will spot check

that this reconciliation has been done at least twice a year, signing the cash book accordingly.

- 4) The charity will not use any other bank or financial institution without the agreement of the trustees.
- 5) Access to the safe (or locked drawer) should be restricted to named trustees and where appropriate authorised volunteers.
- 6) All cash held should be within the insurance limits and banked promptly.

### **3 Income**

- 7) The charging policy for goods and services should be compliant with the current libraries and arts fees and charges policy (reviewed annually).
- 8) All monies received will be recorded promptly in the cash analysis book and banked immediately. The Charity will maintain files of documentation to back this up.
- 9) Invoices should be issued within 28 days.
- 10) There should be sufficient segregation of duties such as counting, banking and recording cash income. (This includes machines that take cash e.g. photocopiers.) I.e. the same person should not be responsible for all aspects.

### **4 Payments (expenditure)**

- 1) The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.
- 2) The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept under lock and key.
- 3) Blank cheques will NEVER be signed.
- 4) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 5) No cheques will be signed without original documentation (see below).
- 6) Cheques will be signed by two people (cheques not signed correctly will be inadmissible to the Bank)
- 7) No cheques will be signed for cash for more than £75

## 5 Payment documentation

1. Every payment out of the Charity's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by the Charity and filed. The cheque signatory should ensure that it is referenced with:
  - a. Cheque number
  - b. Date cheque drawn
  - c. Amount of cheque

This should also serve to avoid duplicate processing

2. The only exceptions to cheques not being supported by an original invoice are Items such as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.
3. *Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition form asking for payment to an employee, HMRC etc. All employees will be paid within the PAYE and National Insurance regulations.*
4. *All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised by the trustees.*
5. Petty cash float will be maintained at a balance level agreed by the trustees. (I.e on a imprest system.) When the float is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required. Reconciliations must be carried out at least monthly and spot checked at least 6 monthly.
6. Expenses. The organisation will, if asked, reimburse expenditure paid for

personally, by volunteers, providing:

- a. Fares are evidenced by tickets.
- b. Other expenditure is evidenced by original receipts.
- c. Car mileage at an agreed level (the limit set by HMRC that is unaffected by tax is 45p a mile).
- d. No cheque signatory signs for the payment of expenses to themselves.

## 6 Cheque Signatures

- 1) Each cheque will be signed by at least two people.
- 2) A cheque must not be signed by the person to whom it is payable

## 7 Levels of authority

- 1) An authorised volunteer has authority to spend up to £20 without requiring approval from the treasurer.
- 2) The treasurer has authority to spend up to £20 without requiring approval from the board of Trustees.

- 3) All expenditure of more than £100 must be approved by the board of Trustees.
- 4) For all expenditure above £1000 but lower or equal to £5000 more than one quote should be obtained or at least attempted, discussions should be minuted at Trustee meetings; if more than one quote is found and the lowest quote is not chosen the reasons for this should be minuted.
- 5) For all expenditure over £5000 at least 3 quotes must be obtained, discussions should be minuted at Trustee meetings and if the lowest quote is not chosen the reasons for this should be minuted.
- 6) The board must give approval before any debt which has not been settled and is unlikely to be settled may be written off.

## **8 Fraud/ misappropriation**

- 1) Any instances of fraud, theft or misappropriation will be referred to the Chair immediately.
- 2) In the case of theft, the police shall be informed immediately.
- 3) In the case of fraud or suspected misappropriation, consideration shall be given to calling in the auditors to establish the extent of the matter before passing the matter to the police.
- 4) Where substantial amounts are in dispute, the suspected person should be suspended from all activities to do with the organisation.
- 5) If the person concerned is a paid employee, they should be suspended on full pay until the matter can be resolved.
- 6) In all instances of deliberate misappropriation of funds, fraud, or theft where there is sufficient evidence for a criminal or civil action, that action should be taken.

## **9 Other rules**

- 1) The Charity does not accept liability for any financial commitment unless properly authorised as per the levels of authority above.
- 2) All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the Charity with the prior approval of the trustees or in urgent situations the approval of the Chair who will provide full details to the next trustee's meeting.
- 3) The Charity will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers, and normal location of assets. Additionally, the Charity will maintain a property record of items of significant value, with an appropriate record of their use.
- 4) When recruiting trustees the aim would be to include those who are sufficiently proficient to understand budget reports and make independent interpretations of figures.

## 10 Who does what?

- 1) Financial operations will be reviewed every six months by all Trustees.
- 2) All finances will be subject to audit by The Clerk to the Council or their own appointed auditor every year.
- 3) All finance control will be duly documented and adhered to.
- 4) Treasurer will be elected / appointed every year with a view if possible to changing responsibility every two years.