

Financial Policy & Procedures

1 General

1.1 The management committee of Hainworth Wood Community Centre (known as HWCC) is committed to establishing, maintaining and applying all necessary good practice to ensure that their duty of care to The management of the finances of the organisation is fulfilled.

1.2 The financial procedure of HWCC Management Committee therefore reflect the requirement to:

1.2.1 operate in an accountable and transparent manner.

1.2.2 make effective and efficient use of available resources.

1.2.3 provide financial information on an accurate, relevant and timely basis.

1.2.4 meet the needs of our stakeholders including funding bodies.

1.2.5 adhere to good and accepted financial practices, conforming to the Charities Commission requirements.

1.2.6 HWCC financial records are maintained on computers using software designed by the West Yorkshire Community Accounting Service (WYCAS).

Back up electronic copies are taken , one copy is retained in the safe, a further copy is retained off-site by the Accounts Assistant.

In addition to the computerised records a manual petty cash book is maintained.

1.3 These financial procedures are complimented by other policies and procedures.

1.4 HWCC Management Committee, whilst retaining overall responsibility, require all colleagues including paid staff and volunteers to ensure all operational activities are conducted in a manner consistent with these procedures.

1.5 The Management Committee Officer responsible for finance will be The Treasurer or in his/her absence the Accounts Assistant.

1.6 Two authorised officers will be entrusted with the petty cash float and assist in the appropriate preparation of financial material for authorisation by the Management Committee.

1.7 Security. The petty cash box, cheque book, bank paying- in book, bank card and any other monies are kept in the safe, located in the office. Keys to the office and safe are held by two authorised key holders. The office and safe are kept locked at all times unless at least one of the key holders is present.

2. Income

2.1 It is likely that a substantial proportion of our income will continue to be

received by way of grants from funding bodies.

- 2.2 The Management Committee acknowledges the contractual requirement implicit in these grants and believe that these grants satisfy any requirements individual funding bodies have concerning said financial.
- 2.3 HWCC Management Committee also aware of the contractual need to retain documentation relating to these grant awards. We will retain any relevant documentation as required by the individual funding body.
- 2.4 The procedures have been designed to fit our staff structure and available personnel resources. Where good practice requires a segregation of duties it is our aim to segregate duties where the staffing resources of the organisation permit.
- 2.5 It is a feature of our procedures that HWCC, ultimately responsible for financial management within the organisation, plays an active role in budget setting, authorising payments and the regular review and analysis of financial management reports.

3. Management of Income

- 3.1 HWCC is a charitable not for profit association we receive income in the form of grant award and self-generated income.
- 3.2 Income from grant payments is paid directly into the appropriate bank account by each funder or if received by cheque will be paid manually into the appropriate bank account and recorded. Separate bank accounts will be opened and maintained if required by the appropriate funding body. The accounting system used allows for segregation of income and expenditure through the use of Funds and categories.
- 3.3 The Treasurer assisted by centre volunteers will record all grant monies received in the appropriate cheque journal and reconcile any grant payment advice notes of the amount received in the bank account as detailed on the bank statement. Grant payment advice notes and all other relevant correspondence will be filed and retained.
- 3.4 HWCC may use its resources to generate income to supplement grant income.
- 3.5 HWCC will consult with any relevant colleague to agree a fee to be paid for any income generating work.
- 3.6 On completion of the work, the relevant person raises and sends an invoice including details of; group worked with, their contact details, nature, date and venue of work completed, name of facilitator and amount to be charged.

3.7 The relevant person records details of the sequentially numbered invoice in the invoice book and passes a copy to the Treasurer for recording in the accounting system.

3.8 The relevant person will open all cheques received.

3.9 The Treasurer assisted by the relevant person, is responsible for lodging all cheques at the earliest opportunity. If not then cheques are to be kept locked in the safe until such time as the lodgement can be made.

3.10 Receipts are issued for payments received as appropriate.

3.11 The relevant invoice is marked with details of the payment received
In the invoice book.

3.12 Outstanding debtors are sent reminders and then contacted by phone to secure settlement of outstanding invoices.

3.13 All other income received, whether through training fees, consultancy, bank interest and donations will be recorded in the lodgement book and lodged to the appropriate bank account.

3.14 Where income is generated as a result of project activity and where that activity is funded either in full or in part, by grants the income will be lodged into the project specific bank account and the relevant funder kept informed of all income generated/received.

4. Bank Accounts and Statements

4.1 A copy of the bank mandate for each account opened in the organisation name will be kept in a secure location.

4.2 Bank statements are received for all bank accounts on a monthly basis. The bank reconciliation will be performed in a timely manner each month by the treasurer or assistant using the accounting software, when complete a copy of the reconciliation sheet (fig 1)is printed out and filed in date order as is the bank statement.

N.B. The reconciliation must be completed prior to accounting entries for subsequent months(other than petty cash) being input to the accounting system.

5. Income Ledger

5.1 An appropriate income ledger will be maintained on a Fund and Category basis consistent with the Accounting software used.

The ledger records will detail:

5.1.1 the origin of income (BACS, Direct Debit ,cheque)

- 5.1.2 the date received
- 5.1.3 the amount
- 5.1.4 the invoice number if relevant
- 5.1.5 the source
- 5.1.6 date income was transferred to bank account.

6. Management of Financial Expenditure

6.1 This section considers the management of financial expenditure, budget management and authorisation of expenditure.

6.2 Budget Management

- 6.2.1 An annual organisational budget is prepared in advance of each financial year (April-March). Project budgets are prepared for each project in place within the organisation and linked to budgets for individual grants received in respect of project.
- 6.2.2 The preparation of the annual budget/project budgets are co-ordinated by the Treasurer and is examined as required and presented to the management committee for approval.
- 6.2.3 On approval the budgets are filed appropriately and Maintained.
- 6.2.4 Regular management reports will be prepared and produced for HWCC Management committee in respect of the entire organisation and each individual project.
- 6.2.5 Planning and assessment of all organisational activity in the forthcoming period in question is carried out on an on-going basis and especially in the three month period before each new financial year.
- 6.2.6 The Treasurer prepares a draft budget which is presented to HWCC for assessment. Any agreed amendments are incorporated into a revised budget.

6.3 Authorisation of Financial Expenditure

- 6.3.1 The authorisation of financial expenditure is required for any significant items of expense, e.g. new equipment in excess of £200.
- 6.3.2 The relevant colleague identifies the need for any such expenditure and completes a requisition form (Fig 5) before any order for goods or services are made.
- 6.3.5 The requisition form includes details of any goods/services, the

estimated cost, purpose for ordering and details about the supplier (if available).

- 6.3.6 Details of quotations/tenders sought and received are also entered on the requisition form and appended to it as appropriate, This is particularly important where the expenditure is enabled through a grant e.g. refurbishment of an area of the building. The requisition form is also signed and dated by the staff member/volunteer making the request and is passed to the HWCC management committee. In the event that the committee is not due to meet in the near future any expenditure required urgently e.g. replacing broken equipment can be authorised by cheque signatories.
 - 6.3.7 HWCC Management Committee with reference to organisational budgets and desired outcome considers the requisition for approval. Where a requisition is approved, approval is signified by signing and dating, the form is passed to the Treasurer. Where a requisition is not approved the applicant is informed.
 - 6.3.8 On receipt of an approved requisition form, the centre manager/volunteer places the order with the appropriate supplier. The requisition form is filed in the unpaid invoices file. When the goods/services are received these and any relevant delivery note are checked against the order/requisition and invoice when available by HWCC.
- 6.4 Organisational running costs are costs, which originate in the day to day running of the organisation and include property expenses and support costs. These costs are estimated in the annual budget and are subject to continuous cost control. Most expenditure in this category, by volume and value, is incurred as a result of ongoing contracts e.g. council tax and utility bills. The requisition system as outlined above is reduced by the original service agreement for these items.
- 6.5 Items such as stationary and consumables are ordered by the centre manager/volunteer using the procedure below.
- 6.5.1 The centre manager/volunteer has the authority to place such orders up to a total value of £100.
 - 6.5.2 The centre manager/volunteer reviews and maintains levels of stationary and consumables.
- 6.6 Authorisation of payments, two authorised cheque signatories must review each payments to be made and initial each approved entry on the relevant original invoice/documentation.
- 6.7 The original invoices/documentation must accompany the cheques and presented to the cheque signatories for signature.
- 6.8 All cheques must be crossed a/c payee and details noted on the cheque stub.

The cheque number should be noted on the invoice.

- 6.9 Paid invoices will be filed in the paid invoices file along with appropriate supporting Documentation.
- 6.10 All payments are made using the appropriate chequebook unless otherwise detailed.
- 6.11 All cheque payments require two (2) authorised signatories. The current signatories are

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6.13 Cheques may only be pre-signed by one signatory to cover for cheques being required urgently when only one other signatory is available e.g. for freelance workers wages.

6.14 Cancelled cheques will not be destroyed, instead they will be scored through using through using permanent ink and retained in a secure location.

7. Mail

- 7.1 All incoming mail is opened by the centre manager/volunteer.
- 7.2 Mail is allocated as appropriate. All mail for which the relevant staff member/volunteer is not readily identified is passes to the Chair for allocation.
- 7.3 Invoices received are passed to the treasurer or deputy for input to the accounting system and preparation of a cheque where required for payment.

8. Travel and subsistence expenditure

- 8.1 All colleagues will be reimbursed for travelling and subsistence expenses incurred by them in the performance of their HWCC duties.
- 8.2 The staff member/volunteer making the claim will supply relevant source documents (e.g. receipts for car parking or taxi fares, bus/rail tickets) completing the request for petty cash form (Fig 2).
- 8.3 The treasurer will review the form for accuracy and reasonableness and calculate the total expenses eligible to be paid. These details will be recorded.
- 8.4 Colleagues using their own vehicles must have fully comprehensive insurance in place for their vehicle and submit their original insurance policy for inspection, copying and retention on their file annually.

9. Petty Cash

- 9.1.1 Where a cheque payment is not practical, petty cash is used. No petty cash expenditure shall be used for a single item costing more than **£100.00**; in this case payment shall always be by cheque.
- 9.1.2 A float of up to £300 is maintained.
- 9.1.3 Where eligible expenditure is identified, the centre manager/volunteer distributes the appropriate amount of cash to the relevant colleague.
- 9.1.4 The relevant colleague completes and signs a petty cash voucher with details of amount of petty cash, the nature of the purchase and the purchase date (Fig 2).
- 9.1.5 On purchase, the relevant staff member/volunteer presents the relevant invoice and any unspent monies to the centre manager/volunteer.
- 9.1.6 The centre manager/volunteer attaches the invoice to the relevant petty cash voucher and places the returned monies in the petty cash box. The voucher and supporting documents are placed in the front of the petty cash folder to await processing.
- 9.1.7 Additional funds with a value up to £300 can be authorised a key holder by completing a funding request form (Fig 3). The Treasurer/Accounts Assistant draws funds from a cash machine and obtains the bank slip as a record of the transaction. The amount withdrawn should be checked by the key holder before being placed in the petty cash box. Funding request forms and Bank slips are filed in the petty cash folder
- 9.1.8 The Treasurer/Accounts Assistant allocates a sequential number to the voucher and records the expenditure in the petty cash book. Details are also recorded in cash section of the accounting software using the relevant codes to categorise the expenditure.
- 9.1.9 The Treasurer/ Accounts Assistant reconcile the petty cash box and ledgers on a monthly basis, completing the Petty Cash Reconciliation form (Fig 4), which is dated, signed and filed in the petty cash folder.
9. 1. 10 Any funds issued but not yet returned should be recorded as IOU's until the invoices etc and any unspent monies are presented.

10. Capital Expenditure

- 10.1 No second hand equipment will be purchased without the written approval of the relevant funding body.
- 10.2 A fixed asset register maintained by HWCC will review the form of accuracy

and reasonableness and calculate the total expenses eligible to be paid. The register includes details of the fixed asset, including description, original cost, date of purchase and for electrical equipment, identifying serial numbers.

- 10.3 Portable items (e.g. laptops, data projector, overhead projector) are kept in a secure location.
- 10.4 Assets will be retained for a period that reflects their economic life, and no assets will be disposed of in contravention of the requirements of any funding Letter of Offer or without the prior written approval of the relevant funding body.
- 10.5 The HWCC management committee co-ordinates a review of capital expenditure requirements for the coming year in the three months preceding the start of each financial year.
- 10.6 Information is gathered from colleagues both informally and at staff meetings. proposals for capital expenditure are discussed at HWCC management committee meetings and agreed proposals are incorporated into the annual budget.
- 10.7 The management committee confirm authorisation to designate funds for capital expenditure when they approve the annual budget.

11. Procurement

- 11.1 We will ensure that goods and services are purchased in a cost-effective manner.
- 11.2 We will keep a record of whom quotations are sought from along with copies of any public tender advertisements placed and when received original quotes will be retained and filed with the appropriate order/requisition form and invoice.

12. Recording Transactions

- 12.1 After expenditure has been authorised and paid, invoices and payment records are filed and a record is made of each transaction.
- 12.2 Each item of expenditure is allocated to a Fund and Category in the accounting system.

13. Payments to Bank.

- 13.1 Cash received through various activities e.g. Dart lunches, funding events, room hire and donations etc should periodically be paid into the HWCC bank account.
- 13.2 The amounts paid in should be analysed in the appropriate accounting category on the Paying – In slip stub and the slip completed ready for payment to the bank. This task should be completed by an authorised key holder or delegated to the Treasurer/Accounts Assistant.

13.3 On presentation to the bank a bank receipt should be obtained and retained in the accounting folder.

13.4 The Treasurer uses the analysis on the Paying-In stub to input the details to the accounting system, using the slip number as the reference.

14. Reporting

14.1 The treasurer reviews the data in the context of departmental and Organisational budgets.

14.2 The treasurer prepares a financial report using the reporting function of the accounting software for presentation to HWCC management committee meetings.

14.3 The report will highlight any items that have significant implications for HWCC reserves and cash flow.

13.7 The HWCC management committee considers these and makes decisions as Appropriate.

Policy adopted on

Signed

name/positio

Review Date

