

Financial Controls Policy

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Contents

- Introduction..... 3
- Bank..... 3
- Receipts (income)..... 4
- Payments (expenditure)..... 4
- Payment Documentation 4
- Cheque Signatures, use of cards and electronic banking..... 5
- Other Undertakings..... 5
- Confidentiality 6
- Other Rules..... 6
- Further Guidance..... 6

Introduction

1. Financial records will be kept so that Veterans Relief and Support can:
 - a) Meet its legal and other obligations, e.g., Charities Acts, Inland Revenue, Customs & Excise, Companies Act, Common Law.
 - b) Enable the Trustees/Board members to have control of the organisation's finances.
 - c) Enable the organisation to meet contractual obligations and the requirements of funding bodies.
2. The organisation will keep proper books of account, which will include:
 - a) A cash book analysing all the transactions in the organisation's bank account(s).
 - b) A petty cash book if cash purchases are being made.
 - c) Inland Revenue deduction cards P11 (if registered for PAYE)
3. The financial year for Veterans Relief and Support will end on 5th April.
4. Accounts will be drawn up after each financial year within 3 months of the end of the year and presented to the next Annual General Meeting.
5. Before the start of each financial year, the Board will approve a budgeted income and expenditure account for the following year.
6. A paper comparing actual income and expenditure with the budget will be presented to the Board every 3 months as a minimum.
7. The AGM will appoint an appropriately qualified auditor/independent auditor to audit/examine the accounts for presentation to the next AGM.

Bank

1. Veterans Relief and Support will bank with the **(INSERT BANK HERE)** at their **(INSERT BRANCH HERE)** branch where the accounts will be held in the name of Veterans Relief and Support. The following accounts will be maintained: Current and Business Reserve, and any other project accounts as agreed and approved by the Board of Trustees.
2. The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the Board as will all changes to it.
3. Veterans Relief and Support will require the bank to provide statements every month and these will be reconciled with the cash book every month. The Treasurer or another Board member (if the reconciliation is carried out by the Treasurer) will spot check that this reconciliation has been done at least twice a year and sign the cash book.
4. Veterans Relief and Support will not use any other bank or financial Institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board.

Receipts (income)

The aim is to demonstrate that Veterans Relief and Support has received all the income to which it is entitled and that it is all reasonably evidenced.

1. 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, etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

Payments (expenditure)

The aim is to ensure that all expenditure is on Veterans Relief and Support'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.

1. Payments in cash should be kept to a minimum and generally for small amounts through the petty cash system. Otherwise, all payments should be by BASC.
2. The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
3. Blank cheques will NEVER be signed.
4. Whenever possible, the same person should not be responsible for ordering, processing, and checking invoices as well as raising cheque requisitions, signing cheques and payments.
5. The relevant payee's name will always be written on the cheque before signature, the cheque stub will always be filled in.
6. No cheques will be signed without original documentation.
7. Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the Objectives of the Constitution.
8. The signatories shall not approve an overspend on a particular budget heading of more than 10% unless this approval should be written down, signed by both people approving it, and reported to the next Board meeting.

Payment Documentation

1. Every payment out of the organisations bank amounts will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed and kept for seven years. The person who signs the cheque should ensure that the invoice is referenced with:
 - Cheque number
 - Date cheque drawn
 - Amount of cheque

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, 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 payment e.g. copy of payslip, copy of PAYE payment, a cheque requisition slip showing who has authorised the payment and what it was for i.e. salary, temporary work, Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance rules.
4. All staff appointments will be authorised by the Board, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime. etc., will be, authorised by the Board.
5. Petty cash will always be maintained by the Treasurer, who is trusted with a float as agreed by the Board. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum (currently agreed at £100), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent, analysed as required.
6. Expenses/Allowances – The Treasurer will, if asked, reimburse expenditure paid for personally by staff/volunteers/Board members, providing:
 - Fares are evidenced by tickets (where possible).
 - Other expenditure is evidenced by original receipts.
 - Mileage is based on a rate agreed by the Board up to the tax-free maximum allowed by HMRC.

Cheque Signatures, use of cards and electronic banking

1. Each cheque will be signed by at least two people (preferably unrelated).
2. No cheque must be signed by the person to whom it is payable or connected to personally or through a business relationship.
3. If Veterans Relief and Support applies for debit, credit, or charge card then a policy on each card's use will be agreed by the Board including any restriction on user, amount per transaction, types of retailers, cancellation/destroying, etc. Evidence of each transaction must be obtained and recorded in the cash book.
4. If electronic banking is used for payments, then a double authorisation system must be used and a print off filed with other evidence of expenditure. Any computer must be secure, and passwords/PINs kept secret and periodically changed.

Other Undertakings

1. Veterans Relief and Support does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facia, likely to exceed in total £50.00 must be authorised and minuted by the Board. In exceptional circumstances such undertakings can be made with the Chair's approval who will then provide full details to the next

Board meeting. (This covers such items as new service contracts, office equipment, purchase, and hire).

2. All fund raising and grant applications undertaken on behalf of Veterans Relief and Support will be done in the name of the organisation with prior approval of the Board or in urgent situations the approval of the Chair who will provide full details to the next Board meeting.

Confidentiality

1. The confidentiality of employee's financial circumstances will be respected at all times.
2. Board members, volunteers and employees will always act in the best interest of the organisation and if they experience a conflict of interest, they will not divulge sensitive information.

Other Rules

1. The Board will consider the level of reserves that is prudent for Veterans Relief and Support to have at its first meeting after the AGM. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were Veterans Relief and Support to close.
2. Veterans Relief and Support will maintain adequate insurance to protect its assets including equipment, cash in hand and transit as appropriate. It will review insurance cover each year.
3. Veterans Relief and Support 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 the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records.
4. These controls will be reviewed at the first Board meeting after the AGM.

Further Guidance

Charity Commission

The Commission has advice and information on financial practices and legal requirements for charities on financial management and reporting. In particular read: CC8 Internal Financial Controls for Charities. Much of the guidance and good practice is applicable to non-charities as well. 0300 066 9197 www.charitycommission.gov.uk

CASH

This organisation has a wealth of information on the web with simple advice and model policies aimed at small and medium organisations. www.cash-online.org.uk