



Charitable Incorporated Organisation - Registered Charity Number: 1157787

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FINANCIAL CONTROLS POLICY

1. General Principles

- 1.1. The financial controls and procedures are designed so that the Charity can manage its finances and resources effectively, whilst protecting its assets, the staff and the Trustees.
- 1.2. Wherever possible there should be a segregation of duties such that no one person can receive and record income or authorise and pay expenses alone. If the transaction needs 2 people, (either trustees or staff), to authorise and perform then these 2 should not be connected to each other.

2. Budget

- 2.1. The Finance Committee will prepare a budget annually which will be presented to all Trustees for approval. The Management Reports prepared the internal Finance Officer will be reviewed quarterly by the Finance Committee and explanations for any significant (10%) or unexpected variances against the budget will be requested and reported to the Board of Trustees.
- 2.2. By checking how much the Charity receives and spends against the budget, problems and opportunities will be identified in good time and agreements reached regarding a way forward.

3. Reserves

- 3.1. The Charity will prepare a Reserves Policy, and the Trustees will monitor current levels of Reserves.

4. Financial Records and Accounts

- 4.1. Financial records are kept so that:

- 4.1.1. The Charity meets its legal and other statutory obligations to bodies such as Charity Commission and HMRC.
- 4.1.2. The trustees have proper financial control of the Charity and its assets.

4.2. The books of accounts include:

- 4.2.1. Electronic bookkeeping system - presently Xero – including electronic copies of purchase invoices and other documentation.
- 4.2.2. Paper records where necessary including purchase invoices and bank statements.
- 4.2.3. Payroll records as maintained by the accountants of the Charity who currently process payroll.
- 4.2.4. Petty cash tin, securely held at the Charity office.

5. Banking

5.1. The Charity bank accounts will be held in the name of Market Harborough and the Bowdens Charity. The following accounts will be maintained:

- 5.1.1. Current Account – currently with HSBC Bank plc
- 5.1.2. Current Account – currently with Co-op Bank
- 5.1.3. Investment Account(s) in line with Investment Policy
- 5.1.4. Deposit Account

5.2. The list of people who can authorise payments on the Charity's behalf will always be approved and minuted by the trustees as will any changes to it.

5.3. Only the Chair, The Charity Secretary and the Assistant Charity Secretary have access to the Charity's bank accounts. The Finance Officer does not have access other than seeing bank statements.

5.4. Xero will receive the bank statement lines daily and these will be reconciled with the books of account at least weekly by the internal finance officer. The physical bank statement will be checked every month to verify the balance. A member of the Finance Committee will spot check that this reconciliation has been done at least once a year.

5.5. Bank debit cards will be issued to employees where necessary following authorisation by the Chair or Vice Chair of the Charity. When a staff member leaves the Charity, the card will be returned and destroyed. These are currently attached to the Co-Op bank account. The Co-Op account has a maximum balance of £5,000.

5.6. The Charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the trustees.

5.7. Bank accounts must only be used for the Charity's business. They must not be used to receive or transfer money for the private benefit of individuals or third parties.

6. Income

- 6.1.** All monies received will be recorded promptly in Xero and, where cash/cheque is received, 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.
- 6.2.** The amount of cash held in the Charity office will never exceed the amount insured.
- 6.3.** Cash received should be counted by 2 people whenever possible.
- 6.4.** No payments are to be made directly out of cash received without the cash received being accounted for at its original full amount beforehand.
- 6.5.** Cash donations are rarely received but if this occurs the Charity must ensure that it knows the origin of the donation and that there are no conditions attached. The Charity must follow best practice to ensure that it is not in breach of money laundering laws.

7. Payments (expenditure)

- 7.1.** The aim is to ensure that all expenditure is on the Charity's business and is properly authorised and that this can be demonstrated.
- 7.2.** Payments will be made electronically wherever possible.
- 7.3.** Cheque books (including unused and partly used cheque books) will be kept in the safe in the Charity office at all times.
- 7.4.** Blank cheques will NEVER be signed.
- 7.5.** The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 7.6.** No cheques will be signed without original documentation (see below).
- 7.7.** Debit card payments will not exceed £500 other than in exceptional circumstances agreed, as a 2nd authoriser, by the Charity Secretary or Chair.

8. Payment documentation

- 8.1.** Every supplier 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.
- 8.2.** Examples of exceptions to payments not being supported by an original invoice prior to payment are items such as advanced booking fees for a future course, deposit for a venue etc, where the invoice is received subsequently and debit card payments made by staff in accordance with the card payment policy. The invoice/receipt/explanation will later be added to the payment record.

8.3. Wages and Salaries. All employees will be paid within the PAYE and National Insurance regulations. Salary calculations are prepared by the external accountants who will pass the information to the Charity Secretary. Salary payments will be made electronically by the Charity Secretary. All changes in salaries, hours and variable payments such as overtime, etc, will be authorised by the trustees and documented by the Charity Secretary.

8.4. Petty cash will always be supported by original receipts.

8.5. Expenses / allowances. The Charity will, if asked, reimburse expenditure paid for personally by staff, providing:

- 8.5.1.** Fares are evidenced by tickets.
- 8.5.2.** Other expenditure is evidenced by original receipts.
- 8.5.3.** Car mileage is based on local authority scales.
- 8.5.4.** No signatory signs for the payment of expenses to themselves.

8.6. Payments made to individuals or organisations in accordance with decisions made by committees, for example General Grants or Education grants, might not have an invoice. Evidence should be easily cross referenced to committee Minutes.

9. Electronic/Cheque Payments

9.1. Dual authorisation of internet bank payments is best practice and should be implemented whenever possible. It is noted that this is currently not performed on the online banking system, but using other means.

9.2. If a payment of over £50,000 is to be made by bank transfer then a 2nd person should make a visual check of the amount entered if dual authorisation on the bank system is not being used.

9.3. All bank payments will be pre-authorised by a minimum of 2 people. That authorisation may take the form of:

- 9.3.1.** Signed minutes of a quorate meeting of the relevant committee, signed by an authorised Trustee. OR
- 9.3.2.** Two signatures of authorised Trustees or members of staff on an original invoice which is in accordance with agreed expenditure. OR
- 9.3.3.** An authenticated email from the Chair of Trustees authorising the release of the payment.

9.4. Payments between £500 and £15,000 can be made by the Charity Secretary with a second check performed and documented by another member of staff or a trustee. Either the Chair or Vice-Chair must be informed by email or in person.

9.5. The Charity Secretary will have delegated authority to pay all recurring and incidental office, rental property, farm and allotment expenses up to the value of £15,000 without further reference to the trustees. This includes

invoices from a recognised, approved supplier(e.g. Fisher German). This should be checked as soon as possible afterwards by a 2nd person to minimise the risk of a loss to the Charity due to incorrect data entry.

- 9.6. Any transfer over £15,000 must be authorised by the Chair and one other trustee before or at the time of payment. If the payment relates to the Community Hub then the Chair of the Estates Committee should also authorise it. Similarly if the payment relates to the Nature Reserve the Chair of the Environmental Committee should also approve it.
- 9.7. Payments will not be signed/released by the person to whom they are payable.
- 9.8. Any ongoing contracts entered into or undertakings given which are likely to cost the Charity in excess of £15,000 must be authorised and minuted by the trustees.
- 9.9. In the absence of the Charity Secretary due to annual leave or illness another member of staff can be authorised by the Chair to take her place in making urgent payments.

10. Audit

- 10.1. The Charity is required to appoint an External Auditor on an annual basis. The auditor will report to the Board of Trustees any discrepancies found and any deviations from, or suggested improvements to financial policies and procedures. The audited accounts and the Management Letter from the Auditor will be presented to the Board of Trustees in a timely manner for approval. This enables the Trustees to fulfil their responsibilities to safeguard the assets of the Charity.

11. Fixed Assets

- 11.1. The Charity has a large amount of fixed assets, mainly used for either investment or to fulfil the charitable aims of the organisation. These are generally under the supervision of external agents and reports received from these should be presented to the Trustees on a regular basis regarding valuation and condition.
- 11.2. The Charity should maintain a register of these and other fixed assets to ensure it retains control over these assets with regards to valuation and location.

Authorisation Limits DUAL AUTHORISATION ON INTERNET BANKING SHOULD BE USED WHENEVER POSSIBLE	
Less than £500	Any member of staff with evidence of authorisation by a 2nd person or committee minutes.
£501- £15,000	Charity Secretary with second authorisation by a member of staff or trustee. Chair or Vice-Chair to be informed. Recurring office, rental properties, farm and allotment expenses need 2nd authorisation but not referral to Chair / Vice-Chair.
Over £15,000	Authorisation by the Chair and second trustee prior to payment. Community Hub payments to also be authorised by the Chair of Estates Committee Nature Reserve payments to also be authorised by the Chair of the Environmental Committee.