

# **Swalciffe Village Charity**

## **Financial management and control policy and procedure**

### **1 Introduction**

- 1.1 The trustees of Swalciffe Village Charity (the Charity) share overall responsibility for financial control and safeguarding the funds of the Charity and ensuring that the organisation operates in accordance with the financial powers stated in its Memorandum and Articles of Association. This document sets out how this responsibility will be exercised and where functions have been delegated to particular trustees or volunteers of the Charity.

### **2 The role of the Treasurer**

- 2.1 The treasurer takes the lead at board level on:
- making sure the Charity keeps proper accounts;
  - reviewing financial performance;
  - ensuring policies for finance and if relevant investment are regularly reviewed;
  - ensuring that the Charity has robust and effective financial controls in place;
  - liaising with the Chair about financial matters and if relevant with the auditor;
  - reporting on financial matters.

### **3 Financial records**

- 3.1 Financial records will be kept so that:
- The Charity can meet its legal and other obligations, e.g., HM Revenue and Customs, Charities Acts, Companies Acts, Common Law.
  - The Charity trustees can have control of the organisations finances.
  - The organisation can meet contractual obligations and the requirements of funding bodies.
- 3.2 The organisation will keep proper books of account using a suitable approach advised on by the Treasurer and agreed by trustees from time-to-time. These will include:
- A cash book analysing all transactions.
  - Petty cash records.

### **4 Budget**

- 4.1 The financial year for the Charity will end on 31st March. Before the start of each financial year, the Charity trustees will approve a budgeted income and expenditure account for the following year. Updates comparing actual income, and expenditure with the budget will be presented to the Charity trustees at their meetings throughout the year.

### **5 Accounts and Audit**

- 5.1 Accounts will be drawn up after each financial year within four months of the end of the year. The accounts will be submitted by the Treasurer to the Charity Commission and if necessary to Companies House.
- 5.2 The trustees will appoint an appropriately qualified auditor or an independent examiner to audit the accounts should be necessary and subject to this review the appointment examiner at least every three-years.

### **6 Best value**

- 6.1 When procuring goods and services it is the Charity's aim to achieve best value. For goods and services valued at over £2,500 best endeavours will be taken to secure at least three quotes and where this is not possible, justification for this reported on agreed by trustees. Whenever possible feedback will be obtained on contracted partners before any order is placed.

## **7 Bank**

- 7.1 The Charity will bank with banks as agreed by trustees where the accounts will be held in the name of the Charity. All bank accounts held by the Charity must be agreed and approved trustees.
- 7.2 The bank mandate (list of people who can make payments on the organisation's behalf) will always be approved and minuted by the Charity trustees as will all changes to it.
- 7.3 The Charity will require the bank to provide current account statements every month.
- 7.4 The Charity will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the trustees.

## **8 Fundraising, funding bids, tenders, and partnership arrangements**

- 8.1 All fundraising, grant applications and tendering undertaken on behalf of the Charity will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income, then this must be approved by the trustees. The Chair and Treasurer must approve bids and tenders to a value up to £10,000. Bids and tenders to a value of over £10,000 require the prior approval of the trustee board. Details of all funding bids and tenders will be provided to the trustee board.
- 8.2 The Charity may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of the Charity as set out in our Memorandum and Articles of Association. The partnership arrangements must have the prior approval of the Treasurer or, in the absence of the Treasurer the Chair. All partnership arrangements will be reported to the trustee board. When the Charity will receive funding from partnership arrangements and take on financial commitments a documented agreement must be in place covering the financial arrangements. In these circumstances the funding that the Charity receives should generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of work from reserves or earned income, then this must be approved by the trustee board. The Chair and Treasurer must approve partnership arrangements to a value up to £10,000. Partnership arrangements to a value of over £10,000 require the prior approval of the trustee board.
- 8.3 When the Charity submits a funding bid or tender as the accountable body and there are partners to the bid or tender the arrangements must be agreed in accordance with the financial limits set out above. This includes the composition of the partnership. Where funds are to be dispersed or remitted to partners the partners must have in place arrangements for accounting for these funds that have been agreed with the Charity and that are consistent with our audit and reporting requirements. An agreement must be in place before funds are allocated to partners.

## **9 Receipts (income)**

- 9.1 The Charity will ensure that all the income to which it is entitled is received and that this is evidenced.
- 9.2 A schedule of grant and contract income with the method of payment will be maintained and reviewed at least annually.
- 9.3 All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, small donations from individuals etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.
- 9.4 Likewise, all income generated through fundraising events, donations from individuals or renting of Charity venues should be recorded promptly in the cash analysis book and banked without delay. Proper documentation should be retained for this income, including where appropriate that which supports gift-aid, prevents the risk of fraud and in the case of rent the

invoice for the this in a format agreed with the Treasurer (but includes on it details of the Charity and its registration).

- 9.5 All payments must be made to the Charity by cheque or BACS. The Treasurer will review all debts on a regular basis and agree follow up action. When an individual debt exceeds £100 or has remained outstanding for a period of more than three months then this will be brought to the attention of trustees and relevant action agreed.
- 9.6 A schedule of charges for services and facilities will be maintained by the Treasurer. This schedule will be reviewed at least annually, and increases agreed.

## **10 Payments (expenditure)**

- 10.1 The preferred method of payment is by bank transfer. Cheques may in exceptional circumstances also be used when bank transfer payment is not possible. Cheque books (unused and partly used cheque books) must be kept in the safe under lock and key.
- 10.2 Blank cheques will never be signed. No payments will be authorised or cheques signed without original documentation.
- 10.3 Authorisation of payments levels must be consistent with agreed annual budget and the following levels apply:
- Treasurer – up to £2,500
  - Chair & Treasurer – up to £10,000
  - Board – Above £10,000
- 10.4 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Memorandum and Articles of Association.

## **11 Payment Procedures and Documentation**

- 11.1 Every payment from the organisation's bank accounts will be supported by an invoice (or equivalent if agreed by the Treasurer). The invoice will be filed and kept for seven years. The person who signs the cheque or authorises the online bank payment should ensure that the request for payment includes the following.

PAYMENT METHOD  
DATE OF INVOICE /REQUEST  
AMOUNT OF PAYMENT  
WHO AUTHORISED THE ORDER

- 11.2 Petty cash will always be maintained on the imprest system. The Treasurer will have overall responsibility for this float as agreed by the trustees up the level of £500. All petty cash must be accounted for within the cash book.
- 11.3 Expenses/Allowances – The Charity will reimburse expenditure paid for personally by trustees and volunteers if that is claimed using the agreed claim form, providing:
- Fares are evidenced by proof of purchase.
  - Other expenditure is evidenced by original receipts.
  - Car mileage is based on HMRC allowances.
  - The expenditure has been authorised by the Treasurer.
  - The claim is submitted within three months of expenditure being incurred
- 11.4 Process for authorisation:
- Payments shall be authorised on a montly basis or sooner if agreed by the Treasurer;
  - Full authorisation shall normally be completed on, and no later than, the Friday following notification by the bookkeeper of payments pending;
  - The first signatory should normally be the Treasurer. In their unavoidable, continued absence the Chair may act as first signatory in their place;

- No signatory should authorise payments to him or herself. It is the responsibility of the other signatory to ensure this does not happen.

## **14 Other Undertakings**

- 14.1 The Charity does not accept liability for any financial commitment unless properly authorised.

## **15 Confidentiality**

- 15.1 The confidentiality of trustee and volunteer financial circumstances will be respected at all times.
- 15.2 Trustees and volunteers will at all times act in the best interest of the organisation and if they experience a conflict of interest, they will not divulge sensitive information about the organisation.

## **16 Fixed assets and inventory of capital items**

- 16.1 The Charity will set up and maintain a fixed assets register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records. The Charity will maintain an inventory of all capital items.

## **17 Reserves and Investment Policies**

- 17.1 The trustees will consider the level of reserves that is prudent for the Charity to have when agreeing the annual budget. Consideration will be given to future strategy, and any other significant factors that should be taken into account. The specific reserves policy including any designation of reserves for specific purposes will be agreed by trustees as becomes necessary.
- 17.2 The trustees of the Charity will keep these financial controls under review