

FINANCIAL POLICY

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1. Purpose of this document.

To define the financial systems used by Huntingdon Area Money Advice (HAMA) and how they relate to all areas of the organisation. All suggestions for amendments to this Financial Policy document should be made to the Treasurer. Major amendments must be agreed by the Trustees.

2. Ordering Supplies and Services.

It is important that all orders are placed properly and are within agreed budgets and delegated powers. All orders of £100 or more not included in the budget must be authorised by the Treasurer and another trustee. Financial parameters will be set by the Treasurer with the approval of the Trustees.

Where it is expedient to do so, the Centre Manager, Trustees, employees or volunteers may purchase goods and services themselves and then reclaim the cost, with the proviso that

- Items over £100 and not included in the budget are discussed with the Treasurer before purchase
- Outstanding claims shall be presented to the Treasurer at least once per quarter.
- In the absence of the Treasurer and when there is urgency to make a payment, any two Trustees may approve a transaction.

While small items of expenditure (up to £20 per order) may be made via Petty Cash (see Section 5), adequate supporting documentation, preferably receipts, must be obtained. Large items requiring cash payment must be checked with the Treasurer before the arrangement is confirmed.



Huntingdon Area Money Advice

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Huntingdon Area Money Advice is a *free*, not-for-profit debt advice service

Authorised and Regulated by the Financial Conduct Authority

advice UK
The voice of independent advice

We have received support from the
Cambridgeshire
Community
Foundation

3. Payment Authorisation.

All invoices must be authorised for payment by the budget holders (i.e. Centre Manager or Administrator). The authoriser is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. The Treasurer must be informed if there are any queries delaying authorisation or if payment is to be withheld for any reason. All incoming invoices are to be passed to the Treasurer following authorisation. Once authorised as above, suppliers will be paid within the appropriate timescale.

Requests for reimbursement will follow the protocol outlined in the Expenses Policy. Requests for reimbursement to the Centre Manager should be checked and authorised by another adviser, trustee or administrator.

4. Cheque Writing and Signing.

Signatories will only be drawn from Treasurer and Trustees and any new signatory must be approved by the Trustees (in the minutes of a meeting) before the bank is notified. All cheques require two signatures. Cheque signatories should check that the expenditure has been authorised by the appropriate budget holder before signing the cheque.

Transactions made via internet banking require only the input of the Treasurer to satisfy the Bank's security. However, any single expense of more than £100 which has not been included in the approved annual budget must be approved by another Trustee before the transaction is made.

5. Handling of Cash.

All cash collected from the Treasurer will be signed for. The Petty Cash Box will have a balance limit of £50. Petty cash is intended for small items, up to £20. Anything over this should be paid by cheque or internet transfer where possible. The petty cash balance will be reconciled by the Treasurer when restoring the balance limit, or monthly if this is more frequent. Receipts are required for all cash taken from the Petty Cash Box. The Petty Cash Box is to be stored in a locked cabinet at all times. Any cash income will be banked via the Treasurer and not used for petty cash expenditure.

Client's cash, received to remit in payment of fees, will be recorded and kept separately from any petty cash,

6. Bank Account.

HAMA will hold suitable bank / building society accounts as decided by the Trustees from time to time. All income will be paid into the Current Account as soon as possible. Any fund balance other than petty cash will be held in accounts in the name of HAMA. The income and expenditure will be clearly recorded by the Treasurer.

7. Books of Account and Records

Proper accounting records will be kept. The account system is based on computer facilities but manual/paper records will also be used.

At a minimum, the following records will be kept:

- Appropriate control accounts (ie bank control, petty cash control).
- Monthly trial balances.

Petty cash and bank accounts will be reconciled at least monthly. Purchase Ledger, other cheque payments and bank statements will be filed in the appropriate reference order, with any supporting documentation. All petty cash receipts will be retained for independent examination and statutory purposes.

8. Budget Setting.

Twelve monthly income and expenditure budgets for the forthcoming financial year will be prepared in time for final approval by the Trustees in their last meeting of the financial year.

Budgets are prepared by the Centre Manager and Treasurer in consultation with the Trustees. Approval of the budgets is by recommendation to the Trustees. The approved budget will be used by the Treasurer as a base to construct a cash-flow forecast for the year, which will be updated quarterly. It will also be used to develop an annual Fundraising Plan.

9. Reserves Policy

The Trustees will seek to retain reserves equivalent to 3 months of total budgeted expenditure. Should the reserves fall below this amount, the Trustees will propose a plan to restore the reserve within a defined time period

10. Investment Policy

HAMA will only place its money in standard bank accounts and not in shares and equities.

11. Financial Monitoring and Independent Examination.

HAMA's financial year is from 1st January to 31st December. Annual accounts will be submitted for independent examination (by a qualified accountant or equivalent), following Charity Commission regulations and grant conditions. Final draft accounts should be ready for and passed by the Trustees in the first quarter of the financial year, with independently examined accounts signed off at the second quarter's Trustees' meeting.

12. Role of Treasurer.

Extracted from Charity Finance Yearbook. Specific responsibilities:

- Guide and advise Trustees in the approval of budgets, accounts and financial statements
- Keep Trustees informed on their financial duties and responsibilities
- Advise Trustees on the financial implications of HAMA's plans and key assumptions
- Confirm that the financial resources of HAMA meet present and future needs
- Understand the accounting procedures and key internal controls, so as to be able to assure Trustees of HAMA's financial integrity
- Record donations and claim Gift Aid tax refunds in accordance with HMRC requirements

- Ensure that the accounts are properly independently examined, that accepted recommendations of the Independent Examiner are implemented
- Present the prior year accounts to the Trustees in the first quarter of the new financial year.
- Submit the annual accounts and report to the Charity Commission within 10 months of the end of the financial year.

13. Role of Trustees.

Trustees are responsible for:

- Approving the budget for the year.
- Approving signatories to the bank account.
- Appointments of volunteers and budget holders.
- Receiving reports from volunteers on areas of concern.
- Approving exceptional items of expenditure.
- Monitoring the financial position based on the Treasurer's reports.
- Approving the annual accounts and annual report (drafted by the Chairman), noting the Independent Examiner's report and appointing an Independent Examiner for the current year.

Approved by the HAMA Board of Trustees: 15 June 2016