

Knighton & District Community Centre Financial Control Policy

This policy has been adopted in an attempt to safeguard the assets of Knighton & District Community Centre (KDCC) as far as possible, and to provide clear procedures for controlling the finances of KDCC. They may not be exhaustive. Vigilance is needed at all times from all concerned with finance, both paid staff and Trustees, and any matters of concern should be directed to the management committee trustees.

Responsibility for Implementing this Policy

Both the Trustee Board and paid staff share responsibility for implementing this policy and the sound management of KDCC's assets as a whole. The Treasurer is delegated the task of reporting to the Trustee Board on the financial position of KDCC and issues relating to this policy. However, all trustees are severally and jointly liable for any and all decisions and outcomes of KDCC. All Trustees and paid staff are required to abide by these policies and procedures. Where specific responsibilities are allocated, these are stated within the policies and procedures.

These financial controls will be reviewed annually.

Bank Account

- A current cheque book bank account will be administered in KDCC name at a bank chosen by the Trustee Board.
- The current bank accounts are held with HSBC, Newtown Branch.
- An automatic sweep arrangement between current and reserve accounts is operated. These arrangements are subject to review, in light of what is most advantageous in terms of cost and service. All changes are to be reviewed and authorised by the Trustees.
- The bank mandates will always be approved and minuted by the Trustee Board as will all changes to it.
- The bank will be chosen according to quality of service (including value for money in terms of interest paid, bank charges, etc.). No borrowing will be

undertaken by KDCC without a decision being taken at a meeting of the Trustee Board.

- A deposit account will also be administered in KDCC name in an appropriate Society or Company, and surplus funds may be invested in appropriate Societies in accordance with the Trustees Investment Act (which allows part of the funds to be invested in equities as well as fixed interest stock). KDCC will not speculate with funds in investments which carry any significant risk.
- All income must be paid into the current accounts as soon as wherever possible or, in the instance of a weekend event which has generated more than £500, on the first subsequent business day. All monies banked must be clearly recorded both manually and in computer form.

Annual Budget

- Annual budgets of income and expenditure measures need to be made by the management committee.
- The budgets shall show the actual expenditure and income for the preceding financial year, the original approved and revised estimates for the current year and the estimated income and expenditure for the ensuing year.
- Budgets will be prepared by the appropriate Trustee(s) and or staff when applicable, in consultation with the Treasurer/ Secretary. This will then be presented to the Trustees board in adequate time for approval by the Trustees in December of each year.
- Ensure that the budget is conveyed to the committee/ staff members in each department, and that appropriate spending is set per quarter or term of activity as applicable.
- The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated quarterly.

Authorisation of Expenditure

- All Trustees and staff need to be aware that expenditure is committed when an order is placed on behalf of KDCC, not at the point a cheque/payment is requested. Therefore, it is imperative that all orders are properly placed, within agreed budgets and authorised by the delegated powers.

- Any expense outside the standing running cost items over the value of £750 must be put in writing, and must be agreed by at least 2 trustees, subject only to cash-flow restraints. All suppliers must produce an invoice. A pro-forma invoice must be provided for any payment required before delivery where no credit is given.
- Authorisation for expenses, to sign a contract, legal agreement or lease committing KDCC to over £1500 expenditure must be submitted in writing and the decision taken at a meeting of the Trustee Board. Exception to this is where the above is part of a funded project where a clear set of expenditure details have already been agreed or where specific areas of expenditure where written procedures have been agreed (e.g., cleaning products).
- The Trustees must decide on the budget and ensure that this is conveyed to the staff members in each department, and that appropriate spending is set per quarter or term of activity as applicable.
- Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract. Larger contracts should not be entered into without adequate advice from relevant professional advisors (e.g., accountant, solicitor, surveyor etc.).
- While claims for small items of expenditure may be made via petty cash (not exceeding £50), adequate supporting documentation in the form of receipts must be obtained. Larger items requiring cash payment must be pre-authorised with the mentioned procedures before the arrangement is confirmed.
- Before committing KDCC to any expenditure, staff need to obtain authorisation from the Treasurer (or in the case of their absence, the Chair of the Trustees).
- The Treasurer (or Chair in their absence) can authorise expenditure up to £750 if it is in the KDCC budget, and up to £1500 if it is not in the budget but there are sufficient funds to meet the cost. Expenditure over these amounts will be referred to the Trustee Board.
- Commitments to urgent necessary expenditure between £1,500 and £5,000 can be made by obtaining permission from the Chair and Treasurer, or in their absence two other Trustees, who will make a decision on behalf of the Trustee Board.

- All invoices received in the office will be stamped or marked to show the date received and the initials of the person receiving. These will then be forwarded to the Treasurer as soon as possible, at least once a week.
- The Treasurer will keep a purchase ledger and will record all invoices within 2 days of receiving them. Once authorised, suppliers will be paid within the appropriate timescale. This will generally be 14 days of invoice date unless there are exceptional cash-flow difficulties or specific supplier arrangements.
- Refunds of overpayments or cancellations of bookings/orders can be fully delegated to the relevant Trustee or Centre Administrator. This does not include any compensation or similar payment.
- Both e-payments, cheque payments, Direct debits and standing orders will be authorised by the Treasurer if below £750.
- Cheque stubs will always be completed. Cheques must not be signed by the person to whom they are made payable.
- No payment should be authorised until the signatory is satisfied, through sight of an order form, invoice, or similar written evidence, of the validity of the payment.
- All invoices received for payment should be checked and signed, by the person responsible for making the original order, along with ensuring that all items ordered have been received. The Treasurer must be informed if there are any queries delaying authorisation, or if payment is to be withheld for any reason. Invoices must be authorised for payment by the Treasurer before payment is made.
- 3 unrelated designated signatories shall be named on the bank account. All cheques are required to have 2 unrelated signatories, one of whom should be the Treasurer and at least 1 other trustee.
- All payments (whether by cheque or electronic funds transfer) over £300 must be authorised by two signatories.
- Payment signatories must check that the expenditure has been authorised by the appropriate means before giving permission.
- Salary payments must be authorised by the Treasurer and Centre Administrator.

- The daily limit on encashment of cheques is £250, however, where a larger cash float is required, this may be approved by the Treasurer and Chair (or in the absence of the Chair one other Trustee).

Cash

- A petty cash float for the use of KDCC of up to £750 will be held within the safe.
- Payments from petty cash should not normally be made in excess of £50. All payments should be backed up by a receipt or invoice. In exceptional circumstances, if no receipt or invoice is available, a petty cash slip should be made out and countersigned by another staff member.
- Any payments over £50 should be made via electronic funds transfer or cheque.
- In the event of a real emergency where a float is needed to be used for another purpose, a clear record must be kept and must be brought to the Treasurer's attention as soon as practically possible thereafter. Otherwise, all floats and petty cash should only be used for their allocated reasons.
- It shall be the responsibility of all staff who manage community projects to maintain floats and financial records for inspection at any time during the financial year.
- The petty cash will be topped up on the 'imprest' system, where the amount spent is reimbursed. The amount being put in will be verified by a second person and both people will initial the entry in the petty cash account record/spreadsheet.
- When signing cheques or withdrawing funds electronically to restore the 'imprest' balance, receipts accompanied by an add-list must be presented with the cheque request.
- All cash income is to be kept in the appropriate safe when not in use in a separate cash box from that used for petty cash, and will be banked by the Treasurer. It will not be used for petty cash expenditure.
- All cash received from the Treasurer will be signed for by the Trustee or Staff member along with the Treasurer, and receipts will be issued for all cash returned.
- If extra cash floats are required for events/activities etc., these need to be arranged in sufficient time, two weeks prior to the event, with the Treasurer (and

or Trustee Board depending on amount). The person signing for the float is responsible for ensuring cash and receipts tally and are recorded appropriately and returned as soon after the event/activity as possible. No further floats will be issued to that person until the previous float has been accounted for.

- Immediately following an event/activity, all cash/receipts must be accurately recorded and securely locked in the appropriate safe. See below for specific requirements.
 - ❖ Tuesday/Thursday and other occasional Cafes – monies received and spent to be recorded on the paper sheet, laptop and secured in the office safe.
 - ❖ Stay and Play – recorded on the paper sheet, laptop and secured in the office safe.
 - ❖ Family Centre – recorded on the paper sheet, laptop and secured in the office safe.
 - ❖ Bar – recorded appropriately and secured in the rear safe.
 - ❖ Flicks – recorded appropriately and secured in the rear safe.
 - ❖ Any other periodic events, a named staff member will assume responsibility and follow the above protocol.
 - ❖ Failure by staff to accurately record cash, receipts and cheques on designated paperwork, will result in it being returned for corrections and reprocessing.

Banking Cheques and Cash

- Cash receipts will be banked to the nearest full Pound coinage where accepted by Bank /Post Office, with any spare coinage to be designated to float money and credited to the appropriate budget head and not used for other purposes. Payments received will be entered into the book kept with the cash box. Receipts will be issued on receipt of payment. Cash receipts should be paid in monthly (or weekly if the total amount exceeds £50).
- Cheque receipts will be banked weekly (or sooner for large receipts, particularly for grant funding) and be credited to the appropriate budget head. Sales invoices lower than £5 may be settled in cash.

Financial reports and Audit

- The relevant staff member/s, in conjunction with the Treasurer, will prepare monthly reports to the Trustee Board on KDCC's financial situation and any issues requiring the Board's approval or action.
- The Trustees will receive monthly reports of income and expenditure versus budget, within two weeks of month end.

- Detailed monthly payroll reports will be produced.
- Detailed cash-flow reports will be produced monthly.
- KDCC's financial year is from 1st April to 31st March.
- An annual audit (or independent examination as required by the Charity Commission) will be carried out by a qualified auditor (or independent examiner), appointed each year by the Trustees, in accordance with the requirements of the Charities Act and Companies Act. The auditor's report will be discussed and approved by the Trustee Board and should be ready and passed by the board of Trustees in July along with audited accounts.

Records

- Careful and accurate records will be kept of all income and expenditure, using a system (e.g. excel) and books/paper records as appropriate.
- At a minimum, the following records will be kept;
- Appropriate control accounts (i.e. bank control, petty cash control, VAT control)
- Salary control account
- Monthly trial balances
- All payments will be recorded and cross referenced in a file containing supporting information (such as order form/letter, invoice or claims form), approved and initialled by a person authorised to do so.
- All transactions will be reconciled monthly against bank statements by the Treasurer.
- If applicable VAT returns will be produced on the required quarterly cycle.
- All vouchers entered into the computer system will be clearly initialled by the person entering it, along with date and accounts reference. All income/expenditure information will be recorded within three days. All corrections and adjustments will be clearly noted in a written 'journal' giving reasons for them, accompanied by supporting documentation where available.

- Purchase ledger, other cheque or electronic funds transfer payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.
- All fixed assets costing more than £250 (or such other level as may from time to time be agreed by the Trustees) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no, (where applicable) description and in due course details of disposal.
- Transfer of funds between bank accounts will be initially authorised by two signatories. Once set up regular transfers shall be authorised by the Treasurer (or Chair in their absence).
- Chief responsibility for the maintenance of records will rest with the Treasurer, although all Trustees are jointly and severally liable so it is imperative that they are aware of all aspects of KDCC's finances. All KDCC financial records shall be treated confidentially. All KDCC financial records will be kept for seven years in accordance with the Charity Act 2011.

Claims for Expenses and Allowances

Rates for expenses or allowances will be those agreed from time to time by the Trustee Board. Staff, volunteers and Trustees must complete and sign a claim form. Whenever possible, receipts should be provided.

Insurance

The Treasurer will effect insurance cover at a sufficient level to cover assets and possible liabilities as directed by the Trustee Board.

Inventories

An inventory shall be maintained of all furniture and equipment at the end of the financial year in March.

Fixed Assets

Fixed Assets will be determined by the external auditor when undertaking the annual audit of the Community Centre.

Salaries and Pensions

- The Treasurer will ensure that all salaries, wages and other emoluments to all employees of KDCC are paid in accordance with statutory requirements and any policies adopted by KDCC.
- KDCC is required to operate the PAYE system and make annual returns to Inland Revenue.
- Anyone employed by KDCC, whether permanent or temporary, must provide a P45, or sign either a P46 or student exemption certificate, or give reasons as to why they cannot.
- All payments will be made by electronic funds transfer or cheque.
- Freelance contractors will only be taken on when authorised in accordance with previously mentioned requirements. With a few exceptions they will be treated as self-employed, and any contracts must reflect this. However, work in other areas of activity must be assumed to be employed by KDCC and therefore subject to PAYE and NIC. Finance will obtain clarification of any unclear areas as needed.
- Payments for additional work over and above standard hours must be approved by the Trustee(s) who provide(s) supervisory capacity for the staff member(s). Clear, written authorisation needs to be forwarded to the Treasurer in sufficient time to process it for the relevant payroll. These will be maintained as regular financial records.
- All staff need to provide a timesheet on a weekly basis to the Centre Administrator and Treasurer via email or a paper copy in the office. Failure to do so could result in delayed payments.
- Payment will be made via the HSBC Autopay service directly to the employee's bank account.
- The salary payment listings will be verified by the Treasurer and Centre Administrator.
- Salaries will be paid on the last Friday of the month, or in December the Friday preceding Christmas.
- Pay scales and new posts/re-structuring are approved by the Trustees including any senior management role(s) they wish to appoint. Appointments

to existing posts are the responsibility of the appropriate Trustee providing a supervisory capacity.

- Staff loans are not issued, but advances may be made against salary due, by arrangement with the Treasurer and one other Trustee.

Treasurer's Responsibilities:

- ❖ Guide and advise the Trustees in the approval of budgets, accounts and financial statements within a relevant policy framework. (n.b. all Trustees are jointly and severally liable so all decisions should be made with this in mind.)
- ❖ Keep the Trustees informed about its financial duties and responsibilities
- ❖ Convey to the Trustees about financial implications of KDCC's strategic plan, and key assumptions included in management's operational plan and annual budget.
- ❖ Confirm that the financial resources of KDCC meet present and future needs.
- ❖ Understand the accounting procedures and key internal controls, in order to reassure the Trustees of the financial integrity of KDCC.
- ❖ Ensure accounts are properly audited, accepted recommendations of the auditors are implemented and meet with the auditor at least once a year.
- ❖ Formally present the Treasurer's report at the AGM along with ensuring the accounts are available for viewing as applicable.
- ❖ Monitor KDCC's investment activity if applicable and ensure its consistency with policies, aims, objectives and legal responsibilities.
- ❖ Paying each employee in accordance with the approved terms and conditions and issuing payslips.
- ❖ Operating the PAYE system, maintaining required records, issuing P45s, P60s and communicating with the tax office as applicable.
- ❖ Ensuring the correct deductions are made for the purposes of Income Tax, NI, Court Orders and any other appropriate deductions authorised by staff; ensuring that deductions are paid to the correct body and necessary returns made.
- ❖ Administering the Statutory Sick Pay and Statutory Maternity Pay schemes, alongside any additional related benefits provided by KDCC.

Role of Trustee Board pertaining to finances.

The trustees are jointly and severally liable and responsible for:

- ❖ Approving the budget for the year.
- ❖ Approving signatories to relevant bank accounts.
- ❖ Appointing of staff.
- ❖ Receiving reports from the staff members on areas of concern.

- ❖ Approving exceptional items of expenditure.
- ❖ Monitoring the financial position based on monthly/quarterly reports.
- ❖ Approving annual accounts, auditors report and appointment.

Security

The Trustee Board shall be responsible for maintaining adequate arrangements for all aspects of security within KDCC.

Data Protection

The Trustee Board will ensure that KDCC complies with GDPR.

Document History

| Version | Date Approved/review annually | Owner/Author | Reason |
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