

# Financial Procedures

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## SUMMARY

Kingston Mencap must:

- Designate a person to be responsible for all the financial matters of the group
- Keep accurate and proper accounts of all income and expenditure in respect of Kingston Mencap's activities
- Have robust, transparent and auditable financial systems appropriate for the group's activities
- When handling money on behalf of members ensure that they have the proper written authorisation from the member or the person legally authorised to act on their behalf as to the nature and extent of the authorisation to manage money on behalf of the members
- Keep full records of all transactions undertaken on behalf of a service user who has authorised the group to manage any money on their behalf

## INTRODUCTION

The procedures have been drawn up to provide an ongoing basis for controlling the income and expenditure of Kingston Mencap.

These procedures aim to provide:

- a) the maintenance of a good book-keeping system with a clear set of operating procedures
- b) the establishment of good management practices – ensuring that expenditure is controlled by those with delegated responsibility
- c) provide the Treasurer, Chair and Trustees with regular finance reports
- d) a fully cross-referenced audit trail with ongoing checks and balances throughout the financial year
- e) a protection for trustees responsible for receiving income and approving expenditure and for maintaining financial records.

### 1. BUDGETS

The Treasurer in conjunction with the Chair will present a Budget of estimated income and expenditure for approval by the Trustee Board prior to the commencement of each financial year. If, due to a change in circumstances part way through the financial year e.g. additional funding being secured, the

budget needs to be revised, the revised budget will be presented to the Trustee Board for approval.

- 1.1 The day-to-day control of approved budgets is vested in the Treasurer who may, where appropriate, delegate to project leaders who will be nominated as 'cost centre managers'. The cost centre managers will be responsible for allocating income as received, authorising expenditure and ensuring the overall work programme is within the budget and that the budget is updated to cover all circumstantial changes.
- 1.2 Monthly analysis of cost centres will be maintained by the Treasurer and will form part of the quarterly management accounts which will be presented to Trustees.

## **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 TSB** 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 organisation banks with **Lloyds TSB** Any change of banker will be subject to the approval of the Trustee Board.

- 2.3 New accounts with existing/approved bankers will be opened only with the authority of the Trustee Board.

### **2.4 Cheques**

Each bank account will have mandated cheque signatories requiring no fewer than two signatories on every cheque. Any cheques for more than **£2000** require one of the signatories to be either the Chair of Trustees or Treasurer.

2.4.1 The bank is to be instructed to ensure that there is a proper space for two authorised signatories printed on each cheque and all cheques to be crossed.

2.4.2 Payment details to be maintained on the cheque stub.

2.4.3 Cheque books will be held by the Treasurer.

## **3. Approval to spend**

- 3.1 Cheques will only be raised by the Treasurer following a request being made by a member of staff or fellow trustee and supported by appropriate documentation supporting the issuing of a cheque

## **4. INCOME**

- 4.1 All income is banked i.e. no expenditure from unbanked monies to be made.

- 4.2 Services and material supplied will be charged to other bodies through the issuing of the Organisation's invoice. Payments against these invoices from third parties must be by cheque or BACs.

## **5. EXPENSES**

- 5.1 Trustee, club leader and volunteer expenses will only be paid against a completed claim form which has to be authorised by the Chair or, where appropriate, another Trustee. The Chair's expenses to be authorised by the Treasurer.
- 5.2 The level of expenses for trustees, club leaders and volunteers will be as agreed by the Trustee Board.
- 5.3 Trustees, club leaders and volunteers are expected to claim monthly within seven days of the month end.
- 5.4 Expenses unless otherwise agreed are normally paid retrospectively.
- 5.5 Cash advances for advance expenses may be authorised by the Chair or in the case of the Chair, the Trustee Board.

## **6. PETTY CASH**

The operation of these accounts is under the supervision of the Treasurer and delegated to club leaders. Club leaders will maintain records of expenditure for all petty cash accounts and submit them to the Treasurer for replenishment of the Petty Cash amount.

## **7. STOCKS**

- 7.1 As only a small stock of stationery is held for use 'on demand', stock records are not maintained
- 7.2 No residual stock value is carried forward at year end.
- 7.3 Stationery used for external projects or in supplying a service to voluntary bodies is recharged as used.

## **8. CONTRACTS**

Contracts relating to long term purchase, leasing or equipment maintenance with an annual value of over £100 must be authorised by the Chair/ Treasurer. Contracts extending beyond a five year period must be approved by the Trustee Board.

## **9 INSURANCE**

- 9.1 The Chair will annually review the Charity's insurances and ensure that adequate cover is maintained.

Insurance must cover:

- Employer Liability (if applicable)
- Contents and office equipment
- Personal Accident
- Vehicles
- Public and Third Party Liability
- Building
- Such other risks as the Trustee Board may decide.

## **10. ACCOUNTING RECORDS**

- 10.1 An Income and Expenditure record is to be reconciled monthly against bank statements. This will be carried out by the Treasurer
- 10.2 The accounting records will include reference to cheque numbers drawn.
- 10.3 Approved invoices and payment instructions will be filed in sequential number order.
- 10.4 Income received will be recorded on sequentially numbered vouchers.
- 10.5 All income and expenditure will be entered on the computerised accounting system as and when expenditure is incurred and income invoiced, or received if an invoice is not raised.
- 10.6 The Treasurer will produce monthly income and expenditure reports which identify variations from approved budgets.
- 10.7 Monthly Management Accounts will be prepared by the Treasurer for review and issued to the Trustee Board for consideration at their meeting
- 10.8 The Chair will undertake random checks of financial records to ensure the accuracy of the records.

## **11 TREASURER**

The Treasurer is appointed by the Trustee Board. The remit for this post is as follows:

- 11.1 To oversee generally the finances of the organisation and ensure the financial control systems are maintained and to review such systems as becomes necessary.
- 11.2 To sign documents that requires the Treasurer's approval.
- 11.3 Report on the organisation's financial position as may be required by outside bodies.
- 11.4 Monitor the monthly expenditure levels to ensure they are within budget and bring to the notice of the Chair major variances.
- 11.5 Monitor cash flow projections and bring to the notice of the Chair any impending cash flow problems.

- 11.6 Attend meetings as required by the Chair and assist the Chair at those meetings with financial information and advice.
- 11.7 Prepare annual budgets for Trustee approval
- 11.8 Advise the Chair of the financial consequences of any proposed policy changes, revising the budget in line with such changes.
- 11.9 Report monthly at the Trustee Board Meeting on the financial position and bring any irregularities to the attention of the Chairperson.
- 11.10 Give assistance to the Auditor in the preparation of the annual accounts and present the annual accounts at the Annual General Meeting.
- 11.11 Advise the Trustee Board on investments.
- 11.12 Undertake random checks of financial records to ensure accuracy.

## **12 AUDIT**

- 12.1 The Expenditure and Income records maintained by the Treasurer together with bank and special deposit accounts statements form the basis for the annual accounts for audit.
- 12.2 The appointment of the Auditors is made at the Annual General Meeting with the Trustee Board having the powers to make interim appointments.
- 12.3 The audit also covers all monies held by the organisation as project funds.
- 12.4 Project and other designated funds will show as relevant appropriations of liabilities in the end of year accounts.
- 12.5 The end of year accounts will show, under the heading of 'general account', the balance available for the organisation's core funding.

## **13 BUSINESS CHARGE CARDS**

- 13.1 The organisation has no business charge cards.
- 13.2 The credit limits on the cards will be set by the Trustee Board and will be reviewed annually
- 13.3 The cards will be used in accordance with 'Policy and Procedure for use of the organisation's Business Charge Cards' which forms an Appendix to these regulations.

## **14 Guidance for Club Leaders**

- 14.1 Clubs must designate a person to be responsible for all the financial matters of the Club
- 14.2 Clubs must keep accurate and proper accounts of all income and expenditure in respect of the clubs activities

Approved by the Trustees on