



Registered Charity No 1156662

## **BUCKINGHAM CANAL SOCIETY**

### **FINANCIAL MANAGEMENT AND CONTROLS POLICY**



## Financial management and controls policy

## 1. Introduction

1.1 Financial records will be kept so that Buckingham Canal Society can:

- a. Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act, and Common Law.*
- b. Enable the Executive Committee to have control of the organisation's finances.*
- c. Enable the organisation to meet contractual obligations and the requirements of funding bodies.*

1.2 The organisation will keep proper books of account, which will include:

- a. A cash book analysing all the transactions in the organisation's bank account(s).*
- b. A petty cash book if cash purchases are being made.*

1.3 The financial year for Buckingham Canal Society will end on 30 November.

1.4 Accounts will be drawn up after each financial year within two 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 executive committee will approve a budgeted income and expenditure account for the following year.

1.6. A paper comparing actual income, and expenditure with the budget will be presented to the executive committee every month.

1.7. The AGM will appoint an appropriate auditor to audit the accounts for presentation to the next AGM.

## 2. Bank

2.1 BCS will bank with the [insert name] bank at its [insert location] branch where the accounts will be held in the name of Buckingham Canal Society. The following accounts will be maintained: current and reserves any other project accounts as agreed and approved by the BSC executive committee.

2.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the executive committee as will all changes to it.

2.3 BCS will require the bank to provide statements every month and these will be reconciled with the cash book at every month and the Treasurer will spot check that this reconciliation has been done at least twice a year, and sign the cash book.

2.4 BSC will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the executive committee.

## 3. Receipts (income)

The aim is to demonstrate that BCS has received all the income to which it is entitled and that it is all reasonably evidenced.

3.1 All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, etc.) The organisation will maintain files of documentation i.e. 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 Whenever 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 Cheques greater than the value of £100.00 will require the approval of the executive committee unless part of pre-approved budget expenditure or approved grant expenditure. The executive committee is able to take 'chair's action' in order to approve cheques greater than the sum of £100.00, this however will be reported to the next meeting of the executive committee. Such action must be agreed in writing or email by at least three members of the current executive committee.

4.5 Signatories to cheques which are greater than £100.00 must be different to those requesting purchase of items.

4.6 The relevant payee's name will always be inscribed on the cheque before signature, the cheque stub will always be filled in.

4.7 No cheques will be signed without original documentation.

4.8 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.

4.8. The Chair and/or the Treasurer with (in either case) one other committee member shall not approve expenditure of more than £100.00 nor an overspend on a particular budget heading of more than 10 per cent unless this approval should be written down, signed by both people approving it, and reported to and minuted at the next executive committee meeting.

4.9 For clarity email may be used in place of written form

## 5. Payment documentation

5.1. Every payment out of the organisations bank amounts will be supported by an original invoice and never against a supplier's statement or final demand. Copy invoices will be acceptable. That invoice will be filed and kept for seven years. The person who signs the cheque should ensure that the BCS cheque requisition slip is fully completed. This includes the following:

- *Cheques number*
- *Date cheque drawn*
- *Amount of cheque*
- *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 for a future course, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

5.3. Wages and salaries: There will be a clear trail to show the authority and reason for payment. Every payment will have a cheque requisition slip showing who has authorised the payment and what it was for i.e. salary, temporary work, HMRC, etc. All employees will be paid within the PAYE, National Insurance rules.

5.4 All staff appointments will be authorised by the executive committee, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime. etc., will be, authorised by the executive committee.

5.5 Petty cash will always be maintained on the imprest system where by the Trustee is trusted with a float as agreed by the executive committee. 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 £100.00), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totaling the amount spent. The expenditure will be analysed in the petty cash book.

5.6. Expenses/Allowances: BCS will, subject to prior agreement by the executive committee, reimburse expenditure paid for personally by members, staff and trustees, providing:

- *Fares are evidenced by tickets (where possible).*
- *Other expenditure is evidenced by original receipts.*
- *Car mileage is based on HMRC scales.*

## 6. Cheques signatures and cash cards

6.1 Each cheque will be signed by at least two people.

6.2 Hole in the wall type cash cards will not be used and if issued by the bank will be immediately cut in half.

6.3 Prepayment cards may be issued at the discretion of the trustees and will be reported separately in expenditure. All expenditure via such cards must be in accordance with the FINANCIAL MANAGEMENT AND CONTROLS POLICY

## 7. Other undertakings

7.1 BCS 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 £100.00 must be authorised and minuted by the executive committee. (This covers such items as the new service contracts, equipment purchase and hire).

7.2 All fund raising and grant applications undertaken on behalf of BCS will be done in the name of the organisation with prior approval of the executive committee or in urgent situations the approval of the Chair, who will provide full details to the next management committee.

7.3 Expenditure up to £100 may be authorised by a trustee but must be reported upon to the next executive committee via the treasurers report

## 8. Confidentiality

8.1 The confidentiality of employees' financial circumstances will be respected at all times and in compliance with relevant data protection policy and law.

8.2 Committee members, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information.

## 9. Expenses

9.1 Expenses will be paid upon presentation of the current agreed expense form duly completed and accompanied by evidence of the expenditure such as receipt, credit card statement etc.

## 10. Other rules

10.1 The executive committee will consider the level of reserves that is prudent for the charity to have at its first meeting after the AGM. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were the charity to close.

10.2 BCS will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods e.g. books etc., of significant value, it will maintain proper records.

10.3 These controls will be reviewed at the first executive committee meeting after the AGM.

Issue 1.6: Adopted by the Committee as Policy of the Buckingham Canal Society on 2<sup>nd</sup> October 2014

Issue 1.7: minor renumbers, correction to charity number. Added 6.3 for prepayment cards