

Brighter Futures

FINANCIAL PROCEDURES & CONTROLS POLICY



Financial procedure and controls policy

1. Introduction

1.1 Financial records will be kept so that Brighter Futures can:

- a. Meet its legal & other obligations, e.g. HMRC & Common Law.
- b. Enable the Trustees to have control of the organisation's finances.
- c. Enable the organisation to meet contractual obligations & terms 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.
- c. Monthly Management accounts.
- d. Monthly Bank reconciliation checks.

1.3 The financial year for Brighter Futures will end on 31 March.

1.4 Accounts will be drawn up after each financial year by external auditors within three months of the end of the year and presented to Trustees the next annual general meeting (AGM).

1.5 Before the start of each financial year, the Trustees will approve a budgeted income and expenditure account along with a cash-flow forecast for the following year.

1.6. A paper comparing actual income, and expenditure with the budget will be presented to the Trustees monthly by the Treasurer or appointed person.

1.7. The AGM will appoint an appropriately qualified independent auditor to audit the accounts for presentation to the next AGM.

2. Bank

2.1 Brighter Futures will bank with Natwest Bank where the accounts will be held in the name of Brighter Futures, The following accounts will be maintained: current / business, reserve, and any other project accounts as agreed and approved by the Trustees.

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

2.3 Brighter Futures will require the bank to provide statements every month which will be reconciled with the cash book by the Treasurer or appointed person month, spot checks that this reconciliation has been done should be undertaken by the Trustees at least 6 times a year.

2.4 Brighter Futures will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by more than 75% of the Trustees.

3. Receipts (income)

The aim is to demonstrate that Brighter Futures 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). The organisation will maintain files of documentation i.e. Letters from funding bodies to back this up.

4. Payments (expenditure)

- 4.1 The Chair will be responsible for the cheque book (unused and partly used cheque books) which should be kept in the office safe at all times.
- 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 or payments greater than the value of £500.00 will require the approval of the Trustees. Signatories to cheques or payments which are greater than £500.00 must be different to those requesting purchase of items.
- 4.5 The relevant payee's name will always be inscribed on the cheque before signature, the cheque stub will always be filled in.
- 4.6 No cheques will be signed without original documentation.
- 4.7 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the Charity.
- 4.8 The Chair and/or the Treasurer with (in either case) one other Trustees shall not approve expenditure of more than £1000.00 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 Trustees meeting (the payments request form should be used in this instance).

5 Payment documentation

- 5.1 Every payment out of the organisations bank account will be supported by an original invoice (never against a suppliers statement or final demand). That original will be filed and kept for six years. The person who signs the cheque should ensure that the following is recorded:
- Cheque 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.
- 5.2 Wages and salaries: There will be a clear trail to show the authority and reason for payment 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 Trustees, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime etc., will be, authorised only by the Trustees.

5.5 Petty cash should never exceed £150, Employees or Volunteers trusted with a float should always sign for that float. When that is more or less expended, a cheque will be drawn bringing up the float to the agreed sum (currently agreed at up to £150.00), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book.

5.6. Expenses/Allowances: Brighter Futures will, if asked, reimburse expenditure paid for personally by staff or volunteers, providing:

- Fares are evidenced by tickets (where possible).
- Other expenditure is evidenced by original receipts.
- Car mileage is based on HMRC scales.
- Meals within a reasonable cost.

6. Cheque 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 only be used by authorised staff (these should only be prepayment type cards).

7. Other undertakings

7.1 Brighter Futures 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 £500.00 must be authorised and minuted by the Trustees. (This covers such items as the new service contracts, office equipment purchase and hire).

7.2 All fund raising and grant applications undertaken will be done in the name of the Charity with prior approval of the Trustees or in urgent situations the approval of the Chair, who will provide full details to the next Trustees meeting.

8. Confidentiality

8.1 The confidentiality of employees' financial circumstances will be respected at all times.

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. Other rules

9.1 The Trustees will consider the level of reserves that is prudent for the organisation 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 year on year.

9.2. Brighter Futures will adhere to good practice in relation to its finances at all times.

9.3. These controls will be reviewed at the first Trustees meeting after each AGM and then at regular intervals not exceeding 12 months.

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Signature of approving Trustee (1) J. Owen