

Financial Management & Accounting Policy

***(It is to be noted that areas in brackets and typed in Italic are not in use at the time of adopting this policy but are included should they be required at a future date.)***

# Financial Management

Financial management is more than just ensuring there is sufficient cash and keeping to budget.

Financial management involves:

* Setting financial objectives
* Planning and acquiring funds
* Ensuring funds are being effectively managed
* Management and financial accounting
* Formulating strategy
* Planning and controlling activities
* Decision-taking
* Optimising use of resources
* Disclosure to other interested parties external to Catisfield Memorial Hall
* Disclosure to employees
* Safeguarding assets.

Clear procedures are needed to ensure that the Trustees of Catisfield Memorial Hall have the tools and skills to ensure that effective financial management takes place. Where staff and/or volunteers are involved, the individual responsibilities should be clear, to avoid confusion, inconsistency & conflicts.

The role of the Treasurer or Chair is often crucial in discussion with key funding bodies, suppliers, commissioners of services, auditors *etc*. However, legally the Trustees are collectively/jointly responsible for ensuring that the charity's resources are properly managed and accounted for and must not assume the Treasurer and/or Chair will do everything. The following policies and procedures enable the Trustees to delegate financial management to the Treasurer.

# Definitions:

**Management Committee:** The Management Committee consists of the Trustees of Catisfield Memorial Hall plus representatives from regular user groups.

**Financial Year:** Catisfield Memorial Hall's financial year is 1 January to 31 December.

**Treasurer:** The Treasurer is the member of the Management Committee who leads the strategic and operational responsibility for the financial management of Catisfield Memorial Hall.

**Authorised Person:** Authorised persons are those persons authorised by the Management Committee to approve financial instruments (cheques, purchase orders, invoices, *etc*) on its behalf.

# Financial Documents

It is the Treasurer’s responsibility to retain financial documentation in accordance with Charity Commission guidance. The accounting records that must be kept are: Bank Statements, Cash books, Invoices, Receipts and out of pocket expense claim forms

## Retention of documents.

All accounting books and records must be kept for six years and the Treasurer is responsible for disposal of all financial records after this time.

# Income Policy & Procedures

## Purpose:

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash and to outline the structure of authorisation for dealing with income, credit-control and cash management.

## Invoices:

Invoices should be issued whenever it is appropriate. They should include the following details:

* Catisfield Memorial Hall's logo;
* A statement that Catisfield Memorial Hall is a registered charity, and its charity number
* The name and address of the person or organisation being invoiced;
* The date of the invoice, which must be the date it is posted to the accounts;
* The nature of the services and/or goods being charged for;
* The rate at which services and/or goods are being charged;
* The purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
* If the invoice is to a funding body, it should state the funding period to which it relates;
* The invoice total;
* Catisfield Memorial Hall's payment instruction & terms of payment.

Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format. Otherwise the invoice shall be printed and sent by post. In either case the invoice must be despatched within 2 working days of being produced.

## Outstanding invoices:

The Treasurer will review the outstanding invoices every month.

If an invoice has not been paid within 28 days of being issued, then a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Management Committee to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (*e.g.:* the provision of goods or services, or access to any of Catisfield Memorial Hall’s facilities or resources) until the outstanding debt has been repaid in full.

Bad debts will be formally written off annually by the Management Committee as part of the preparation for the audited/examined accounts.

## Recording Payments:

### Payment by BACS:

Where payments are made directly into the bank account via the BACS payment system the Booking Secretary will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

### When payment by cheque or cash is received:

When cheques or cash arrive the Booking Secretary will ensure that cheques are properly signed, made payable to Catisfield Memorial Hall and reconciled against the booking. She will then pass them to the Treasurer who will complete a paying in form and send/take it to the bank.

Cheques and cash received should be banked the same day wherever possible, but at least once per week. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked. A maximum of £250 cash may be held overnight.

## (Cash in Transit:

*All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.*

*In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action.*

*The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money. If the amount of cash (i.e.: excluding cheques) being banked is greater than £250 then two people should take the cash to the bank.)*

# Budgeting Policy and Controls:

## Purpose:

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

To provide a structure for monitoring and controlling expenditure and allow authorised committee members the flexibility to manage within the limits laid down by the Management Committee.

To ensure that cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet Catisfield Memorial Hall’s financial commitments as they arise.

## Policy:

The annual budget will provide Management Committee members with sufficient information to allow then to spend wisely.

If set amounts are budgeted for specific areas of the income and expenditure of Catisfield Memorial Hall they cannot be exceeded, transferred or altered without the authorisation of the Management Committee.

The Treasurer will provide Management Committee members with regular reports detailing actual expenditure against the budget and ensure that this is not exceeded.

The Treasurer will ensure that the Management Committee members are informed where any breaches of this policy may occur.

## Budget-setting Process:

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after Catisfield Memorial Hall has clarified its aims and objectives and produced a variety of action plans to achieve them. The purposes of a budget are:

* To co-ordinate different activities towards a single plan;
* To set and communicate financial targets;
* To maximise and allocate resources;
* To identify financial problems;
* To establish a system of control by having a plan against which actual results can be compared;
* To compel planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time.

The Treasurer will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Management Committee for comment.

Any necessary revisions will be made, and a final draft budget presented to the Management Committee for approval & adoption no later than the last day in the financial year prior to that to which it applies.

## Monitoring and Revision:

The Treasurer will monitor income and expenditure and ensure that the Management Committee receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

# *(Payroll Policy and Procedure:*

## Purpose:

*To ensure staff are paid in accordance with their terms and conditions of employment.*

*To ensure salary rates are competitive enough to retain staff.*

*To ensure statutory deductions are made and paid to the relevant authority within the time limit.*

## Payment of Salaries:

*All salaries are paid 50% in arrears & 50% in advance by cheque/direct transfer into employee's personal bank accounts on 15th of each month, or nearest day where this falls on a Saturday, Sunday or Bank Holiday.*

*Staff must supply the Treasurer with the name of their bank, account number and bank sort code within a week of starting. P45s must be handed in as soon as possible to ensure the correct tax code is applied. Where no P45 is available the member of staff will be required to sign a P46 (as are all volunteers who receive any expenses).*

*Where staff requires any other arrangement, they must ask for consideration of the matter as soon as possible and the matter will be referred to the Management Committee.*

*The final salary cheque of a person leaving employment with Catisfield Memorial Hall must be authorised by the Management Committee.*

## Deductions:

*Only statutory deductions will be made without the prior written and signed authorisation from the employee.*

## Overtime:

*Staff will not be paid for overtime but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work.*

## Termination of Employment:

*Any outstanding debts will be deducted in full from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.*

## Timetable:

*In the second week of the month the Treasurer reconciles the previous month's salary payments to the payroll reports.*

*The Treasurer must be given a written memo relating to any of the following. As much notice as possible should be given.*

* *New employees;*
* *Employees leaving;*
* *Details of sickness or maternity leave;*
* *Any permanent changes (in hours or pay for example);*
* *Unpaid leave arrangements;*
* *Any tax code changes;*
* *Any overtime or other agreed temporary changes.*

*From these the Treasurer will calculate salaries and produce accurate payslips and deduction reports.*

*The Treasurer will prepare the Inland Revenue return for the previous month and make appropriate arrangements for its payment by the due date. Whenever possible, payments will be made electronically (either by BACS or by Direct Debit) in accordance with the recommendations of HM Revenue & Customs.*

*Statutory Year End Annual Returns to the Inland Revenue are made, and any additional payments made, by the due date.)*

# Purchasing Policy and Procedures:

## Purpose:

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

## Orders - Goods and Services:

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.

Management Committee members may order items and up to £100 in value.

Items over £100 in value must be authorised by the Management Committee. For any purchase over £1000 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Management Committee explicitly waives this requirement and records in the minutes of the Management Committee meeting the justification for the waiver.

Delivery notes must be checked and initialled by the recipient and passed to the Treasurer for a filing. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Treasurer must be informed.

Invoices must be checked against the relevant delivery notes, initialled and dated when received by the recipient and forwarded to the Treasurer for payment.

In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

## Payments by Cheque and Other Instruments (e.g.: On-Line BACS, Direct Debit):

Two signatures are required on cheques for over £1000 but the Treasurer can exceed this amount for electronic payments.

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment;

The Charity Commission guidelines recommend that all cheques and other instructions to the bank, including instructions made on-line (*e.g.:* for BACS payments) be signed by two authorised persons. However, where this is not practical for small payments, the Trustees may decide to allow of amounts of up to £250 to be approved by just one authorised person, provided that that decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made;

Where a cheque or other instructions to the bank – including instructions made on-line (*e.g.:* for BACS payments) – is for an amount exceeding £1000 the payment must be authorised by the Management Committee of Trustees unless the purpose for which the payment is being made has already been approved by the Management Committee. The authorisation of the payment can be made by written resolution, including by e‑mail where appropriate (*ie:* the authorisation does NOT necessarily require the convening of a Management Committee meeting).

# (*Petty Cash Policy and Procedure:*

## Purpose:

*To ensure all cash is properly handled including storage, payments and record keeping and to establish accountability for the proper handling of cash.*

## Policy:

*Catisfield Memorial Hall will avoid the maintenance of Petty Cash accounts except where absolutely necessary for practical operational reasons.*

*All cash must be kept in the Petty Cash boxes provided which should be kept in a secure place.*

*A signed Expenditure Voucher and point-of-sale receipt must support all transactions.*

*All petty cash boxes must be reconciled monthly by the petty cash holder, or named responsible person.*

*Requests for replacement cash must tally with the sum of the vouchers.*

*The Treasurer shall operate random checks on Petty Cash boxes to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.*

## Administration and Accounting:

*Payments from Petty Cash are recorded and signed for using Expenditure Vouchers as they are paid out against point-of-sale receipts.*

*Petty Cash floats operate on the imprest system where the total of the cash and Expenditure Vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Treasurer immediately for investigation and action. The amount of float held in a Petty Cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £100).*

*At the end of the month the Treasurer will enter the petty cash expenditure into the main accounts.* )

# The Accounting and Audit Procedure:

## Purpose:

To ensure that Catisfield Memorial Hall meets the statutory accounting requirements of the Charities Commission and to provide accurate and useful data for the Management Committee and staff.

## Procedure:

Catisfield Memorial Hall's accounts will be managed electronically using appropriate software approved by The Management Committee and Catisfield Memorial Hall's Auditor/Examiner;

The Management Committee appoints the Auditor/Examiner at the AGM, or at other times when circumstances require;

The Treasurer will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Treasurer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Treasurer will review the assets held in the current account at least every three months and transfer any funds over £5000 to the Business Account.

The Treasurer will meet with the Auditor/Examiner to ensure that audit/examination queries are resolved and that accounts are completed and signed within six months of the year end.

The Treasurer will ensure that the audited/examined accounts are filed with the Charity Commission within 10 months of the year-end.

Investment strategy

Remaining funds in the Business Account will continue to be accrued and gain interest to a level of £40,000 over future years. These funds are for infrequent hall upgrades and improvement (e.g. full repainting) and larger projects such as extensions etc. that might require match funding through grant applications. In the event that Catisfield Memorial Hall gains further substantial funds e.g. from a legacy or disposal of assets, this investment strategy will be reviewed.

Change Record

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| **Date of Change:** | **Changed By:** | **Comments:** |
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Useful Information

* Bank Accounts – held with Lloyds Bank Fareham. Signatories on this account are Douglas Pharoah, Roger Esnault and Henrietta Kingsbury (Booking Secretary) has ‘view only’ access to the accounts via the internet.
* Two accounts are held, the current account (Treasurer’s Account )and a savings account (Business Bank Instant) the latter holding the Reserve and other financial assets. Signatories are the same for both accounts.
* Internet banking is undertaken by the Treasurer and the Chairman and access on-line ‘to view only’ is given to the Booking Secretary.
* The Reserve is an earmarked sum reflecting 6 months’ operating costs (equivalent to £8500 in 2017) In the event of a disaster (e.g. fire) Catisfield Memorial Hall may need to operate with limited users whilst repairs are being carried out. The Reserve is to cover operating costs and reduced income in the short term. Consequently, the Reserve will not normally be considered as assets available to Catisfield Memorial Hall for upgrades or a development project.
* The current auditor is Ian Richardson of Hall & Co, 59 The Avenue, Southampton SO17 1XS – 02380 2323060