

# Financial Management Policy

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This document sets out the procedures for the day-to-day management of the Company's finances. The policy ensures that:

There are consistent and transparent procedures in place to ensure that assets are safeguarded and to prevent misappropriation and misallocation of monies.

The Company's assets are used to the best advantage, e.g. keeping money where it will make the maximum interest.

The controls are appropriate for the level and type of activity, to ensure efficient and professional management.

## Bank Accounts

Bank accounts in the name of the Company are opened or closed only with the full approval of the Board of Trustees.

There shall always be appropriate approval for movements between, and payments from, bank accounts.

Two authorised signatories, who shall be unrelated to one another, are required to approve any direct debit or standing order.

All documentation relating to direct debits and standing orders shall be retained and payments shall be monitored to ensure that the arrangement is cancelled when the Company stops using the goods or services being supplied.

## Cheques

The authorised cheque signatories are listed at the end of this document. Each signatory has the responsibility to make certain that cheques are made out to the correct payee and for the correct amount.

Two signatures are required on all cheques.

No signatory may sign a cheque payable to themselves or to a spouse/partner or relative.

Where two signatories are authorising a payment, those individuals shall not be related to one another.

No blank cheques may be signed.

All cheques are hand written and as far as practicable, drawn up by a person other than a signatory.

## Debit Cards

The Company has three debit cards. These are used by the General Manager, Treasurer and CEO.

The cards may only be used by the individual to whom the card has been issued.

All expenses must be supported by a valid invoice or receipt and with an explanation of purpose. These must be immediately forwarded, together with any relevant authorisation, to the General Manager for account allocation. The General Manager will then forward the details to the Treasurer or Administrator, who will reconcile the debit card purchases with the bank account no less than twice a week.

Any expense over £1,000 must be pre authorised by a Trustee.

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Copies of all statements shall be sent directly to the Treasurer or Administrator and not to the individual card holder. The statements shall be used to analyse transactions, matching these with supporting receipts and invoices.

Card use will be reviewed periodically to ensure consistency of use within set policies.

Payment cards shall be cancelled and destroyed if the individual card holder ceases to be involved in the Company or if the authorisation of the card's use is withdrawn.

### **Electronic (Internet) Banking**

As with all other types of transaction, there should be a clear separation of duties, to prevent any single person being able to control resources.

All electronic payments must be authorised by the General Manager or Treasurer, and processed by the Administrator.

Authorised individuals shall keep all passwords and PINs secret and never share their security details with one another.

After each transaction, a print-out shall be produced & stored by the Administrator as a record.

### **Payment of Expenses**

The Company pay expenses for travel and other out of pocket expenses on production of receipts or other evidence of expenditure.

Any mileage rate paid will not be above HMRC rates (thus not resulting in a tax or National Insurance liability for the organisation or the claimant).

There shall be a clear requirement to complete expenses claims and to provide receipts promptly.

Expense claims shall contain a self-declaration that the claim is accurate and incurred in connection with the business of the organisation.

Expense claims shall be authorised by the General Manager or a Trustee.

Reimbursement should be made by cheque or bank transfer as far as possible, to minimise cash payments.

### **Cash**

Payments in cash should be kept to a minimum due to the greater risk that handling cash presents and difficulties that can arise in establishing accuracy & control over cash transactions.

Where payments are made in cash, the following procedures will be followed:

Cash payments shall be for small amounts only (Max £100).

Cash shall be paid from a petty cash float specifically kept for such payments.

Supporting documentation for the cash payment must be provided and should be authorised by General Manager, Fundraiser, Treasurer or Chair of Trustees, and not the person who maintains the petty cash or the person making the payment.

### **Checks on Expenditure**

All expenditure of the organisation's funds must be properly accounted for and in accordance with the objectives of the organisation.

All payments should be promptly recorded, including details of the nature of the payment, supported by relevant receipts or invoices.

Regular quarterly checks must be made by the Treasurer or a Trustee to ensure records are being accurately maintained and that there are no discrepancies.

### **General Manager's Authority to Approve Payments**

The General Manager is authorised to make or approve payments only when the following conditions are met:

#### **Grant budgets**

Where the spending is for a project paid for by a grant, the grant budget will specify how much can be spent under each category, and the General Manager has automatic approval to spend those amounts plus 20%. Any greater increases in spending should be approved by the Fundraiser or a Trustee. If the project, and therefore the budget, is changed during the period of the grant with the agreement of the funders, the General Manager will have a new budget with new spending approvals.

#### **Termly cash flow**

Where the spending is not paid for by a grant, the General Manager will rely on the termly cash flow forecast which will be updated at least three times per year. The General Manager should not spend more than £1,000 in excess of amounts shown on the cash flow forecast without consulting the Treasurer or a Trustee.

Within these guidelines, the General Manager can make payments on the company debit card (subject to the restrictions laid out previously in this policy), or by instructing the Administrator to make payment of invoices.

### **List of Approved Cheque Signatories**

See introduction

Two signatures are required on cheques, one of which must be the Administrator.

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END OF POLICY

Next review Jul 2020

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