**Financial controls policy**

**xxxx replace with you organisation’s name**

**:** 1. Introduction

Financial records will be kept so that Xxxxxxcan:

(a) Meet its legal and other obligations, e.g. HMRC, Charities Acts, Companies Acts, contract and common law.

(b) Enable the committee to be in proper financial control of the All Shades Of Life CIC

(c) Enable the Xxxxxxto meet the contractual obligations and requirements of funders.

1.2 The Xxxxxxwill keep proper books of accounts which may be excel spreadsheets or a handwritten cash analysis book.  They will include:

(a) A cash book (spreadsheet page), analysing all the transactions in the Xxxxxx bank account(s).

(b) A petty cash book (another spreadsheet page) if cash payments are being made.

(c) HMRC real-time information (RTI) returns if staff are employed.

1.3 The financial year will end on the [31st March] each year.

1.4 Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next committee meeting.

1.5 Prior to the start of each financial year, the committee will approve a budgeted income and expenditure statement for the following year.

1.6 A report comparing actual income and expenditure against the budget will be presented to the committee every three months.

1.7 The committee will appoint an appropriately qualified scrutineer to examine the account.  The scrutineer will comply with the requirements of the Charities Acts for Charities above the threshold for external scrutiny.

2. Banking

2.1 The All Shades CIC will bank with Metro Bank plc and : accounts will be held in the name of the group. The following accounts will be maintained:

Metro Bank Business Current Account

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

2.3 The charity will require the bank to provide statements every month or electronic access to all transactions. These will be reconciled with the cash book at least every three months.

2.4 The charity will not use any other bank or financial institution or use overdraft facilities, credit cards or loans without of the agreement of the committee.

3. Receipts (income)

3.1 All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). The Xxxxxxwill maintain files of documentation to back this up.

4. Payments (expenditure)

The aim is to ensure that all expenditure is on the Xxxxxxbusiness and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

4.1 The Treasurer will be responsible for holding the chequebook (unused and partly used chequebooks) which should be kept under lock and key.

4.2 Blank cheques will NEVER be signed.

4.3 The relevant payee’s name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

4.4 No cheques will be signed without original documentation (see below).

4.5 Internet Purchases. When purchases are made over the internet the Xxxxxxwill ensure that only well know bona fide sites are used for purchasing and that they have appropriate security as illustrated by a locked padlock in the bottom right-hand side of the screen when a payment is being made.  The supplier's star rating for customer satisfaction will be reviewed. Purchases will be properly authorised in a similar way to other purchases. Purchases will not be made from unknown private individuals over the internet.  Complex passwords (include lower case and uppercase letters, numbers and symbols) will be used and a copy given to the treasurer.

5. Electronic banking

5.1 Each signatory and the banking administrator will have a unique password which will be made up of lower and uppercase letters, numbers and symbols.

5.2 The administrator will be able to access the electronic banking system for the purposes of putting transactions onto the system for authorisation by the cheque signatories and for assessing bank statements.

5.3 The administrator will check that purchases have been properly authorised and when appropriate there is evidence that goods in good condition or proper services have been received.

5.4 The banking administrator will scan and e-mail invoices and evidence of authorisation to the cheque signatories.

5.5 The administrator will check and enter the supplier's sort code, account number, and account name into the system and provide these by email to the cheque signatories.

5.6 The cheque signatories will check the payment details: sort code, account number, invoice and amount. If these are accurate the cheque signatory will authorise the payment.

5.7 Authorisation from two cheque signatories will be required for each payment.

5.8 Following authorisation, the cheque signatory will e-mail the administrator to confirm their authorisation.  This email will act as evidence for the Independent Examiner as to who authorised the payment.

5.9 The banking administrator may / may not also be a cheque signatory.

6.0 PayPal

6.1 The treasurer and the chair will each hold the login details and password for PayPal and will authorise payments from PayPal.  Details of payments and transfers in and out of the account will be e-mailed to the banking administrator immediately they have been made.

6.2 Two signatories will be required for credits from the charities bank account to PayPal or if a sweep system is in place it will be from a bank account that is ring-fenced from PayPal.

6.3 The balance in PayPal will not exceed £1,000. Appropriate transfers will be made to the [name of your group] bank account to ensure that this amount is not exceeded}.

6.4 The All Shades CIC acknowledges that there are greater risks of fraud via PayPal than bank accounts and will ring-fence PayPal by having a separate bank account for sweeps into and out of PayPal that does not connect via sweeps to any other bank account held by All Shades CIC

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7. Payment documentation

7.1 Every payment out of the Xxxxxxbank accounts will be evidenced by an original invoice (never against a supplier’s statement or final demand). That original invoice will be retained by the Xxxxxxand filed. The cheque signatory should ensure that it is referenced with:

* Cheque number
* Date cheque was drawn
* Amount of cheque
* Committee date and minute number of approval
* Who signed the cheque

7.2 The only exceptions to cheques not being supported by an original invoice or screenshot of an electronic payment to a supplier would be for small payments to individuals. Here a cheque requisition form will be used, and a photocopy of the cheque kept or a screenshot of the BACs payment.

8. Wages and Salaries

8.1 There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition slip, asking for payment to an employee, the HMRC etc. All employees will be paid within the PAYE, National Insurance and pension regulations.

8.2 All staff appointments/departures (if any) will be authorised by the committee, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc., will be authorised by the trustees.

9. Petty cash

9.1 Petty cash will always be maintained on the imprest system by a committee member who is entrusted with a float as agreed by the committee. When the float is, more-or-less expended, a cheque for cash or BACs payment to the float holder or a BACs payment to the float holder, will be drawn for sufficient funds to bring up the float to the agreed sum. The cheque or BACs payment will be supported by a complete set of expenditure vouchers, totalling the amount required to top up the float to the amount agreed by the committee ie. £100.  The vouchers will be analysed against the budget headings.

10. Expenses/allowances

10.1 The Xxxxxxwill, if asked, reimburse expenditure paid for personally by staff/volunteers, providing:

* Fares are evidenced by tickets or if paid contactless a redacted bank statement
* Other expenditure is evidenced by original receipts
* Car mileage is based on local authority scales
* A minute approving the expenditure
* No cheque/BACs signatory signs for the payment of expenses to themselves

11. Cheque signatures and cash cards

11.1 Each cheque, BACs payment, standing order or direct debit will be signed by at least two people. }

11.2 A cheque, BACs or Direct Debit (etc.) must not be signed by the person to whom it is payable.

11.3 ATM hole in the wall type cash cards will not be used and if issued by the bank they will be immediately cut in half.

12.  Other undertakings

12.1 The Xxxxxxdoes not accept liability for any financial commitment unless properly authorised. All orders placed, or undertakings given, must be authorised and minuted by the committee. In exceptional circumstances, such undertakings can be approved by three committee members by email. Their approval will then provide full details to the next committee meeting.

12.2 All fundraising and grant applications undertaken on behalf of Xxxxxxwill be done in the name of Xxxxxxwith the prior approval of the committee or in urgent situations the approval of three committee members by email one of whom will provide full details to the next committee meeting.

12.3 The Xxxxxxwill adhere to good practice in relation to its finances.

12.4 When relevant the committee will set up and maintain a fixed-asset register stating the date of purchase, cost, serial numbers and normal location. Of physical assets like laptops. The Xxxxxxwill maintain a property record of items of significant value, with an appropriate record of their use.

12.5 The committee will review the need for insurance each year.

12.6 These controls will be reviewed at least every year and with committee approval revised if necessary. The committee will be shown the existing controls and the proposed revisions.

Approved by the Committee ……………………………………

Dated………………………………………………… Signed on their behalf

Date to be reviewed next – 31/03/2022