

# Financial Management and Controls Policy

## 1 Introduction

- 1.1 Financial records will be kept so that Ratby Library & Community Group can –
- a Meet its legal and other obligations e.g. Charities Act, Inland Revenue, Customs & Excise, Companies Act and Common Law as appropriate.
  - b Enable the Trustees to have control of the organisation's finances.
  - c Enable the organisation to meet its contractual obligations and the requirements of funding bodies.
  - d Ratby Library & Community Group will be guided by its accountants, Nixon Mee of Coalville, Leicestershire. Nixon Mee has given its approval already for the method by which Ratby Library & Community Group will maintain its electronic accounting records.
- 1.2 The organisation will keep proper electronic ( MS Excel) records of account, which will include –
- a A cash analysis all the transactions in the organisation's bank account(s).
  - b A petty cash analysis if cash purchases are being made.
  - c Inland Revenue deduction cards (P11) will be undertaken, if necessary.
- 1.3 The financial year for Ratby Library & Community Group will end on 31<sup>st</sup> March
- 1.4 Accounts will be drawn up after each financial year end within 3 (three) months of the end of the year and presented to the next annual general meeting (AGM).
- 1.5 Before the start of each financial year, the Trustees will approve a budgeted income and expenditure, cash flow and profit and loss accounts for the following year. These will be created by the Treasurer with the assistance of the Chair.
- 1.6 A copy MS Excel spreadsheet comparing actual income and expenditure with the budget will be presented by the Treasurer to the Trustees every three months and on a monthly basis to the Chair.
- 1.7 The AGM will appoint an appropriately qualified accountant to check / audit the accounts for presentation to the next AGM.

## 2 Bank

- 2.1 The Ratby Library & Community Group will bank with Santander Bank where the account(s) will be held in the name of Ratby Library & Community Group. All accounts opened will be agreed and approved by the Trustees and recorded in minutes.

The following accounts will be maintained – current, business, restricted and any other

project accounts as agreed and approved by the management committee. The restricted account will form part of the current account with its numbers being recorded as separate spreadsheets in the work book.

- 2.2 In accordance with the wishes of Leicestershire County Council, grant funders and individuals pledging cash grants, such monies will be held in a restricted account and only used for the purposes designated by the fund giver, when formally approved by the Trustees. Such approval or non-approval must be minuted.
- 2.3 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 the changes to it. All Trustees, subject to any age limit imposed by the bank, shall be authorised to sign / counter-sign cheques.
- 2.4 Ratby Library & Community Group will reconcile the cash electronic record with each bank statement no less than 6 (six) times annually; this record will be signed off by the Treasurer and the Chair at the appropriate at the following Trustees' monthly meeting.
- 2.5 Ratby Library & Community Group will not use any other bank account or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Trustees.

### **3 Receipts (Income)**

The aim is to demonstrate that Ratby Library & Community Group has received all the incomes to which it is entitled and that it is all reasonably evidenced.

- 3.1 All monies received will be recorded promptly in the electronic cash analysis and banked without delay (note, this includes sundry receipts such as payments for telephone calls, photocopying etc.). The organisation will maintain files of documentation e.g. letters from funding bodies to back this up.

### **4 Payments (Expenditure)**

- 4.1 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books), which should be kept under lock and key.
- 4.2 Blank cheques will **never** be signed.
- 4.3 Wherever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, signing cheques and payments.
- 4.4 Invoices and other documents requiring payment e.g. expenses claim forms, shall be brought monthly to Trustee meetings for authorisation and payment within pre-defined credit terms.
- 4.5 Whenever possible payee's name will always be inscribed on the cheque before signature and the cheque stub will always be filled in.
- 4.6 No cheques will be signed without the original documentation and before payment authorisation is agreed by Trustees.
- 4.7 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.

## 5 Payment documentation

- 5.1 Every payment out of the organisation's bank account(s) will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed and kept for 7 (seven) years. The persons who sign the cheque should ensure that the cheque requisition slip is fully completed. This includes the following –
- a Cheque number
  - b Date cheque drawn
  - c Amount of cheque
  - d Name payable to
  - e Who signed the cheque
- 5.2 The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees, VAT etc. Here a cheque requisition form (see **Model Requisition Form** download) will be used and a photocopy of the cheque kept.
- 5.3 Expenses / Allowances
- Out of pocket expenses will be paid to volunteers providing a correctly-completed expense claim sheet is submitted ( together with the relevant documentation ) and duly approved for payment –
- a Fares are evidenced by tickets (where possible)
  - b Other expenditure is evidenced by original receipts
  - c Car mileage at the approved rate per mile
- 5.4 Petty cash will always be maintained on the imprest system whereby the Treasurer / Volunteer Coordinator is trusted with a float as agreed by the Trustees. When that is more or less expended, a cheque will be drawn for sufficient, bringing up the float to the agreed sum (currently agreed at £50.00), the cheque book being supported by a complete set of expenditure vouchers and, when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash electronic spread sheet.

## 6 Cheque signatures & cash cards

- 6.1 Each cheque shall be signed by at least 2 (two) people.
- 6.2 In order to provide exceptional financial governance and clarity those signing the cheque must **not** –
- a Have signed / approved the cheque requisition form
  - b Be the beneficiaries of the payment
  - c Be a family member of the beneficiary of the payment
- 6.3 Credit cards and debit cards will not be used unless authorised by the Trustees and then up to an approved amount for those transactions where a debit card must be used e.g. on-line transactions.

**The Treasurer must ensure that controls around the use of debit and credit cards meet the requirements of the Charity Commission's guidelines (CC8 Internal Financial Controls for Charities).**

The Treasurer must ensure that upon a Trustee resigning his / her position with e charity, debit and credit cards are returned and that the Chair submits the appropriate report to the Charity Commission that the said person is no longer a Trustee.

## 7 Other undertakings

- 7.1 Ratby Library & Community Group does not accept liability for any financial commitment instigated by non-Trustees. Any orders placed or undertakings given must be authorised and minuted by the Trustees. This covers such items as cafeteria food and consumables, new service contracts, office equipment purchase and hire etc.
- 7.2 All fund raising and grant applications undertaken of behalf of Ratby Library & Community Group will be done in the name of the organisation with prior approval of the Trustees or, in urgent situations with the approval of the Chair, who will provide full details to the next management committee.

## 8 Confidentiality

- 8.1 The confidentiality of volunteers' financial circumstances will be respected at all times.
- 8.2 Trustees and volunteers will, at all times, act in the best interests of the organisation and if they experience or learn of a conflict of interest they will advise the Volunteer Coordinator, or any other Trustee, but not divulge sensitive information.

## 9 Other items

- 9.1 The Trustees will consider the level of reserves that is prudent for the Ratby Library & Community Group to have, at its first meeting after the AGM. Consideration will be given to lease agreements and any other significant factors that should be taken into account were the Ratby Library & Community Group were to close.
- 9.2 The Ratby Library & Community Group will adhere to good practice and good financial governance in relation to its finances at all times e.g. it will set up and maintain a fixed asset register stating the date of purchase or taking over if inherited from Leicestershire County Council, cost, serial numbers and normal location of asset(s). If it holds stocks of goods e.g. books etc. of significant value, it will maintain proper records.
- 9.3 These controls will be reviewed annually.

## The Trustees of the Ratby Library & Community Group

All trustees have approved this Policy. They are: Mr Ken Hunnybun (Chair), Mrs Avril Hunnybun (Secretary), Nathan Dickman (Treasurer), Mr Daniel Green (Youth Trustee), Christine Reid (Trustee), Adrian Russell (Trustee).

RESPONSIBLE OFFICERS	DATE
MR NATHAN DICKMAN	27 / FEB / 2017
MR KEN HUNNYBUN	27 / FEB / 2017

Review Date - Monday, 08 January 2018