



FINANCE POLICY

Charity Number: 1153164

Policy Documentation

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Status	Approved
Original Author	Anne Stone and Lauren Wallis
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1 Definitions

Term	Definition
Key Holder (you)	An individual who has keys to open and close the centre
Centre	The social hall managed by the Committee: Eastcott Community Centre, Savernake Street, Swindon, SN1 3LZ e-mail: info@eastcottcommunity.org
Committee	The trustees who manage and run the Centre
The Organisation (we)	Eastcott Community Organisation
Key issuer	The Committee

2 Why the policy exists

To ensure compliance with financial rules.

3 Scope

All trustees, staff members and volunteers.

4 Responsibilities

Role	Responsibility
Treasurer	See policy

5 Policy

5.1 Eastcott Community Organisation ('The Organisation') aims to ensure the fullest possible control of the organisation's finances by the Management Committee/Board ('the Committee').

The Committee has agreed this set of policies and procedures to make sure that the organisation's money is used and accounted for properly and efficiently only to meet the organisation's objectives in the area of benefit laid down in the constitution and as set out in any funding agreements or contracts to provide services/facilities.

All persons who have control of the Association's finances will be required to meet the criteria set by HM Revenue and Customs as 'Fit and Proper Persons' and will complete and sign a declaration which will be kept and filed. If the organisation is a company then there must be compliance with the directors' duties under the Companies Act 2006, including 'exercising reasonable care, skill and diligence'.



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In these Rules, references to 'bank' include any other financial institution(e.g. a building society) in which the organisation may have an account.

- 5.1.1 Only those Committee members authorised by the Committee, as recorded in the minutes, may authorise expenditure on behalf of the Organisation and then only to the levels specified in these Rules.
- 5.1.2 Only the Treasurer and other named Committee members and paid staff authorised by the Committee, whose names are recorded in the minutes and reported to the bank, may sign cheques and other financial documents.
- 5.1.3 Before a cheque is written, bills should be checked to see that the payment has been properly authorised.
- 5.1.4 The Treasurer must make a financial report at regular Committee meetings or, if unavoidably absent, must submit a written report.
- 5.1.5 **Budget:** twice a year the Treasurer will draft a budget of income and expenditure. This will be presented to the Management Committee for approval. At regular Management Committee meetings the Treasurer will produce a report of the actual income and expenditure against the forecast figures on the budget. The budget can be adjusted with the approval of the Management Committee.
- 5.1.6 **Reserves policy:** Every year the Management Committee will set or review a Reserves Policy that takes into account the specific risks the organisation may face. Additionally to reviewing the reserves policy, all risks are also reviewed at least annually and recorded on a Risk Register. Common risks include:
 - Lease obligations
 - Repair and maintenance
 - Redundancy
 - Equipment
 - Cash flow contingency

Appropriate designations should be made from free reserves to cover these risks as far as possible. Based on the budget calculated in section 1.6, the organisation keeps reserves of no less than 6 months' expenditure.

- 5.1.7 **Designated Reserves:** These are free reserves designated for a specific purpose by the Committee, usually once a year. Designations can be undone in the event of an emergency.
- 5.1.8 **Free Reserves:** These are funds that are left over after making 'designations'. However, some funders include designated reserves as free reserves.
- 5.1.9 **Restricted Funds:** Funds given specifically for a purpose are called restricted funds and must only be used for the intended purpose and be accounted for separately from general funds. These funds cannot be used for designations.



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5.2 Accounts Records

- 5.2.1 The Treasurer (or other person acting under the Treasurer's oversight) is responsible for keeping the accounts, in a manual or electronic form i.e. in actual books/paper or on a computer (spreadsheet or accounts package). In whatever form the accounts are kept, separate records are needed for:
- Petty Cash; and
 - Bank Transactions
- 5.2.2 In each case income and expenditure will be recorded and analysed against budget headings. For each bank account, a separate bank reconciliation must be carried out. This should show the balance of each bank account plus any deposits and less any withdrawals shown in the accounts but not yet appearing on the statement. The totals should be reconciled and any discrepancies investigated. All income and expenditure must be recorded against budget regardless of which bank account is involved. Where major projects are involved separate income and expenditure should be analysed against each project.
- 5.2.3 Back-up copies of the records will be made on Google Drive or photocopy. These will be kept at a separate location away from the main records.
- 5.2.4 The books or printed records may be inspected by any member of the Committee on request to the Treasurer with due regard to confidential information e.g. financial beneficiaries. The books or printed records, however, may only be taken away, or entries made, by the Treasurer, or an appointed person acting on the authority of the Treasurer or of the Committee.
- 5.2.5 The Treasurer or paid staff will also maintain files containing all bills, invoices; receipts, copies of order notes and such other documents as may reasonably be required at the time of the annual independent examination/audit of the accounts.
- 5.2.6 All records and other documents relating to the accounts, including copies of the Committee minutes, will be kept in a safe place for a period of not less than seven years, (or longer if the funding agreement requires it) from the end of the financial year to which they relate.

5.3 Preparation and presentation of Annual Accounts

- 5.3.1 The financial year for the Organisation will be as specified in the Constitution/Governing Document.
- 5.3.2 The Treasurer will prepare (or oversee the preparation of) annual statements of the accounts and arrange for them to be examined and certified by the Independent Examiner/Auditor appointed in accordance with the constitution by the preceding Annual General Meeting and where relevant to meet the standard required by the charity commission.
- 5.3.3 The Treasurer will present the annual accounts to the Annual General



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Meeting.

- 5.3.4 Following the Annual General Meeting, any required documents will be forwarded by the Treasurer or the Secretary to the Charity Commission (if/as required under the Charities Acts) and/or Companies House, to appropriate funders and to others who may have a right to automatically receive them.

5.4 Bank Accounts

- 5.4.1 The Organisation will hold accounts in its own name with such financial institution(s) as the Committee may from time to time decide.
- 5.4.2 Bank statements are to be addressed to the Treasurer at the organisation's address and passed to the Treasurer without delay.

5.5 Cheques

- 5.5.1 All cheques must be signed by any two out of 4 authorised signatories approved by the Committee and recorded in the minutes:
- a) The Treasurer – unless specific circumstances favour another officer;
 - b) Other named Committee member(s); and
 - c) Paid staff – sometimes to a specified limit.
- 5.5.2 A mandate form will be completed each time signatories are appointed or changed by the Committee and will be forwarded to the relevant bank(s).
- 5.5.3 Under no condition is any signatory to sign a blank cheque.
- 5.5.4 The cheque book(s) will normally be held by the Treasurer or, in her/his absence, by another signatory.

5.6 Cheques Expenditure

- 5.6.1 Money to be spent by the Organisation may be authorised as follows:
- a) Up to £10,000 by the Treasurer plus another signatory.
 - b) Over £10,000 by the full Committee and recorded in the minutes.
- 5.6.2 Travelling expenses are normally to be authorised in advance as above. In unexpected circumstances, local journeys may be made, and the cost reimbursed, without prior authorisation.
- 5.6.3 Travel should normally be by the least expensive means of travel. Public transport journeys will be reimbursed at cost, car and cycle journeys at mileage rates agreed from time to time by the Committee. These should be in



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accordance with current HM Revenue & Customs rules, which specify tax free limits.

- 5.6.4 Non-travel expenses (including training) will normally be authorised in advance, in conformity with decisions of the Committee and otherwise according to the scale set out above.
- 5.6.5 Invoices and/or receipts in support of any expense claim will be submitted together with an expense claim form. Before it is submitted to the Treasurer, the person who authorised the expenditure will sign the claim form. When cash payment is made, a receipt will be signed by the claimant. The Treasurer will file receipts and all other documents submitted in support of claims.
- 5.6.6 No payment will be made to any member of the Committee, except for the reimbursement of legitimate out-of-pocket expenses and any other payment authorised in accordance with the Constitution/Governing Document and/or HM Revenue and Customs.

5.7 Petty Cash

- 5.7.1 The organisation will operate a petty cash system. The petty cash will be held by a person or persons authorised by the Committee. Members needing to spend petty cash on behalf of the organisation should apply to the petty cash holder for an advance. The petty cash holder will record the nature of the expense on a duplicate petty cash voucher, a copy of which will be held by the applicant.
- 5.7.2 The petty cash balance may not exceed £70 at any time without express authorisation by the Committee or on the Committee's authority.
- 5.7.3 The Treasurer will balance the petty cash at least once a month and refund the cash to the level authorised above. A report will be presented to each regular Committee meeting.

5.8 Incoming Cash and Cheques

- 5.8.1 All cash received (e.g. subscriptions, cash payments for hire of the building, income from fundraising events) will be counted by at least two people (where possible), handed to the Treasurer and booked into the Treasurer's records.
- 5.8.2 All cash and cheques received will be paid without delay into the bank. Cash received will not be used as petty cash, other than in exceptional circumstances authorised by the Committee on the advice of the Treasurer.

5.9 Paying Bills

- 5.9.1 The procedure for paying bills is as follows:



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- i. On receipt of a bill it must be checked and signed by the persons who ordered the purchase and/or authorised the expenditure.
 - ii. The bill will then be passed to the Treasurer for payment. The Treasurer and other bank signatories will not sign cheques without assurance that the expenditure has been properly authorised. Any request for unauthorised payments will be reported to the Committee, who will determine the appropriate course of action.
 - iii. All paid-up bills will be attached to an expenditure sheet, with the cheque number and date of payment. The Treasurer will keep on file original bills, invoices, copies of orders, receipts and other documents related to payments. The Treasurer will not under normal circumstances accept photocopies.
- 5.9.2 With the increase in the use of electronic banking and in particular the authorisation of BACS payments – an electronic method (without using a cheque) of making payments direct to a creditor's bank, the Treasurer will need to ensure that all electronic records are kept and recorded.
- 5.10 Reviewing and amending these Rules
- These rules are to be reviewed regularly by the Committee.
- All decisions to amend the rules are to be recorded in the minutes.



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6 Version Control

Version	1.0	Date created on	04/04/2022
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Approved By			
Name	Role	Date of signature	
All	Committee	25 April 2022	

7 Associated Policies

Policy Name	Policy Ref