



Charity's Financial Controls Policy

This set of Financial Regulations (below) provides a series of operational controls that are designed to ensure that the Trustees can meet their financial and governance obligations (as set out in the Community Southwark Fact sheet 'Trustees' Financial Responsibilities'. They relate to each of the organisation's financial functions (eg budgeting; recording financial transactions etc). They should be read and understood by all Trustees and paid staff.

1. Introduction

- 1.1 Financial records will be kept so that (*Name of Organisation*) can:
 - (a) Meet its legal and other obligations, e.g. Charities Act 1992, Inland Revenue, Customs & Excise and common law and SORP 2014
 - (b) Enable the trustees to be in proper financial control of (*Name of Organisation*).
 - (c) Enable (*Name of Organisation*) to meet the contractual obligations and requirements of funders.
- 1.2 (*Name of Organisation*) will keep proper books of accounts, which will include:
 - (a) A cashbook analysing all the transactions in (*Name of Organisation's*) bank account(s).
 - (b) A petty cash book if cash payments are being made.
 - (c) Inland Revenue deduction cards P11 and Schedule D numbers for freelance workers.
- 1.3 The financial year will end on the 31st March each year.
- 1.4 Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting.
- 1.5 Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.

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- 1.6 A report comparing actual income and expenditure with the budget will be presented to the trustees every three months.
- 1.7 The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the next AGM.

2. Banking

- 2.1 Name of Organisation will bank with (*Name of bank*) Bank plc at its (*Name of branch*) Branch. Accounts will be held in the name of the Name of Organisation. The following accounts will be maintained:

Name of Organisation Account No 1
Name of Organisation Investment Account

- 2.2 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 all the changes to it.
- 2.3 The charity will require the bank to provide statements every month and these will be reconciled with the cash book at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
- 8.1 The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

3. Receipts (income)

- 3.1 All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). (*Name of Organisation*) will maintain files of documentation to back this up.

4. Payments (expenditure)

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.

- 4.1 The Director will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 4.2 Blank cheques will NEVER be signed.

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- 4.3 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 4.4 No cheques should be signed without original documentation (see below).

5. **Payment documentation**

- 5.1 Every payment out of the (*Name of Organisation'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 (*Name of Organisation's*) and filed. The cheque signatory should ensure that it is referenced with:

- Cheque number
- Date cheque drawn
- Amount of cheque
- Who signed the cheque.

- 5.2 The only exceptions to cheques not being supported by an original invoice would be for such items 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.
- 5.3 Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition, asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations.
- 5.4 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 either by the trustees.
- 5.5 Petty cash will always be maintained on the imprest system where by Administration Worker is entrusted with a float as agreed by the trustees. When that 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.
- 5.6 Expenses / allowances. (*Name of Organisation*) will, if asked, reimburse expenditure paid for personally by staff, providing:

- Fares are evidenced by tickets.

- Other expenditure is evidenced by original receipts.

- Car mileage is based on local authority scales.

- No cheque signatory signs for the payment of expenses to themselves.

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6. Cheque Signatures and cash cards

- 6.1 Each cheque will be signed by at least two people.
- 6.2 A cheque must not be signed by the person to whom it is payable.
- 6.3 Hole in the wall type cash cards will not be used and if issued by the bank they will be immediately cut in half.

7. Other undertakings

- 7.1 (*Name of Organisation*) does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £ must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details to the next meeting of the trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).
- 7.2 All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the (*Name of Organisation*) with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.

8. Other rules

- 8.1 (*Name of Organisation*) 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. Additionally the (*Name of Organisation*) will maintain a property record of items of significant value, with an appropriate record of their use.

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