

# Families United Network

## Financial Controls Policy

**Effective from June 2022, review date June 2023.**

### **Board Policy – may only be amended with Board approval**

This is a statement of the Financial Controls Policy of Families United Network. The Charity follows good practice in all financial matters and this statement is designed to clarify key areas and set a prudent framework of responsibility and accountability.

The overall financial control of the Charity rests with the Trustees, but in practice, this is devolved through the Treasurer to the Business Manager who provides day to day financial management and monitoring, in consultation with the Charity Manager.

#### **1. General**

1.1 Financial records are maintained to:

(a) Meet its legal and other obligations, e.g. Charities Act 1992, Revenue and Customs and common law, Charity SORP.

(b) Enable the trustees to exercise financial control of the Charity.

(c) Enable the Charity to meet the contractual obligations and requirements of funders.

1.2 Proper books of accounts are kept using SAGE50 which enables separate funds to be identified, together with the relevant expenditure. Entries are made on a weekly basis and are the responsibility of the Business Manager.

1.3 All cash received by the charity, both coins and notes is checked for forgeries. Bank notes should be checked using a detector pen and checking the integrity of the bank notes security features. Coinage should be checked paying attention to the milled edge being poorly defined, and uneven lettering.

1.4 Financial year is the 31<sup>st</sup> March each year.

- 1.5 Accounts are drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting. They are independently examined in accordance with Charity Commission rules and comply with SORP.
- 1.6 Prior to the start of each financial year, the trustees approve the budgeted income and expenditure account for the following year.
- 1.7 A report comparing actual income and expenditure with the budget, together with an updated year end forecast is presented to the trustees at each Trustee meeting.

## **2. Banking and Investments**

- 2.1 The Charity banks with CAF bank. Accounts are held in the name of the Charity. The following accounts are active:
  - Current account
  - Deposit account
  - Paypal account
- 2.2 The bank mandate is approved and minuted by the trustees including any amendments.
- 2.3 All bank accounts are reconciled monthly from the bank statement to Sage50 by the Business Manager. A reconciliation statement is reviewed and signed monthly by the Business Manager. The Treasurer spot checks the bank reconciliations at least twice a year, signing the reconciliation statement accordingly.
- 2.4 The charity does not use any other bank for day to day transactions and only uses another financial institution to gain additional returns on its funds after due research, risk assessment and approval from the Board of Trustees.
- 2.5 The Charity does not deposit more than £500,000 with any one bank/financial institution.
- 2.6 The Charity does not take out a loan without authorisation by the full Board of Trustees.

### 3. **Receipts (income)**

- 3.1 Monies received are recorded promptly in the accounts and banked without delay, but at least weekly. Cash to a maximum value of a £150 is held in the petty cash. Any cash over and above this amount is deposited into the bank account. Cheques of £1,000 or more are banked within seven working days.
- 3.2 Records are maintained to show the source of all income, whether in the form of invoices, receipts or other documentation. Such records must show whether the income is restricted (and if so its purpose), or unrestricted and entered through the accounts system, including fund analysis.
- 3.3 Wherever possible donations from tax payers are recorded and appropriately administered for gift aid; and reclaims are made to HMRC on at least a quarterly basis. The Charity encourage gifts through JustGiving, LocalGiving and other similar gift aid schemes.

### 4. **Payments (expenditure)**

Payments are executed in respect of expenses or services incurred on behalf of the Charity using.

#### BACS payments & Online Banking

- 4.1 Access to online banking is restricted to the following people:  
  
Chairperson, Board of Trustees  
Treasurer, Board of Trustees  
Business Manager  
Charity Development Manager
- 4.2 All BACS payments require two levels of authorisation before the funds are transferred.
- 4.3 When authorising BACS payments online, staff or Trustees must have sight of the original documentation supporting the payment.

#### Cheque Payments

- 4.4 The Business Manager is responsible for holding the cheque book (unused and partly used cheque books) which is kept under lock and key.
- 4.5 Blank cheques are NEVER signed.
- 4.6 The relevant payee's name is inserted on the cheque before signature and the cheque stub is completed.
- 4.7 No cheques are signed without original documentation (see below).
- 4.8 Each cheque is signed by at least two signatories.
- 4.9 A cheque is not signed by the person to whom it is payable.

### Debit Cards

- 4.10 Charity Debit cards are only issued to the Charity Development Manager, Business Manager and Project Leads only.
- 4.11 Staff may use debit cards to make purchases up to the value of £15 without completing a purchase order. Proof of the expenditure is passed to the Business Manager as soon as possible.
- 4.12 Debit card purchases which exceed £15 have a purchase order completed and authorised by the Charity Development Manager or the Business Manager. Once the purchase has been made, proof of the expenditure is attached to the purchase order and passed to the Business Manager.
- 4.13 Only the Business Manager or Charity Development Manager are authorised to use a charity debit card at an ATM. A purchase order must first be raised, documenting the reasons for the withdrawal. Purchase order and ATM receipt is submitted to the Business Manager within 48 hours of the cash being withdrawn.

## **5. Payment documentation**

- 5.1 Every Cheque or BACS payment out of the Charity's bank accounts is evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice is retained by the Charity and filed. The Business Manager must ensure that the invoice is referenced with:
  - Method of payment, showing cheque or bacs number if applicable
  - Date of the payment
  - Amount of the payment
  - Who authorised the payment/signed the cheque
  - Department(s)/project(s) to be charged and any proportions

- 5.2 Where, exceptionally, an invoice has not been received and a payment is required (for example a holding deposit on a venue) a memo or email explaining the request is authorised by the Business Manager or the Charity Development Manager.

## 6. **Petty Cash**

- 6.1 Petty cash held in the office is administered by the Administrator, Business Manager or, in their absence, the Charity Development Manager. A voucher is completed for each transaction. All payments are accompanied by a till receipt or other proof of expenditure. Payments of cash are only made out of the petty cash system. All petty cash tins for activities and projects are issued by, and reported back to, the Business Manager for reconciliation and sign off.
- 6.2 Petty cash held for specific projects are administered by the Project Lead; and passed to the Business Manager at the end of each month for reconciliation and sign off.
- 6.3 All Petty Cash held for projects or fundraising activities are kept securely in a locked petty cash tin. The Business Manager issues any float and reconciles the funds at the beginning and end of such activities. Petty cash float held by Project Leads does not exceed £70. All cash received into Project Petty Cash tins is passed to the office within 24 hours.

## 7. **Wages and salaries**

- 7.1 Every payment for staff is clearly documented showing the authority and reason. All payments to staff are made through the BACS system wherever possible. Wages are not be paid in cash. All employees are paid via HMRC approved PAYE software.

Payments and annual reporting to HMRC is made according to current statutory obligations.

- 7.2 All staff appointments/departures are advised to the trustees by the Charity Development Manager, noting the dates and salary levels. Similarly, all changes in hours are advised. The Charity Development Manager or Business Manager request approval of the Board before any new positions are advertised or recruited for.
- 7.3 Pay scales are based on market rate, locally and/or nationally as appropriate.

- 7.4 An annual inflation rise is recommended by the Charity Development and Business Managers and approved by the Trustees
- 7.5 The Charity offers a workplace pension scheme for all employees as required by current legislation.

## **8. Staff Expenses**

- 8.1 Expenses incurred wholly and necessarily by staff, volunteers and Trustees in the course of their duties is reimbursed in accordance with the expenses policy and only on completion of the relevant claim form. Payments are made by cheque or through the BACS system - not by cash.
- 8.2 Receipts must be presented for all costs being reclaimed except mileage allowance. When claiming for mileage expenses, the purpose of each journey and the Service to which it relates must be stated on the expense form.

## **9. Other undertakings**

- 9.1 The Charity does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5,000 must be authorised in writing/e-mail by the Chair of Trustees or Treasurer and is minuted by the trustees at the following Board Meeting.
- 9.2 The Business Manager and Charity Development Manager can authorise the purchase of goods or services up to £2,000, provided that the total amount so authorised in any one month shall not exceed £3,000.
- 9.3 The Business Manager and Charity Development Manager can authorise the repurchase of contracts for services (such as rent, IT and telephone contracts) previously approved by the Board for up to £5,000. Such repurchase is advised to the Board at the next Board Meeting.
- 9.4 The Charity Development Manager or Business Manager, and the Chairperson or Treasurer have the joint authority (which must be confirmed in writing/e-mail) to authorise the purchase of goods or services between £2,001 and £5,000, provided that the total amount so authorised shall not exceed £10,000 in any given month. Any such single purchase exceeding £5,000 or total monthly amounts above £10,000 must be agreed by the full Board of Trustees.

- 9.5 All fundraising and grant applications undertaken on behalf of the organisation are completed in the name of the Charity and signed by the Business or Charity Development Manager. A monthly report of all such applications is provided to the Trustees at the next Board Meeting.
- 9.6 All potential contracts or tenders for services to be provided by the Charity are submitted to the Board of Trustees by the Charity Development Manager in a timely manner.
- 9.7 The Charity Development Manager collates quarterly progress reports on all projects and services provided by the Charity and including where there is liability or risk to the Charity for such provision. An annual report on all projects and services is provided as a basis for the Trustees report to the Charity Commission in accordance with the Charity SORP.
- 9.8 Any decision to purchase goods or services taken within a Board Meeting shall be deemed to provide the Charity Development Manager or Business Manager with authority to purchase, except that such an authority will lapse if the purchase is not made within 6 months of the decision.
- 9.9 No staff or volunteers, other than those specified in this policy, have the authority to purchase goods and services on behalf of the Charity.

## **10. Assets**

- 10.1 A register of all assets exceeding £50 in value is maintained by the Business Manager and updated whenever assets are acquired or disposed of.
- 10.2 The disposal of any assets exceeding £200 in value is approved by the Business Manager. Disposal of Assets valued at £750 or above is approved by at least two Trustees, normally including the Chairperson and/or Treasurer.
- 10.3 Assets must be disposed of under the direction of the Business Manager at fair market value (or donated to another charity) and the proceeds paid into the Charity's bank account.

## **11. Risks**

- 11.1 The Trustees review the risks to which the Charity may be exposed on an annual basis and take the necessary steps to address all major risks identified. Such risks will include health and safety, safeguarding,

reputational, insurance, property and financial risk. See risk management policy.

## **12. Reserves policy**

- 12.1 The Charity aims to maintain reserves to enable it to meet its commitments should the Charity be required to close. An annual calculation of the amount required to cover redundancy payments to staff is made by the Business Manager and advised to the Board as part of the Budget submission for each year.
- 12.2 The Charity maintains a reserve of between 3 and 12 months running costs at all times and aims to ensure that this does not normally fall below 6 months running costs as calculated against that year's budget.

## **13. Review**

This policy will be reviewed in Jun 2023 or earlier if necessary.

Policy Last Reviewed 20<sup>th</sup> June 2023  
Reviewed by Board of Trustees  
Next Review Date due: 20<sup>th</sup> June 2024