



PD 06

Financial Policy and Procedures

Internal Financial Controls

Are based on the guidelines outlined in the Charity Commissioners Self Checklist for Charities Publication CC8

1. Lines of Reporting

- a) Treasurer reports overall financial position at each Board meeting supplying details as deemed appropriate. Only a brief overview is required at MAC meetings
- b) Annual Accounts and Balance Sheet prepared after year end in March ready for Annual General meeting (normally in May or June)
- c) Annual reports and accounts uploaded to Charity Commission website annually which might be in a different less detailed format than those provided to AGM but will have the same total income and expenditure

2. Double Checks – General Administration

- a) Budget Forecast/Current Expenditure details prepared by the treasurer based on information from the Board or MAC in selected circumstances and discussed at each meeting
- b) Accounts require to be examined annually by independent scrutineers appointed at each AGM

3. Professional Advice

Professional advice if required can be sought appertaining to the relevant subject from and may incur appropriate fees: -

- e.g.
- Accountants
 - H M Customs and Excise
 - Solicitors
 - Bankers
 - Inland Revenue
 - Charity Commission

4. Charity Commission

All MAC members/Trustees receive a copy of leaflet CC3 – Responsibilities of Charity Trustees

5. Budgets/Financial Information

- a) The budget forecast (if applicable) for any project, Board or MAC activity is prepared by the treasurer with input from others and presented to the Board or MAC, at an appropriate meeting, or circulated electronically for inspection and approval and must be minuted accordingly
- b) Financial information is relayed to the Board throughout the year by the Treasurer at meetings or electronically before meeting
- c) Year-end accounts are prepared by the treasurer and presented at the next Board meeting the details being minuted accordingly
- d) Accounts are independently scrutinised, this is arranged by the treasurer prior to presentation of the figures at each AGM
- e) Performance of any budget forecast is measured against regular financial information

6. Postal Receipts

All postal receipts are cheques-in made payable to SGUK usually for sponsorship, sale of lunches at the House of Lords or refunds for services provided and are generally received by the treasurer at their home address often via the secretariat

7. Banking Procedure

- a) All cheques received are collated, recorded on spreadsheets and paying-in books and banked by posting at a Post Office where a receipt is available for the envelope only
- b) There is no petty cash handled or kept by the treasurer. In the unlikely event should cash be tendered and no alternative method available then this will be converted to a personal cheque to pay it into the bank
- c) Cheques are kept secure until banked
- d) Two from three signatories are required to sign cheques. Nominated Board members are authorised signatories for the purposes of signing cheques
- e) No members of the Board are employed by SGUK
- f) Payments where possible are made by BACS for convenience and this only requires the treasurer to authorise. Details of all payments made are recorded in detailed spreadsheets that are circulated to the entire Board in advance of the next meeting. Any queries are dealt with at the meeting
- g) Account details, treasurers log in codes/passwords are provided and updated as necessary and on request to signatories in confidence to assist continuity in the event of accident/illness

8. Checks of Income Records

Spot checks, by the treasurer, are made against: -

- a) Records of cheques received agree with bank paying-in slips
- b) the paying-in slips equate with the bank statements, both in terms of amount banked and date of credit
- c) all transfers or other direct payments into the bank can be identified and verified against paperwork

9. Controls over Expenditure

- a) All expenditure is properly authorised. The treasurer can authorise all payments some of which may be subject to additional approval by up to two Board members, one of whom should be an officer
- and
- b) There is supporting documentation held for all expenditure, e.g. Original invoices, receipts
 - c) Cheque books are kept secure with access only by the treasurer
 - d) The treasurer undertakes preparation of payments
 - e) Any expenses paid to the treasurer must be authorised by another officer and at least one nominated Board member

10. Controls over Purchases

Any elected member of the Board can propose expenditure for goods or services and is expected to follow the guidelines below:

Purchase of goods and services should follow Charity Commission guidelines and will help provide best value

Several written quotations based on a reasonable specification should be obtained and submitted for consideration by the Board with appropriate justification:

- <£100, no formal quotation necessary and can be authorised under current expenses guidelines
- <£1000, a minimum of one
- <£5000, a minimum of two
- >£5000, a minimum of three

Where previous suppliers have offered good value, a check of competitor prices will provide evidence that they can still be used

Authorisation of expenditure can be made by circulating quotes and justification by e-mail between Board meetings and gaining an overall clear majority approval. Any potential conflict of interest should be clearly declared

- a) If a Purchase Order or invoice is required, this is requested from the treasurer
- b) Deposits or prepayment might be required to secure advantageous prices and such a requirement needs to be stated clearly when seeking approval
- c) Invoices received are checked against any Purchase Orders raised
- d) Services supplied are similarly checked by the treasurer
- e) Payments are only made against original invoices
- f) Any reasonable non-compliance to the specification or expectations should be taken up by the proposer with the supplier and if not easily rectified should be notified to the Board at the earliest opportunity

11. Payments by Cheque

- a) Cheques can only be signed by the treasurer and any one other signatory, – Financial institution mandates/application forms state who they are
- b) A nominated signatory can countersign cheques if it was made out to himself/herself
- c) All cheque stubs are completed at time of payment
- d) All payments are recorded electronically on spreadsheets that equate to cash books
- e) All transactions are subject to scrutiny by the independent elected scrutineers

12. Payments by Cash

No payments under any circumstances will be made in cash

13. Expenses

- a) Guidance on the eligibility to receive and rates applicable are provided in a separate document (*PD 06A and associated claim form 06B*)
- b) Expenses incurred for any claimant other than for travel to/from Board, MAC, WP meetings, Open meetings or attending assigned Groups events must be with the prior knowledge of at least two other trustees one of whom could be an officer
- c) Where possible BACS payment will be used to reimburse all expenses direct to the claimant's bank account

14. Control over Assets

- a) A list of assets is updated regularly by the treasurer, and checked for good repair and use to the organisation by the authorised keeper
- b) Insurance cover (if deemed necessary) is in place to cover loss and damage to equipment and public liability at any event organised or attended
- c) Currently there are no fixed assets (property), but if these arise then suitable control measures will be prepared and authorised

15. Investments

- a) Based on the treasurer's research and the Board's approval, excess monies can be invested in short to medium term bonds or accounts with recognised financial institutions
- b) These bonds/accounts must be low risk and show a significant return in comparison to the Bank of England base rate or interest received in deposit accounts
- c) Full records are kept of all investments; certificates and other documentation should be kept securely by the treasurer at his/her private address
- d) All investment applications must be signed by at least three authorised Board members one of whom will be the treasurer
- e) Complete withdrawals or significant transfers will be authorised by any two from three signatories
- f) Professional advice will be sought if deemed appropriate
- g) The Board will be kept fully informed at meetings of the current investment position at each meeting or by electronic communication if interim action is required

16. Bank Accounts

- a) The treasurer will maintain secure records of all accounts – statements and computer records etc.
- b) Regular bank reconciliation checks are carried out by the treasurer and any discrepancies investigated and corrected
- c) Regular, monthly bank statements will be checked and reconciled by the treasurer
- d) The opening and closing of accounts can only be done with the full knowledge and authorisation of the Board two of whom will act as co-signatories

17. Bankers and Financial bodies

Santander plc
Virgin Money

18. VAT

- a) Currently SGUK are not VAT Registered as income is well below the threshold. Should this scenario change then the correct procedures will be put in place
- b) Presently there are no advantages in registering for VAT below the threshold as we do not sell sufficient goods to offset any VAT paid on purchases
- b) Any invoices/payments required subject to VAT must be paid in full as there are no exemptions