

EVERY PARENT & CHILD

Financial management and controls policy

1. Introduction

- ♦ Financial records will be kept so that Every Parent & Child (EPC) can:
 - Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act, Common Law.
 - Enable the Board of Trustees to have control of EPC's finances.
 - Enable the EPC to meet contractual obligations and the requirements of funding bodies.
- ♦ Every Parent & Child will keep proper books of account, which will include:
 - A cash book analysing all the transactions in EPC's bank accounts.
 - A petty cash book if cash purchases are being made.
 - Nominal Ledgers of EPC's accounts.
 - HMRC deduction cards to be undertaken by EPC in Payroll programme
- ♦ The financial year for EPC will end on 31 March.
- ♦ Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next annual general meeting (AGM).
- ♦ Before the start of each financial year, the Board of Trustees will approve a budgeted income and expenditure account for the following year.
- ♦ A paper comparing actual income and expenditure with the budget will be presented to the Board every three months.
- ♦ The AGM will appoint an appropriately qualified auditor/independent examiner to audit/examine the accounts for presentation to the next AGM.

2. Bank

- ♦ EPC will bank with the bank agreed by the Board and the accounts will be held in the name of EPC. The following accounts will be maintained: current and savings, and any other project accounts as agreed and approved by EPC's board.
- ♦ The bank mandate will always be approved and minuted by the Board, as will all changes to it.
- ♦ EPC will require the bank to provide statements every month and these will be reconciled with the accounts every month.
- ♦ EPC will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board.

3. **Receipts (income)**

- ♦ The aim is to demonstrate that EPC has received all the income to which it is entitled and that it is all reasonably evidenced.
- ♦ All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, etc.). EPC will maintain files of documentation, i.e. letters from funding bodies, to back this up.

4. **Payments (expenditure)**

- ♦ The Finance Manager will be responsible for holding the cheque book (unused and partly used cheque books), which should be kept under lock and key.
- ♦ Blank cheques will never be signed except when all the cheque signatories are away on holiday or otherwise unavailable at the same time.
- ♦ Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, making online payments and signing cheques and payments.
- ♦ Cheques/online payments greater than the value of £3000.00 will require the approval of the finance and HR sub-committee. The finance and HR sub-committee is able to take 'chair's action' in order to approve cheques greater than the sum of £3000.00. Signatories to cheques which are greater than £3000.00 must be different from those requesting purchase of items.
- ♦ The relevant payee's name will always be inscribed on the cheque/online payment before signature, and the cheque stub will always be filled in.
- ♦ No cheques/online payments will be signed without original documentation.
- ♦ Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.
- ♦ The Chair and/or the Treasurer with (in either case) one other Board member shall not approve expenditure of more than £3000.00 nor an overspend on a particular budget heading of more than 10 per cent, unless this approval should be written down and signed by both people approving it.

5. **Payment documentation**

- ♦ Every payment out of EPC's bank amounts will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed and kept for seven years. The person who signs the cheque should ensure that the

EPC cheque/online payment requisition slip is fully completed. This includes the following:

- Cheque number/online payment batch number
 - Date cheque/online payment drawn
 - Amount of cheque/online payment
 - Who signed/email approval on the cheque/online payment.
- ♦ The only exceptions to cheques/online payments not being supported by an original invoice would be for such items as advance booking fees for a future course, HMRC payments, etc.
 - ♦ Wages and salaries: There will be a clear trail to show the authority and reason for payment. Every payment will have a cheque/online payment requisition slip, showing who has authorised the payment and what it was for, i.e. salary, temporary work, HMRC, etc. All employees will be paid within the PAYE, National Insurance rules. The Finance Manager or, in her/his absence, Admin to the CEO will process EPC salaries. Wages and salaries advances can be requested in the first month of employment only.
 - ♦ All staff appointments will be authorised by the Finance & HR sub-committee, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime will be authorised by the treasurer.
 - ♦ Petty cash will always be maintained by Admin to the CEO, who is trusted with a float, as agreed by the Board. When that is more or less expended, a cheque will be drawn for an amount sufficient to bring up the float to the agreed sum (currently agreed at £500.00), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book.
 - ♦ Expenses/Allowances: EPC will, if asked, reimburse expenditure paid for personally by staff, providing:
 - Fares are evidenced by tickets (where possible).
 - Other expenditure is evidenced by original receipts.
 - Car mileage is based on local authority scales.

6. **Cheque signatures and bank cards**

- ♦ Each cheque will be signed by at least two cheque signatories.
- ♦ Hole in the wall type cash cards will not be used and if issued by the bank will be immediately cut in half.

7. **Other undertakings**

- ♦ EPC does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5000.00 must be authorised and minuted by the management committee. (This covers such items as the new service contracts and office equipment purchase and hire).
- ♦ Any financial commitments above £3000 but below £5000 can be approved by one director in the finance group.
- ♦ All fund raising and grant applications undertaken on behalf of EPC will be done in the name of EPC with prior approval of the Board or in urgent situations the approval of the Chair, who will provide full details to the next Board meeting.

8. **Confidentiality**

- ♦ The confidentiality of employees' financial circumstances will be respected at all times.
- ♦ Board members, volunteers and employees will at all times act in the best interest of EPC and if they experience a conflict of interest this should be declared in the Board meeting and they will not divulge sensitive information.

9. **Other rules**

- ♦ At its first meeting after the AGM, the Board will consider the level of reserves that it is prudent for EPC to have. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were EPC to close.
- ♦ EPC will adhere to good practice in relation to its finances at all times, e.g. it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records.
- ♦ These controls will be reviewed at the first finance and HR sub-committee meeting after the AGM.

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Internal control procedure

Travel policy

Guidance on management costs for funding applications

Anti-bribery policy

Anti-fraud policy

Gifts policy

Review date: January 2019

Next Review date: January 2020