

Internal Financial Procedures Policy

The Management Committee of ('the organisation') is responsible for:

- Keeping financial records in accordance with their governing document and relevant legislation (e.g. Charities Act 2011, Companies Act etc).
- Safeguarding the assets of the organisation by taking steps to prevent fraud and avoid mistakes.
- Preparing Annual Accounts and Returns in accordance with the governing document and relevant legislation and submitting these to relevant bodies as required.

In order to help the Management Committee to do this, and to manage the finances of the organisation, they have agreed the following Financial Procedures Policy which must be followed at all times by members of the Management Committee, Staff and Volunteers.

From time to time the Financial Procedures Policy may be reviewed by the Management Committee and revised as necessary.

Bank Accounts

Bank Accounts

- The organisation will operate a Current Bank Account to hold its funds.
- Any new Bank Accounts may only be opened following agreement at a meeting of the Management Committee.
- Any Bank Accounts must be held in the name of the organisation.
- Bank Statements for each bank account will be received on a regular basis and reconciled against the organisation's bookkeeping systems.

Deposit Account

- If a Deposit Account is opened, all general income and expenditure will continue to be paid through the Current Bank Account, with transfers being used to move money to and from the Deposit Account so as to keep the bookkeeping system as simple as possible.

Lost Cause

Bank Signatories

- A minimum of two signatories shall be nominated on the bank mandate to act as signatories on the organisation's Bank Accounts.
- Signatories should not be closely related (e.g. relatives).
- Any changes to the signatories listed on the bank mandate must be agreed at a meeting of the Management Committee (and recorded accordingly).

Payments

Payment by Cheque, Direct Debit or Standing Order

- All payments by Cheque shall require a minimum of two signatures as will Instructions for Direct Debits or Standing Orders.
- Blank cheques must never be signed by signatories.
- Signatories will be responsible for examining relevant documentation (purchase invoice etc) relating to payments prior to signing cheques and should initial the documentation to verify this has been done.
- Signatories will be responsible for examining Cheques and Instructions for Direct Debits and Standing Orders for accuracy and completeness.
- Signatories shall not sign cheques made payable to themselves.

Payments by BACS or Bank Transfer (via Internet Banking)

- All payments by BACS or Bank Transfer shall require authorisation by a minimum of TWO signatories.
- Signatories will be responsible for examining relevant documentation (purchase invoice etc) relating to the payments prior to authorisation and should initial the documentation to verify this has been done.
- Signatories will be responsible for examining BACS or Bank Transfer details (e.g. sort code, account number etc), where possible, for accuracy and completeness.

Payments by Debit or Credit Card

- All purchases paid for using one of the organisation's debit or credit cards over the amount of £100 must be authorised in advance by the Treasurer.

Lost Cause

- All card should be kept in a locked drawer when not in use.

Income

Cash & Cheque Receipts (Income)

- A duplicate Receipt Book will be held by the organisation and 'receipts' will be issued for all cash and cheques received by hand.
- Where cheques are received through the post, acknowledgement that the cheque has been received should be issued where appropriate.
- Details of all cash and cheques received shall be recorded promptly in the organisation's book-keeping systems.
- Details of the date the cash or cheques were banked should be recorded in the organisation's book-keeping systems.
- A copy of the 'receipt' or other relevant paperwork (e.g. sales invoice etc) should be filed accordingly in the organisation's accounting paperwork (e.g. by receipt number, date banked etc).
- Any Cash & Cheques received shall be held securely in a locked drawer at the organisation's premises until banked.
- All Cash & Cheques held shall be paid into the Organisation's bank account on a monthly basis.
- The value of Cash & Cheques held at the organisation's premises or any special conditions applying to how Cash or Cheques are held, stipulated in the Organisation's Insurance Policy, shall be adhered to.
- The value of Cash & Cheques being transported to the bank or any special conditions applying to the transportation of Cash & Cheques, stipulated in the Organisation's Insurance Policy, shall be adhered to.

BACS Receipts (Income)

- Details of any BACS payments being made directly into the organisation's bank account shall be recorded promptly in the organisation's bookkeeping systems.
- Copies of any Remittance Advices received, advising of payments being made directly into the Organisation's bank account should be filed accordingly (e.g. by date payment was received etc).

Lost Cause

Sales Invoices (Income)

- Where Sales Invoices are raised for goods or services, details of the amount due should be recorded in the organisation's bookkeeping systems and a copy of the sales invoice kept on file.
- A Credit Control system should be in place to ensure payment of these invoices is received within the agreed terms of 30 days.

Expenditure

Purchases & Orders for Goods and Services (Expenditure)

- Trustees are authorised to place orders and purchase items up to a value of £100.00 as long as this is within agreed budgets.
- The purchase of any item above this value must be authorised in advance by the Treasurer prior to the order being placed as long as the amount is within agreed budgets.
- The purchase of any item outside agreed budgets must be agreed at a meeting of the Committee Members and recorded accordingly.
- No Committee Member or Staff Member may authorise payment to themselves, their partner or relatives.
- Goods supplied must be checked for completeness and invoices (or other documentation) should be matched and checked against original orders before payment is authorised.
- Original documentation must be obtained for all items purchased (e.g. a receipt or purchase invoice etc).
- Where Purchase Invoices are received, details of the amount due should be recorded in the organisation's book-keeping systems and a copy of the purchase invoice kept safely on file until payment is made.
- Once paid, receipts or purchases invoices should be filed accordingly in the organisation's accounting paperwork (e.g. by cheque number, date paid etc).

Expenses

Lost Cause

- Expenses incurred wholly and necessarily by staff, volunteers and Trustees in the course of their duties will be reimbursed in accordance with the expenses policy and on completion of the relevant claim form. Payments will be made through petty cash or BACS,
- Receipts must be presented for all items apart from mileage.

Financial Reports

Annual Budgets (Financial Reports)

- Annual budgets shall be prepared and agreed at a Management Committee meeting, prior to the start of the financial year.

Management Committee Reports (Financial Reports)

- Financial Reports shall be prepared on a tri-monthly basis and presented at each Management Committee meeting.
- Financial Reports shall include:
 - Details of actual Income & Expenditure vs. Budget.
 - Notes to explain any variances exceeding £100.00 (either way).
 - A copy of the latest Bank Reconciliation.
 - A copy of the latest Bank Statements verifying the Bank Balances detailed on the Bank Reconciliation.
 - Details of any outstanding Sales Invoice amounts not received within the agreed payment terms.

Annual Accounts (Financial Reports)

- Annual Accounts shall be prepared in line with statutory requirements.
- Annual Accounts shall undergo independent scrutiny in line with statutory requirements (where required).
- Annual Accounts shall be submitted to relevant regulatory bodies within the required deadlines.

Wages and salaries

Lost Cause

- There will be a clear trail to show the authority and reason for every such payment and all payments will be made through the BACS system where possible. Wages will not be paid in cash. All employees will be paid within the PAYE and National Insurance regulations.
- All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised by the trustees.
- Lost Cause will contribute to an employee's pension plan after their probation and in line with pension regulations

Other undertakings

- Lost Cause does not accept liability for any financial commitment unless properly authorised.
- All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of Lost Cause with the prior approval of the trustees or in urgent situations the approval of the Chairperson or another trustee who will provide full details to the next trustee's meeting.

Assets

- A register of assets will be maintained and updated whenever assets are acquired or disposed of.
- Assets must be disposed of at fair market value or donated to another charity and the proceeds paid into Lost Cause's bank account.

Risks

- The Trustees will review the risks to which Lost Cause may be exposed on an annual basis and will take the necessary steps to address all major risks identified.

Reserves policy

Lost Cause

- Lost Cause will work towards building up sufficient reserves to enable it to meet its commitments should Lost Cause be required to close. An annual calculation of the amount required to cover redundancy payments to staff and other elements that should be included in the reserve target will be proposed by the CEO and approved at a Trustee Board meeting.