

Moseley and Kings Heath Shed,

Financial Controls Policy

Financial Records and Accounts

- 1) Financial records must be kept so that:
 - a. The organisation meets its legal and other statutory obligations, such as Charity Acts, Her Majesty s Revenue & Customs and common law.
 - b. The trustees have proper financial control of the organisation.
 - c. The organisation meets the contractual obligations and requirements of funders.
- 2) The books of accounts must include:
 - A cashbook analysing all the transactions appearing on the bank accounts
 - A petty cash book if cash payments are being made.
- 3) Accounts must be drawn up at the end of each financial year within 3 months of the financial year end and presented to the next Annual General Meeting.
- 4) When appropriate, prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- 5) When appropriate, a report comparing actual income and expenditure with the budget should be presented to the trustees every three months or whenever meetings take place.
- 6) The AGM will appoint an appropriately qualified auditor/ independent examiner to audit or examine the accounts before presentation to the next AGM.

Banking

- 1) The Charity will bank with Natwest Bank plc at its Kings Heath Branch and accounts will be held in the name of the Moseley and Kings Heath Shed. The following account/s will be maintained:
 - Charity Account No 1 with a balance sufficient for day to day expenditure
 - Reserve Account No 2 ideally an interest bearing deposit account containing the reserve funds
- 2) The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the trustees as will any changes to it.
- 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.
- 4) The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

Income

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

Payments (expenditure)

- 1) 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.
- 2) The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept under lock and key.
- 3) Blank cheques will NEVER be signed.
- 4) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 5) No cheques should be signed without original documentation (see below).

Payment documentation

- 1) Every payment out of the Charity'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 Charity and filed. The cheque signatory should ensure that it is referenced with:
 - Cheque number
 - Date cheque drawn
 - Amount of cheque
- 2) The only exceptions to cheques not being supported by an original invoice are items such 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.
- 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 form asking for payment to an employee, HMRC etc. All employees will be paid within the PAYE and National Insurance regulations.
- 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) Should a Petty cash system be required, it will be maintained on the Imprest system whereby the 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.

- 6) Expenses / allowances. The Charity 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.

Cheque Signatures

- 1) Each cheque will be signed by at least two people.
- 2) A cheque must not be signed by the person to whom it is payable.

Other rules

- 1) The Charity does not accept liability for any financial commitment unless properly authorised. Expenditure up to £250 must be authorised by the Chair/Vice Chair. Any orders placed or undertakings given which are likely to cost the Charity in excess of £250 must be authorised and minuted by the trustees.
- 2) 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 new service contracts, office equipment, purchase and hire).
- 3) If the shed implements internet banking it should be set up with dual signatories consistent with the Cheque Signatures arrangement.
- 4) Debit Cards will only be issued against the No 1 Account and have a cash limit of £250 and will be used for expenditure in accordance with Other Rules 1 above.
- 5) Holders of Shed debit cards will not use them to set up Direct Debits. Where the Shed's Trustees decide that regular payments need to be paid automatically the Treasurer will set them up.
- 6) All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the Charity 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.
- 7) The Charity 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 assets. Additionally the Charity will maintain a property record of items of significant value, with an appropriate record of their use.
- 8) The Trustees will endeavour to hold a reserve of twelve months working capital.
- 9) In the event of the Charity being wound up, any remaining funds and assets will be disposed of in accordance with Section 29 of the Organisation Constitution.