

Financial Controls Policy

Inclusion Hampshire



Approved by: Trustee Board

Date: 6th October 2020

Signed by: *MS Manswell-Beech* **Position:** Chair of Trustees

Last reviewed: September 2020

Next review due: September 2021

Monitoring arrangements

This policy will be reviewed annually, but may be reviewed earlier if deemed appropriate by the Chief Executive or Trustees.

1. Introduction
2. Banking
3. Receipts (Income)
4. Payments (Expenditure)
5. Payment Documentation
6. Authorisation of Cheques and Bank Transfers
7. Debit Card
8. Other undertakings
9. Expense reserve

1. INTRODUCTION

Financial records will be kept so that Inclusion Hampshire can:

Staff members in this context are the Inclusion Hampshire Chief Executive and the Inclusion Hampshire Financial Officer.

- a. Meet its legal and other obligations, e.g. Charities Acts 1993 and 2006 and subsidiary legislation, Bribery Act 2010, Inland Revenue, Customs & Excise and common law, and any Statement of Recommended Practice (SORP) issued by the Charity Commission.
- b. Enable the trustees to be in proper financial control of Inclusion Hampshire.
- c. Enable Inclusion Hampshire to meet the contractual obligations and requirements of funders.

Day to day maintenance of Inclusion Hampshire accounts shall be carried out by the Financial Officer under the supervision of the Treasurer.

The detailed accounts shall use the Sage computing package which provides:

- a. A cashbook analysis recording all transactions in Restricted and Unrestricted funds.
- b. A breakdown of transactions against each project.

C. Breakdown of income and expenditure against the annual budget both in total and by individual project.

A petty cash book shall also be maintained, which shall be recorded on Sage on a monthly basis.

The financial year shall end on the 31st August each year

Accounts will be drawn up in accordance with SORP after each financial year within three months of the end of the financial year and presented to the Trustee Meeting.

Following the Trustee Meeting and by not later than 10 months after the end of the previous financial year, the Chairman shall submit the signed accounts along with the Annual Report to the Charity Commission in accordance with the guidance in the SORP.

Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.

A report comparing actual income and expenditure with the budget shall be presented by the Treasurer to the trustees' at their quarterly meetings, whenever possible.

The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the Trustee Meeting as required in the SORP.

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2. BANKING

Inclusion Hampshire will bank with The Co-operative bank, P.O. Box 250, Delf House, Southway, Skelmersdale WN8 6WT. This provides on-line banking and chequebook with facilities to bank and obtain cash through the Post Office in Hook and any branch of The Co-operative bank. Also provided is a debit card for use in lieu of a credit card.

2. Accounts will be held in the name of Inclusion Hampshire as a CIO (Charitable Incorporated Organisation). The current account title is Inclusion Hampshire - Registered Charity 1162711.

3. A list of signatories, agreed and minuted by the Trustees, to whom the authority is delegated to sign cheques and authorise online bank transfers and any other expenditure, within agreed authorised limits, shall be maintained by the Treasurer and notified along with specimen signatures to the Co-operative Bank. For the time being these limits are as follows:

a. For two authorised signatories who are staff members up to £1000.

b. Debit card holders can withdraw up to £250 per day.

c. For two signatories where one is a trustee up to £2,000.

d. For two signatories both of whom are trustees any sum over £2,000.

4. Similarly a list, agreed and minuted by the Trustees, of holders of the debit card shall be maintained by the Treasurer and notified along with specimen signatures to the Co-operative Bank.

5. The Finance Officer shall reconcile the on line bank balances against the accounts on a monthly basis and report any variances to the Treasurer.

6. Inclusion Hampshire shall not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

3. RECEIPTS (INCOME)

7. All monies received shall be recorded promptly on the SAGE system and, where relevant,

by cash book. Cash amounts of £20 or less will be transferred to petty cash provided the holdings of petty cash do not exceed £250.

4. PAYMENTS (EXPENDITURE)

8. Payments will normally be made by bank transfer except where the payee does not provide this facility where payments will be made by cheque drawn on The Co-operative

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bank. Payments shall be entered onto the SAGE system immediately the bank transfer is set up awaiting authorisation or the cheque is written waiting signature.

9. The Financial Officer will be responsible for holding the cheque books (unused and partly used cheque books) which will be kept under lock and key at the Inclusion Hampshire. Blank cheques will NEVER be signed.

5. PAYMENT DOCUMENTATION

10. Every payment from Inclusion Hampshire's bank accounts shall be supported by an original invoice (never against a supplier's statement or final demand) or expense claim form. The Financial Officer shall note on the invoice or form either:

a. The date and serial number of the bank transfer or,

b. The date and number of the cheque. In this case the signatories should also check that the cheque book stub is correctly completed.

The original invoice will be retained on file and, where relevant, with a photocopy of the associated cheque.

11. The only exceptions to bank transfers or cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, returnable deposits etc. Here a requisition form will be used and retained on file endorsed by the Financial Officer with the detail at Section 5.1(a) and (b) above and, where relevant, a photocopy of the associated cheque.

12. All staff appointments/departures will be authorised by the Chief Executive. Any annualised increases in salaries will be authorised by the Treasurer and Trustees.

13. The petty cash account may only be accessed by the Financial Officer or Inclusion Hampshire Chief Executive. All such expenditure shall be supported by receipts and entered in the cash book

14. On request and against a claim form, personal expenses shall be reimbursed to staff providing: expenses are approved by the Inclusion Hampshire Chief Executive; bus and train fares are supported by tickets; motor-mileage claims are limited to 40 p/mile; and all other expenditure is supported by original receipts. Claims below £20 may be paid from petty cash. Otherwise claims will be paid by bank transfer or cheque vide Paragraph 18 above.

6. AUTHORISATION OF BANK TRANSFERS AND CHEQUES

15. The latest approved budget (referred to as 'the current budget' hereafter) provides signatories with the authority to authorise, within the limits delegated vide Paragraph 12

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above, spend up to the budgeted expenditure not beyond it. See Paragraphs 29 to 33 inclusive below.

16. Bank transfers shall be set up on line by the Financial Officer and authorised on line by two authorised signatories within the limits delegated to them.

17. Cheques shall be signed by two authorised signatories within the limits delegated to them.

18. Payees in either of the above cases shall not act as signatories.

7. DEBIT CARD

19. The Debit card is provided to facilitate expenditure where a credit/debit card would appropriate, eg making online purchases. It also reduces the need to use petty cash and can be used to draw cash from an ATM. The latter use should be an exception rather than the rule. The authorised user and holder of the card are the Inclusion Hampshire Finance Officer and Treasurer.

20. Expenditure on the card shall be tracked on-line by the holders and by an authorised signatory, normally the Treasurer and in their absence, another Trustee.

8. OTHER UNDERTAKINGS

21. Inclusion Hampshire does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given must be covered by the current budget provisions. Any not so covered, or those likely to exceed in total £5,000, must be authorised and minuted by the Trustees. In exceptional circumstances such undertakings can be made with the Chairman's approval, which must be confirmed and so minuted at the next meeting of the Trustees.

22. All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of Inclusion Hampshire with the prior approval of the Chief Executive, who will provide full details to the next trustee's meeting.

23. Inclusion Hampshire will adhere to good practice in relation to its finances at all times, e.g. where relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally Inclusion Hampshire will maintain a property record of items of significant value, with an appropriate record of their use.

9. EXPENSE RESERVE

24. Inclusion Hampshire will hold an expenses reserve to ensure it can manage the financial impact of risk and minimise any disruption to our charitable activities including

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an unforeseen drop in income or unbudgeted increases in expenditure. The expense reserve is unrestricted.

25. A detailed review of the future needs and financial risks faced where future income is unlikely to meet the amount of anticipated costs will be undertaken on an ongoing basis and our assessments will be incorporated into the reserves range we have calculated.

26. As part of our annual Trustees' Report and Accounts, Inclusion Hampshire will publish the principal risks and uncertainties facing the organisation and any mitigating actions put in place.

27. The target range is set at £200-£220k which equates to approximately 6 months of the unrestricted funds expenditure for the Charity. The Board of Trustees will review the reserve levels annually in the context of operational requirements and ensuring that the resources are managed responsibly in the best interests of Inclusion Hampshire.

POLICY IMPLEMENTATION

The Chief Executive is responsible for ensuring the implementation of this policy and that regular reviews take place.

All staff and volunteers have a responsibility to adhere to this policy and will be made aware of this policy as part of their induction, supervision and training.

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