



# Financial Management and Control Policy

**houghtonregiscommunity  
developmentcharity**

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## Introduction

The trustees of HRCDC (Houghton Regis Community Development Charity) share overall responsibility for financial control and safeguarding the funds of HRCDC and ensuring that the organisation operates in accordance with the financial powers stated in its Constitution. This document sets out how this responsibility will be exercised and where functions have been delegated to particular trustees or staff of HRCDC

## The role of the Treasurer

The treasurer takes the lead at board level on:

- making sure HRCDC keeps proper accounts
- reviewing financial performance
- ensuring policies for finance and if relevant investment are regularly reviewed
- ensuring that HRCDC has robust and effective financial controls in place
- liaising with the Charity Director about financial matters and with the auditor (or independent examiner)
- reporting on financial matters at the AGM

## Financial records

Financial records will be kept so that:

HRCDC can meet its legal and other obligations, e.g., HM Revenue and Customs, Charities Acts, Companies Acts, Common Law.

The HRCDC trustees can have control of the organisations finances.

The organisation can meet contractual obligations and the requirements of funding bodies.

The organisation will keep proper books of account using the (insert details) accounts package. These will include:

- A cash book analysing all transactions
- Sales, purchase and nominal ledgers
- Petty cash records
- Payroll records

## Budget

The financial year for HRCDC will end on **(31st March?)**

Before the start of each financial year, the HRCDC trustees will approve a budgeted income and expenditure account for the following year.

A paper comparing actual income, and expenditure with the budget will be presented to the HRCDC trustees every 3 months

## Accounts and Audit

Accounts will be drawn up after each financial year within 4 months of the end of the year and presented to the next Annual General Meeting.

The accounts will be submitted by the Charity Secretary to the Charity Commission and to Companies House.

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

The trustees will review the appointment of the auditor/independent examiner at least every 3 years

## Best value

When procuring goods and services it is HRCDC's aim to achieve best value. For goods and services valued at over £5,000 at least 3 quotes will be obtained. For service contracts such as ICT, telephone and cleaning organisations will be invited to submit a proposal and these will be considered in relation to specific criteria including price, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.

Service contracts will be reviewed at least every 3 years.

## Bank

HRCDC will bank with **Co-op bank** where the accounts will be held in the name of HRCDC. The current account will be held with **Co-op bank**. All bank accounts held by HRCDC must be agreed and approved by the HRCDC trustees.

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

HRCDC will require the bank to provide current account statements every month. These will be reconciled with the cash book every month by the Treasurer and the Charity Director or Management Accountant will sign the monthly reconciliation.

HRCDC will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the HRCDC trustees.

## Fundraising, funding bids, tenders, and partnership arrangements

All fund raising, grant applications and tendering undertaken on behalf of HRCDC will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income then this must be approved by the trustees. The Charity Director must approve bids and tenders to a value up to £1,000. The trustees who are officers (i.e. Chair and treasurer) of HRCDC must approve bids and tenders to a value of up to £10,000. Bids and tenders to a value of over £10,000 require the prior approval of the trustee board. Details of all funding bids and tenders will be provided to the trustee board.

HRCDC may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of HRCDC as set out in our Constitution. The partnership arrangements must have the prior approval of the Charity Director or, in the absence of the Charity Director the Chair of Trustees. All partnership arrangements will be reported to the trustee board. When HRCDC will receive funding from partnership arrangements and take on financial commitments a written agreement must be in place covering the financial arrangements. In these circumstances the funding that HRCDC receives should generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of work from reserves or earned income then this must be approved by the trustee board. The Charity Director must approve partnership arrangements to a value up to £1,000. The trustees who are officers (i.e. chair and treasurer) of HRCDC must approve arrangements to a value of up to £10,000. Partnership arrangements to a value of over £10,000 require the prior approval of the trustee board.

When HRCDC submits a funding bid or tender as the accountable body and there are partners to the bid or tender the arrangements must be agreed by the Charity Director and trustees in accordance with the financial limits set out above. This includes the composition of the partnership. Where funds are to be dispersed or remitted to partners the partners must have in place arrangements for accounting for these funds that have been agreed with HRCDC and that are consistent with our audit and reporting requirements. An agreement must be in place before funds are allocated to partners.

## Receipts (income)

HRCDC will ensure that all the income to which it is entitled is received and that this is evidenced.

A schedule of grant and contract income with the method of payment will be maintained and reviewed every 3 months

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, small donations from individuals etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

All payments must be made to HRCDC by cheque or BACS. The Charity Director and treasurer will review all debts on a monthly basis and agree follow up action. The schedule of debts will be sent every month to the treasurer for information. When an individual debt exceeds £1,000 for a period of more than 3 months then this will be brought to the attention of trustees and relevant action agreed.

A schedule of charges for services and facilities will be maintained by the Charity Director. A copy will be provided to the treasurer. This schedule will be reviewed at least annually and increases agreed and reported to the treasurer.

## Payments (expenditure)

The preferred method of payment is by bank transfer. Cheques will also be used when bank transfer payment is not possible. Cheque books (unused and partly used cheque books) must be kept in the safe under lock and key. Only authorised staff and the Treasurer will have access to the safe.

Blank cheques will NEVER be signed.

The same person should not be responsible for ordering, processing and checking invoices as well as raising payment requisitions, signing cheques and authorising payments.

Authorisation of payments will require the approval of 2 officers of HRCDC

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

No payments will be authorised or cheques signed without original documentation.

Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Constitution/ Memorandum and Articles of Association.

## Payment Procedures and Documentation

Every payment from the organisation's bank accounts will be supported by an original invoice (never against a suppliers statement or final demand). The original invoice will be filed and kept for seven years. The person who signs the cheque or authorises the online bank payment should ensure that the HRCDC request for payment form is fully completed. This includes the following.

### **PAYMENT METHOD**

### **DATE OF INVOICE /REQUEST**

### **AMOUNT OF PAYMENT**

### **WHO AUTHORISED THE PAYMENT**

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. Here a payment requisition form (see model form on our web site) will be used. Alternative supporting documentation such as the booking application form must be provided.

Contracts with suppliers can only be set up if authorised by the Charity Director in consultation with the treasurer.

Petty cash will always be maintained on the imprest system. The Charity Director will have overall responsibility for this float as agreed by the trustees. 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), 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 within (state details of accounts package).

Expenses/Allowances - HRCDC will reimburse expenditure paid for personally by staff that is claimed using the agreed claim form, providing:

- Fares are evidenced by proof of purchase.
- Other expenditure is evidenced by original receipts.
- Car mileage is based on HMRC allowances.
- The expenditure has been authorised by a line manager
- The claim is submitted within 3 months of expenditure being incurred

Process for authorisation:

Payments shall be authorised on a monthly basis.

Full authorisation shall normally be completed on, and no later than, the Friday following notification by the bookkeeper of payments pending

The first signatory should normally be the treasurer. In their unavoidable, continued absence the chair may act as first signatory in their place

No signatory should authorise payments to him or herself. It is the responsibility of the other signatory to ensure this does not happen.

## Salaries

There will be a clear trail to show the authority and reason for payment. The Methodist Circuit will handle payroll administration. They will provide records of transactions to HRCDC. All employees will be paid within the PAYE, National Insurance rules. Salaries will be processed using BACS systems. The Chair or Treasurer will sign off the monthly submission.

All staff appointments will be authorised by the Charity Director in consultation with officers of HRCDC. All appointments will be reported to the trustees.

All contracts with freelance suppliers will be on the basis of HRCDC's standard consultancy agreement or an alternative that covers the main requirements in the standard consultancy agreement and is subject to the agreement of the Officer. Freelance contracts will be subject to the authorisation limits outlined in section 9 above.

## Other Undertakings

HRCDC does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, with financial consequences must be approved by the Charity Director up to a value of £1,000. Those valued at over £1,000 require the approval of Chair of Trustees or treasurer of HRCDC Those valued at over £10,000 require the approval of the board of trustees. (This covers such items as new service contracts, office equipment, purchase and hire).

## Confidentiality

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

Trustees, 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 about the organisation.

## Fixed assets and inventory of capital items

HRCDC will set up and maintain a fixed assets 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. HRCDC will maintain an inventory of all capital items. The fixed assets register and inventory will be produced by the Treasurer and reviewed by the Charity Director (insert other role as relevant) and on a day to day basis.

## Reserves Policy

The trustees will consider the level of reserves that is prudent for HRCDC to have when agreeing the annual budget. Consideration will be given to future strategy, potential redundancy liabilities, and any other significant factors that should be taken into account were HRCDC to close. The specific reserves policy including any designation of reserves for specific purposes will be agreed by trustees on an annual basis.

The trustees of HRCDC will keep these financial controls under review

Adopted on Monday 4<sup>th</sup> November, 2024

Review November 2026

Signed