



Finance Policy & Procedures

Financial Policy and Procedures

Part 1: Monitoring and Record-Keeping

1. Monitoring

- a) It is the Trustees responsibility to monitor the ongoing financial situation of the CIO, in consultation with the Youth and Community Hub Co-ordinator, on a monthly basis.
- b) At each Trustees meeting the Treasurer will present a financial report detailing headline figures and changes since the last meeting. This will include
 - i) a cashflow forecast for the organisation
 - ii) a financial overview for any project with distinct income and expenditure
 - iii) an assessment of future risks and opportunities
- c) Prior to the beginning of each financial year a budget for the forthcoming year will be prepared by the members of the OMC group in consultation with the Treasurer, and presented to the Trustees for their approval.
- d) At the Annual General Meeting accounts will be presented to the Trustees and Members for their approval.

2. Record Keeping and Reconciliation

- a) Bank statements are available on our online banking account and are accessed by the signatories for the account.
- b) All income and expenditure is recorded in an appropriate manner, and these records are used to monitor the financial position of the Charity.
- c) All sales orders and invoices are issued. Debtors reports are prepared regularly and reminders issued.

3. Role of Trustees of Trustees

The Trustees are responsible for:

- a) approving the budget for the year.
- b) appointments of staff.
- c) approving exceptional items of expenditure in accordance with the charitable objectives, or when expenditure exceeds the limits set by the Trustees.
- d) monitoring the financial position based on reports to the trustees, with support and advice from the Treasurer and OMC.
- e) approving the annual accounts prior to being presented to the AGM.
- f) annually set maximum authorised credit limits for categories of expenditure.

Part 2: Income and Expenditure

1. Expenses

- a) Expenses (which must be supported by valid receipts) and mileage claims will be approved by an authorised signatory (normally the staff member's line manager unless they are unavailable).
- b) Receipts and mileage claims must be presented **within three months** of the expenditure. Claims presented after this date will **only** be paid at the discretion of the OMC.

2. Debit Card and Petty Cash

- a) The Youth and Community Hub Co-ordinator will be provided with a Debit Card, solely for business use. The card must not be handed to anyone else for use.
- b) Usage of the Debit Card must always stay within agreed allocated budgets for the category of expenditure being incurred.
- c) The Youth and Community Hub Co-ordinator shall be permitted to use the Debit Card for expenditure in accordance with the charitable objective, up to a **maximum of £200.00** without seeking prior approval, provided that the expenditure incurred does not exceed the available of allocated budget for the category of expenditure being incurred.
- d) Expenditure above the maximum allowed per transaction must be approved by the Treasurer to ensure that the allocated budget will not be exceeded.
- e) All receipts for times purchased with the Debit Card must be handed to the Treasurer at the end of the month in which the expenditure occurred.
- f) A petty cash system can be operated at The Hub and must be overseen by The Youth and Community Hub Co-ordinator.
- g) Petty cash shall mainly be used to run The Hub tuck shop but can also be used for small amounts of expenditure related to day-to-day running costs.
- h) Money paid in and expenditure taken out of petty cash is to be recorded in the petty cash book held by The Youth & Community Hub Co-ordinator.
- i) All expenditure from petty cash must be support by receipts.
- j) At the end of each month the Treasurer will meet with The Youth & Community Hub Co-ordinator to balance the petty cash, receive receipts, and enter all items of income and

3. Other income and expenditure

- a) Payment of invoices will be made on receipt of a valid invoice authorised by two signatories. Where necessary invoices will be checked by the Project Leader before authorisation. Signatories cannot authorise invoices relating to themselves.
- b) It is standard policy to pay within the due date of invoices if sufficient time is left for appropriate checks and authorisation. Invoices will often be prepared for payment weekly, but always within one month unless there is a query.
- c) Invoices received should include name and address of supplier, date of invoice, our order number if relevant, and a detail of services provided.

- d) Payment will normally be made by BACS transfer. Only in exceptional circumstances where there is no alternative will cash or card payment be made. The internal procedure for processing payments is:
 - i) Invoices are passed this to the relevant authorised signatories for payment.
 - ii) The relevant signatories check (or, in the case of invoices relating to another project, ensures the invoice has been checked by the Project Leader) and signs invoices and payroll for payment;
 - iii) Payment is entered onto the online banking facility and must be completed with a two-step authentication process.
 - iv) Invoices and payroll are then entered onto the accounts records.
- e) All income and expenditure is processed and categorised by source and project.
- f) When management or annual accounts are prepared, all income and expenditure is shown on financial reports and annual accounts as restricted and unrestricted funds.

Part 3: Financial authorisation

1. Authorisers and signatories

- a) All payments require two authorised signatories.
- b) Internet banking transfers and BACS payments requires dual authorisation. Passwords shall be kept confidential and not disclosed to anyone.
- c) Maximum authorised limits for individual items of expenditure shall be set annually by the Trustees. Expenditure above these limits must be notified to the Trustees in advance.

2. Delegation of Responsibilities

- a) Day-to-day financial decision making has been delegated, in line with the policies laid out below. The amount authorised in relation to expenditure on any one item will be set annually by the Trustees. No expenditure or contract may be entered into above this level without the authorisation of the Trustees, although bids can be submitted by the prior to such approval. A risk assessment will be completed for each project at the contract approval stage.
- b) The Trustees are authorised to delegate limited financial responsibility for others to manage budgets for specific projects or budget areas.
- c) The Trustees are responsible for all expenditure except where expressly delegated.
- d) Occasionally a Project Leader may be delegated responsibility by the Trustees to oversee a specific project budget. It is the budget holder's responsibility to ensure the project remains within budget. They will be given ability to authorise expenditure only up to an agreed budget, and only from that agreed budget. They will **not** be authorised to exceed that budget except with the express permission of the Trustees. If there is any indication that the budget may be exceeded the budget holder has the responsibility to inform the Treasurer as soon as this becomes apparent.
- e) All expenditure delegated must be monitored. A summary of expenditure must be presented to the Treasurer by the person to whom responsibility has been delegated at the end of the project. This summary need not include receipts etc. as these are to be claimed as per the Income and Expenditure procedure above.
- f) Budget holders are not authorised to sign orders or enter into contracts on behalf of The Hub.

Part 4: Banking and Reserves

1. Banking

- a) Ordinarily The Hub has one current account, although additional accounts may be established for specific projects with the authorisation of the Trustees.
- b) It is the responsibility of the Treasurer to monitor the current account(s) and consult with the Trustees if action needs to be taken.

2. Reserves Policy

- a) It is the aim of the charity to maintain operational reserves at a level that equates to not less than 3 months expenditure.
- b) Operational reserves are defined, for the purposes of the Reserves Policy, as including unrestricted cash at bank and in hand, and other unrestricted net current assets (such as unrestricted debtors), less unrestricted creditors.
- c) 3 months operational expenditure is an amount based upon the current year's projected budget, and not calculated on a daily basis. It is calculated by taking the annual total and dividing this by four.

3. Risk management

- a) The Trustees will examine the major strategic, business, financial and operational risks which the charity faces. It is their responsibility to establish systems to enable regular reports to be produced so that the necessary steps can be taken to provide for and to lessen these risks.
- b) The Trustees shall review the financial policies and systems when required and make recommendations where necessary.