



Palgrave and District Community Centre (PDCC)

Financial Regulations and Procedures Policy

INTRODUCTION

Trustees are expected to discharge their legal duties by regularly assessing and monitoring the overall financial position of their charity and by taking steps to ensure that its funds can continue to be used for the purposes for which they were given.

The regulations have been drawn up to provide an ongoing basis for controlling the income and expenditure of Palgrave and District Community Centre, hereafter called 'the Charity'.

These regulations aim to ensure that Trustees:

- a) Meet their legal duties to safeguard the charity's assets
- b) Administer the charity's finances and assets in a way that identifies and manages risk
- c) Ensure the quality of financial reporting, by keeping adequate accounting records and preparing timely and relevant financial information.

Through the following:

1. The maintenance of a good book-keeping system with a clear set of operating procedures
2. The establishment of good management practices – ensuring that expenditure is controlled by those with delegated responsibility and that the controls should provide assurance that the income received in the post is kept secure, is accurately recorded in the accounting records and is banked as quickly as possible.
3. The provision of regular finance reports to the Trustees
4. A fully cross-referenced audit trail with ongoing checks and balances throughout the financial year
5. A protection for staff responsible for receiving income and approving expenditure and for maintaining financial records.

1. BASIC FUNDING

1.1 Membership fees

Annual subscriptions for membership of the Charity.

1.2 Events

Fees received from members of the public attending the Charity's events and activities etc.

1.3 Booking fees

Fees received from hire of the Palgrave Community Centre for private functions.

1.4 FIT's payments

Income received for energy generated by the Charity's wind turbine.

1.5 Donations

Donations from individuals and including from profits, received from the operation of the Palgrave Community Club bar.

2. BANKING

2.1 General

All income is banked i.e. no expenditure of unbanked cash is allowed. All income is banked in the Lloyds Current Account. The Treasurer is responsible for arranging to transfer funds surplus to immediate requirements to interest bearing accounts and likewise arranging to draw down from such accounts as required to meet monthly expenditure levels.

2.2 Accounts

The Charity banks with Lloyds Bank Plc any change of banker will be subject to the approval of the Trustees.

2.3 New accounts will be opened only with the authority of the Trustees.

2.4 **Cheques, Cash and Electronic Banking**

The current account will have mandated cheques signatories requiring one signatory on every cheque.

Both the current account and savings account are accessible by authorised and designated persons, with The Chairman/Treasurer and Financial Adviser having full access.

Two other Trustees have restricted access to ensure transparency.

The following controls should help ensure a basic level of protection for the charity's funds:

- 2.4.1 Cheques payable to a cheque signatory will not be signed by the payee.
- 2.4.2 Chequebooks will be held by the Treasurer in a secure location.
- 2.4.3 Cheques and cash should be banked regularly and promptly
- 2.4.4 Cheques and cheques not banked on the day of receipt should be placed in a safe or locked cash box
- 2.4.5 Regular review of bank mandates and authority limits
- 2.4.6 Prohibition on the signing of blank cheques
- 2.4.7 Prompt recording of payments ,including details of the cheque number, nature of the payment and the payee
- 2.4.8 Obtaining documentation to support the validity of the payment including relevant invoices and confirmation that the goods or services have been received
- 2.4.9 Insurance cover for cash in hand and in transit should be considered

3. **EXPENDITURE APPROVAL**

- 3.1 The Treasurer will only raise cheques or pay by BACS when invoices / receipts are provided. Any payment with order has to have written approval by the Treasurer and Chairman, which should be attached to the invoice.

4. **INCOME**

CASH AND CHEQUES

- 4.1 For events where cash receipts are likely to exceed £200, at least two people, including the Treasurer and 1 other Trustee are involved in handling and recording the money received.
- 4.2 Records are maintained for each fundraising event by the Organiser of the event, in sufficient detail to identify gross receipts or takings and costs incurred. Such record shall be in an appropriate Financial Summary of Events form.
- 4.3 All income is banked i.e. no expenditure from unbanked monies to be made.
- 4.4 If income is received in cash this should be paid into the bank as soon as practically possible.
- 4.5 For all events for which there is ticket income, the Organiser shall ensure:
 - a. That tickets all are pre-numbered
 - b. (A record is kept of all persons who have been issued with tickets to sell, and the ticket numbers that have been allocated to each person
 - c. A record is kept of which tickets have been sold
 - d. All money from tickets and any unsold tickets are collected
 - e. A reconciliation is made of receipts against tickets sold

GRANTS

- 4.6 Grant payments must further the purposes of the charity and funding is used by the recipients for the purposes for which it was given.
There shall be established monitoring procedures to ensure grants have been used for the agreed purposes

LOANS

- 4.7 Loans can be an important source of finance for a charity. It is important that the Trustee Committee ensures that when taking out of a loan that they are fully aware of all its terms and that the loan is in the interests of the charity. Trustees should also ensure that the charity is able

to meet the repayments of principal and interest as they fall due before taking out the loan. The following controls over loans should be in place:

- a. All loans must be documented and that the amount of the loan and any charges and interest due are clearly set out
- b. A record of all outstanding loans is kept noting the history of repayments of principal and interest for each loan and the outstanding balance
- c. Where a loan is advanced by a trustee, any conflict of interest is noted and properly managed, that the terms of the loan are in the charity's interests and should a rate of interest be charged that exceeds the prevailing Bank of England Bank Rate (also known as the base rate) that rate is justifiable
- d. If a loan is secured or subject to bank covenants, the terms of the security or bank covenants are in the interests of the charity and appropriate details are logged on the register of assets
- e. The charity has in place a plan to meet the repayment of principal and interest on the loan as they fall due

5. EXPENSES

- 5.1 Staff and volunteer expenses will only be paid against a completed claim form, which has to be authorised by the Treasurer.
- 5.2 The level of expenses allowed for volunteers holding specified roles will be as agreed by the Trustees.
- 5.3 Volunteers are expected to claim monthly within twenty-eight days of the month end.
- 5.4 Cash advances for advance expenses may be authorised by the Trustees.
- 5.5 Expense claims should contain a self-declaration that the claim is accurate and incurred in connection with the business of the charity
- 5.6 To minimise the charity's cash payments, reimbursement should be made by cheque or BACS
- 5.7 Any mileage rate paid for motor travel should be at 45p/mile

6. CASH PAYMENTS

- 6.1 Cash should be paid, where practicable out of a petty cash float specifically kept for such payments
- 6.2 Details of payments should be entered in a petty cash record
- 6.3 Supporting documentation for cash payments over £40, should be authorised by someone other than the person who maintains the petty cash or the person making the payment, such as any Trustee
- 6.4 The balance of petty cash in hand, and the records, should be kept securely
- 6.5 Regular spot checks of the petty cash float should be made by the Finance and Compliance sub committee
- 6.6 A petty cash float of up to £500 is to be maintained by the Treasurer for general expenses. The operation of these accounts is under the supervision of the Treasurer and records of expenditure will be kept for all petty cash accounts.

7. CONTRACT STAFF

- 7.1 Contract Staff are self-employed and as such are responsible for both tax and National Insurance Payments.
- 7.2 A contract should be in place for all self-employed staff
- 7.3 Contract Staff are paid by BACS on a monthly basis on receipt of appropriate invoice.

8. CONTRACTS

Contracts relating to long-term purchase, leasing or equipment maintenance shall be approved by the Trustee Committee

9. QUOTATIONS

In the event of an item of expenditure for the supply of goods or services being estimated to have a value exceeding £400 competitive quotations will be sought. On such occasions a minimum of two suppliers will be invited to quote for the provision of the goods or services.

10. INVENTORY

- 10.1 An Inventory, to include main items of equipment and furniture, will be monitored by the Finance and Compliance sub-committee.
- 10.2 Redundant items will be disposed of through the authority of the Trustee Committee and shall be on a best price basis.

11 INSURANCE

- 11.1 The Treasurer, on behalf of the Trustee Committee, will annually review the Charity's insurances and ensure that adequate cover is maintained.
- 11.2 Insurance must cover:
- Contents
 - Personal Accident
 - Public and Third Party Liability
 - Building
 - Trustee Liability
 - And such other risks as the Trustees may decide.

12. ACCOUNTING RECORDS

- 12.1 An Income and Expenditure record is to be reconciled monthly against bank statements. This will be carried out by the Treasurer.
- 12.2 Approved invoices and receipts will be recorded and filed.
- 12.3 Income received will be recorded.
- 12.4 All income and expenditure will be entered on the accounting system as and when expenditure is incurred and income invoiced, or received if an invoice is not raised.
- 12.5 The Treasurer will produce monthly income and expenditure reports which will be presented to Trustee Committee meetings. The financial information should be sent to each trustee before each meeting and will typically include:
- a. The latest management accounts
 - b. A comparison of budget to actual figures
 - c. An explanation for variances between forecasts and what actually happened
 - d. Details of cash flow and closing bank balances
- 12.6 Six Monthly Accounts Summaries will be prepared by the Treasurer and presented to the Trustee Committee at their meeting in the month after the quarter end, or if that is not possible, at the next meeting.
- 12.7 The Financial and Compliance sub-committee will undertake random checks of financial records to ensure the accuracy of the records, to ensure that:
- a. Records of cash and cheques received agree with bank paying-in slips or counter foils
 - b. Counter foils or paying-in slips agree with the bank statements, both in terms of amount banked and date of credit
 - c. Transfers or other direct payments into the bank are identified and verified against supporting paperwork
- These checks should be made by someone other than the person concerned with the original recording of the transaction
- 12.8 Accounting records must be kept for at least six years

13. TREASURER

The Treasurer is elected annually at the Charity's Annual General Meeting. The remit for this post is as follows:

- 13.1 To oversee generally the finances of the Charity and to ensure the financial control systems are maintained and to review such systems as becomes necessary.
- 13.2 To sign documents that requires the Treasurer's approval.
- 13.3 Report on the Charity's financial position as may be required by outside bodies.
- 13.4 Advise the Chairman of the financial consequences of any proposed policy changes, revising the budget in line with such changes.
- 13.5 Report monthly to the Trustee Committee Meeting on the financial position and bring any irregularities to the attention of the Chairperson.
- 13.6 Give assistance to the Auditor in the preparation of the annual accounts and present the annual accounts at the Annual General Meeting.

14. AUDIT

- 14.1 The Expenditure and Income records maintained by the Treasurer together with bank accounts statements form the basis for the annual accounts for external audit.
- 14.2 The appointment of the Auditors is made at the Annual General Meeting with the Executive Committee having the powers to make interim appointments.
- 14.3 The audit also covers all monies held by the Charity as project funds.
- 14.4 Project and other designated funds will show as relevant appropriations of liabilities in the end of year accounts.
- 14.5 The end of year accounts will show, under the heading of 'general account', the balance available for the Charity's core funding.

15. BUDGET

One of the most important financial monitoring activities is budgetary control, i.e. monitoring the charity's financial performance against a budget. Proper and realistic estimates of income and expenditure need to be made for each area of the charity's activities for each financial year. From this information the overall budget will be set which should be agreed by the trustees before the start of the financial year to which it relates.

The Charity will have procedures for sharing monthly or periodic financial information with budget holders, and trustees. Monitoring procedures should identify and seek explanations for significant over or underperformance of both income and expenditure plans.

Other monitoring activities include a review of expected sources of income and the actual income received. Monitoring can also help to ensure that any restrictions placed on the use of funds are identified and reporting requirement to funders is met.

- 15.1 Trustees should consider budgets including cash projections and business plans.
- 15.2 An annual budget should be produced and reviewed on at least a quarterly basis.
- 15.3 Trustees shall monitor actual results as the year progresses against budget

16. RESERVES POLICY

16.1 Trustees shall ensure that they have robust risk and reserves policies in place and review them on a regular basis.

17. SEGREGATION OF DUTIES

17.1 A key feature of internal financial controls is to ensure that no single individual has sole responsibility for any single transaction from authorisation to completion and review. It is important where the trustees administer the charity personally; that there is sufficient segregation of duties amongst them, so that no one trustee is overburdened or exercises sole responsibility.

17.2 To satisfy the requirement of Segregation of Duties, a Finance and Compliance Sub-Committee is established.

17.3 The sub-committee's role is to help the trustees meet their responsibilities for risk management, having effective internal controls and the efficient and effective use of funds. The committee is therefore part of the financial governance arrangements of the charity. The committee

acts on the authority delegated to it by the Trustees and will therefore have appropriate terms of reference and a clear reporting line to the trustee body.

18. REVIEW

18.1 The trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls. This should include an assessment of whether the controls are relevant to, and appropriate for, the charity and not too onerous or disproportionate.

Adopted on: 18th October 2017

Reviewed: 8th May 2019

Signed:

A handwritten signature in black ink, appearing to be 'A. Smith', written over a faint horizontal line.

Chairman of PDCC