

(Adapted from an article published by CASH: www.cash-online.org.uk/cashfacts/controls)

1. Introduction

1.1. Financial records will be kept so that as a CIO with limited income NOCS can:-

1.1.1. Meet its legal and other obligations, e.g. Charities Acts, HMRC, Companies Act, Common Law

1.1.2. Enable the Board of Trustees to have control of the organisation's finances

1.1.3. Enable the organisation to meet contractual obligations and the requirements of funding bodies

1.1.4. Financial records e.g. cash books, invoices, receipts, Gift Aid records etc... will be kept for at least 6 years in accordance with the Charity Commission guidance.

1.2. The organisation or its accountants will keep proper books of account, using the receipts and payments basis, which will include:

1.2.1. An electronic cash book analysing all the transactions in the organisation's bank account (s)

1.2.2. A petty cash book if cash purchases are being made.

1.2.3. Inland Revenue deduction cards P11 (if registered for PAYE)

1.2.4. Specific disclosure of guarantees and debts are required. This is the correct method of preparing accounts for CIOs in receipt of a gross income of £250,000 or less in a year.

1.3. The financial year for NOCS will end on 31st March.

1.4. Accounts will be drawn up each financial year and presented to the next Annual General Meeting. When the gross income exceeds £10,000 the online annual return will be completed and returned to the Charity Commission as is statutorily required. Within 10 months of the end of the financial year the Treasurer's annual report and the accounts must be filed with the Commission.

1.5. Before the start of each financial year the Committee will approve a budgeted income and expenditure account for the following year.

1.6. A report comparing actual income and expenditure with the budget will be presented to the Committee every 3 months as a minimum.

1.7. The AGM will appoint or affirm an appropriately qualified auditor/independent auditor to audit/examine the accounts for presentation to the next AGM.

2. Bank

2.1. NOCS banks centrally with Lloyds Bank where the account is held in the name of New Opportunities for Community and Support (NOCS). A business current account is maintained. Other accounts, if required, may be agreed and approved by the Board of Trustees collectively.

2.2. The bank mandate (list of people who can sign cheques on the organisation's behalf) has been approved and minuted by the Board of Trustees, as will all future changes to it.

2.3. NOCS is registered for electronic banking and the accountant/Treasurer will access and reconcile statements with the electronic cash book every month. Another Trustee will spot check that this reconciliation has been done at least twice a year, using reconciliation materials from the accountant and acknowledge doing so on the electronic cash book.

2.4. NOCS will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board of Trustees.

3. Receipts (income)

3.1. The aim is to demonstrate that NOCS has received all the income to which it is entitled and that is all reasonable evidenced.

3.2. All monies received will be recorded promptly in the cash analysis booked and banked without delay (note this includes sundry receipts such as small cash donations, telephone calls,

photocopying etc...) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

4. Payments (expenditure)

- 4.1.** The aim is to ensure that all expenditure is on NOCS's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with the authority to spend up to the budgeted expenditure, not beyond it.
- 4.2.** Payments in cash should be kept to a minimum and generally for small amounts through the petty cash system. Otherwise all payments should be by cheque/bank debit card/BACS.
- 4.3.** The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which will be kept under lock and key, in a fireproof box.
- 4.4.** Blank cheques will **NEVER** be signed.
- 4.5.** Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, signing cheques and payments.
- 4.6.** The relevant payee's name will always be written on the cheque before the signature, the cheque stub will always be filled in.
- 4.7.** No cheques will be signed without original documentation.
- 4.8.** Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the Constitution.
- 4.9.** The signatories shall not approve an overspend on a particular budget heading of more than 10% unless this approval is written down, signed by both people approving it and reported to the next Trustees meeting.
- 4.10.** Cheques should be signed by any two trustees of the four names on the approved bank mandate, returning documentation and cheque book to the Treasurer at the earliest opportunity.

5. Payment Documentation

- 5.1.** Every payment out of the organisation's bank account(s) will be supported by an original or electronic invoice (never against a supplier's statement or final demand). That invoice will be filed and kept for seven years. The trustees who sign the cheque should ensure that the invoice is referenced with:
 - 5.1.1. Cheque number
 - 5.1.2. Date cheque drawn
 - 5.1.3. Amount of cheque
- 5.2.** The only exceptions to cheques not being supported by an original invoice would be for such items as advance booking fees for a future course, direct debits for electricity etc... Here official information detailing the payments should be kept until the invoice/receipt follows and a photocopy of the cheque or the electronic statement kept.
- 5.3.** Wages and Salaries – There will be a clear trail to show the authority and reason for payment e.g. copy of payslip, copy of PAYE payment, a cheque requisition slip showing who has authorised the payment and what it was for i.e. salary, temporary work, Inland Revenue, etc... All employees will be paid within the PAYE and National Insurance rules. Services contracted will be paid on the basis of self-employment and therefore paid on invoice.
- 5.4.** All staff appointments will be authorised by the Board of Trustees, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime etc... will be authorised by the Board. All contracted services will be authorised annually by the Board and logged in the budget for the following year.

- 5.5.** Petty cash will always be maintained on the *Imprest system whereby the General Manager is trusted with a float as agreed by the Board. When that is more or less expended a cheque will be drawn for sufficient bringing up the float to the agreed sum (currently agreed at £100) the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spend, analysed as required. (*The Imprest System requires that a fixed amount is reserved which after a certain period of time or when circumstances require, because money was spent, it will be replenished.)
- 5.6.** Expenses/Allowances – NOCS will, if asked, reimburse essential expenditure paid for personally by staff/volunteers/trustees, providing:
- 5.6.1. Fares are evidenced by tickets (where possible)
 - 5.6.2. Other expenditure is evidenced by original receipts
 - 5.6.3. Mileage is based on a rate agreed by the Committee up to the tax free maximum allowed by HMRC.
- 6. Cheque Signatures, use of cards and electronic banking**
- 6.1.** Each cheque will be signed by at least two people named on the bank mandate (preferably unrelated).
 - 6.2.** No cheque must be signed by the person to whom it is payable, or connected personally or through a business relationship.
 - 6.3.** If NOCS applies for a debit-card then a policy on the card's use will be agreed by the Trustees including any restriction on user, amount per transaction, types of retailers, cancellation/destroying etc... Evidence of each transaction must be obtained and recorded in the cash book.
 - 6.4.** Payments made via electronic banking require double authorisation from two trustees on the bank mandate. Any computer must be secure and passwords/PINs kept secret and periodically changed.
- 7. Other Undertakings**
- 7.1.** NOCS 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 £500 must be authorised and minuted by the Board.
 - 7.2.** All fund raising and grant applications undertaken on behalf of NOCS will be done in the name of the organisation with prior approval of the Board or in urgent situations the approval of the Chair who will provide, or ensure that full details are provided to the next Board of Trustees meeting.
- 8. Confidentiality**
- 8.1.** The confidentiality of employees/contracted person(s)' financial circumstances will be respected at all times.
 - 8.2.** Trustees, volunteers, employees and contracted persons will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information.
- 9. Other Rules**
- 9.1.** The Committee will consider the level of reserves that is prudent for NOCS to have at its first meeting after the AGM. Consideration will be given to lease agreements and any other significant factors that should be taken into account were NOCS to close.
 - 9.2.** NOCS will maintain adequate insurance to protect its assets including equipment and transit as appropriate. It will review insurance cover each year.
 - 9.3.** NOCS will adhere to good practice in relation to its finances at all times e.g. when relevant 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 or goods e.g. games, books etc... of significant value it will maintain proper records.

9.4. These controls will be reviewed at the first Committee meeting after the AGM.

RELATIONSHIP WITH OTHER POLICIES

Financial Controls overlap with other policies. These include:

- Data Protection Policy

Policy Introduced April 2019

Reviewed 2020

Reviewed June 2022 see minutes 16/6/2022