**Financial Control**

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**1. Introduction**

This policy has been adopted in an attempt to safeguard the assets of ORGANISATION so far as possible and to provide clear procedures for controlling the finances of the organisation. They may not be exhaustive. Vigilance is needed at all times from all concerned with finance, both paid staff and trustees, and any matters of concern should be discussed with the Chief Officer, Treasurer or Chair, as appropriate.

**2. Responsibility for implementing this Policy**

Both the Trustee Board and paid staff share responsibility for implementing this policy and the sound management of the organisation’s assets as a whole. The Treasurer is delegated the task of reporting to the Trustee Board on the financial position of the organisation and issues relating to this policy. All trustees and paid staff are required to abide by these policies and procedures. Where specific responsibilities are allocated, these are stated within the policies and procedures.

These financial controls will be reviewed annually.

**3. Bank Account**

A current cheque book bank account will be administered in ORGANISATION’s name at a bank chosen by the Trustee Board.

The bank mandates will always be approved and minuted by the Trustee Board as will all changes to it.

The bank will be chosen according to quality of service (including value for money in terms of interest paid, bank charges, etc.) and in keeping with general governance about purchasing. No borrowing will be undertaken by ORGANISATION without a decision being taken at a meeting of the Trustee Board.

A deposit account may also be administered in ORGANISATION’s name in an appropriate Society or Company and surplus funds may be invested in appropriate Societies in accordance with the Trustees Investment Act (which allows part of the funds to be invested in equities as well as fixed interest stock). ORGANISATION will not speculate with funds in investments that carry any significant risk.

**4. Authorisation of Expenditure**

Authorisation to sign a contract, legal agreement or lease committing ORGANISATION to over *(specify how much)* expenditure must be taken at a meeting of the Trustee Board.

Before committing ORGANISATION to any expenditure, staff need to obtain authorisation from the Chief Officer (or agreed second authorising officer in their absence).

The Chief Officer (or agreed second authorising officer in their absence) can authorise expenditure up to (*specify how much*) if it is in the ORGANISATION budget and up to (specify) if it is not in the budget but there are sufficient funds to meet the cost. Expenditure over these amounts will be referred to the Trustee Board.

ORGANISATION may administer a credit card account with delegated authority for expenditure as above.

Commitments to urgent expenditure between *(specify amount e.g. £1,000 and £2,000)* can be made by the Chief Officer, provided that permission is obtained from the Chair or Treasurer, or in their absence another Honorary Officer, who will make a decision on behalf of the Trustee Board.

All invoices will be stamped with full details of the account heading, payee and amount, signed by the relevant manager before approval for payment

Both e-payments and cheque payments must be authorised/signed by 2 separate people. At least one of these people must be a Trustee, only one of these people may be the Chief Officer or agreed second authorising officer. Direct debits and standing orders will be authorised by the Chief Officer or agreed second authorising officer and a Trustee.

Blank cheques will never be signed. The relevant payee’s name will always be inscribed on the cheque before signature; the cheque stub will always be completed. Cheques must not be signed by the person to whom they are made payable.

No payment will be authorised until the signatory is satisfied, through sight of an order form, invoice, or similar written evidence, of the validity of the payment.

All invoices received for payment will be checked and signed, where possible, by the manager responsible for making the original order. Invoices must be authorised for payment by the Chief Officer or agreed second authorising officer before payment is made.

**5. Cash**

A petty cash float for the use of ORGANISATION of up to *(specify e.g. £100)* will be held within the safe in the ORGANISATION office.

Payments from petty cash should not normally be made in excess of *(specify e.g. £10).* All payments should be backed up by a receipt or invoice. In exceptional circumstances, if no receipt or invoice is available, a petty cash slip should be made out and countersigned by another staff member.

When the petty cash box is topped up, the amount being put in will be verified by a second person and both people will initial the entry in the petty cash account book.

Payments received in cash will be kept in a separate cash box to that used for petty cash.

**6. Banking Cheques and Cash**

Cash receipts will be banked intact, credited to the appropriate budget head and not used for other purposes. Payments received will be entered into the book kept with the cash box. Receipts will be issued on request. Cash receipts should be paid in monthly (or sooner if the total amount exceeds *(specify amount, e.g. £50)*).

Cheque receipts will be banked weekly (or sooner for large receipts, particularly for grant funding) and be credited to the appropriate budget head. Sales invoices lower than £5 may be settled in cash.

**7. Annual Budget**

Annual estimates of income and expenditures need to be made and reported to the Trustee Board by the Treasurer in consultation with the Chief Officer and agreed second authorising officer.

The estimates will show the actual expenditure and income for the preceding financial year, the original approved and revised estimates for the current year and the estimated income and expenditure for the ensuing year.

**8. Financial reports and Audit**

The relevant staff member/s, in conjunction with the Treasurer, will prepare regular reports to the Trustee Board on the organisation’s financial situation and any issues requiring the Board’s approval or action. These will include quarterly reports setting out actual income and expenditure compared to the budget.

An annual audit (or independent examination as required by the Charity Commission) will be carried out by a qualified auditor (or independent examiner), appointed each year by the Trustees, in accordance with the requirements of the Charities Act and Companies Act. The auditor's report will be discussed and approved by the Trustee Board

**9. Records**

Careful records will be kept of all income and expenditure, using a system and books approved from time to time by the Treasurer.

All payments will be recorded and cross referenced in a file containing supporting information (such as order form/letter, invoice or claims form), approved and initialled by a person authorised to do so.

Transactions will be reconciled against bank statements monthly by the Finance Officer.

Transfer of funds between bank accounts will be initially authorised by two signatories. Once set up regular transfers shall be authorised by the Chief Officer (or agreed second authorising officer in their absence).

Chief responsibility for the maintenance of records will rest with the Finance Officer. All ORGANISATION financial records shall be treated confidentially. All ORGANISATION financial records will be kept for seven years in accordance with the Charity Act 2011.

**10. Claims for Expenses and Allowances**

Rates for expenses or allowances will be those agreed from time to time by the Trustee Board based on those recommended nationally or followed by other local charities. Staff, volunteers and Trustees must complete and sign a claim form. Whenever possible, receipts should be provided.

**11. Insurance**

The Chief Officer will arrange insurance cover at a sufficient level to cover assets and possible liabilities as directed by the Trustee Board.

**12. Inventories**

An inventory is maintained of all furniture and equipment worth in excess of *(specify amount, e.g. £1000)*. The inventory is reviewed annually.

**13. Fixed Assets**

Fixed Assets will be capitalised (above a level of *specify amount e.g. £1000*) and written off over their useful lives on a straight line basis. The useful lives are estimated to be:

Leasehold Improvements - 5 years

Computer & Office Equipment - 3 years

**14. Salaries and Pensions**

The Chief Officer will ensure that all salaries, wages and other emoluments to all employees of ORGANISATION are paid in accordance with statutory requirements and any policies adopted by ORGANISATION. Salaries due to be paid to staff will be confirmed by a trustee (usually the treasurer) before payment is processed.

**15. Security**

The Chief Officer shall be responsible for maintaining adequate arrangements for all aspects of security within the organisation.

**16. Data Protection**

The Chief Officer will ensure that ORGANISATION complies with the Data Protection Act.