

Bridging the Gap Islington

Financial Controls Policy

1. Introduction

Financial records will be kept so that Bridging the Gap Islington can:

- (i) meet its legal and other obligations, e.g. Charities Act 2011, Inland Revenue, Customs & Excise and common law.
- (ii) enable the trustees to be in proper financial control of the organisation.
- (iii) meet the contractual obligations and requirements of funders.

Bridging the Gap Islington will keep proper books of accounts, which will include:

- (i) management accounts analysing all the transactions in Bridging the Gap Islington's bank account(s).
- (ii) a petty cash book for all transactions through the petty cash account
- (iii) Inland Revenue deduction cards P11 and Unique Tax Payers reference numbers for any freelance workers that may be employed.

The financial year will end on the 31st March each year and

- (i) accounts will be drawn up within three months of the end of each financial year and presented to the next Annual General Meeting.
- (ii) prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year and any proposed changes to this budget during the year shall be approved by the trustees prior to implementation;
- (iii) a report comparing actual income and expenditure with the budget will be presented to the trustees every three months;
- (iv) the AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the next AGM.

2. Banking

Bridging the Gap Islington will bank with the Co-operative Bank. Accounts will be held in the name of Bridging the Gap Islington such that:

- (i) the following accounts will be maintained:
 - Bridging the Gap Islington Main Account
 - Bridging the Gap Islington Petty Cash account
- (ii) the bank mandate including the list of people who can sign cheques on the organisation's behalf will always be approved and minuted by the trustees as will all the changes to it;
- (iii) the charity will require the bank to provide statements ~~every month~~ regularly which the treasurer will reconcile with the management accounts before each quarterly report to the trustees (cf Clause 1)
- (iv) the charity will not use any other bank or financial institution or use overdraft facilities or loan without of the prior agreement of the trustees.

3. Income

All monies received will be recorded promptly in the management accounts and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc. for which the petty cash account should not be used (cf Clause 5.5)). Bridging the Gap Islington will maintain files of documentation to back up all receipts of income.

4. Expenditure

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

The Co-ordinator will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key such that:

- (i) blank cheques will NEVER be signed;
- (ii) the relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed;
- (iii) no cheques should be signed without original documentation (cf Clause 5).

On-line banking and payment by BACS will only be used on the main account when dual signature authorisation can be arranged in accordance with the bank mandate.

The petty cash account will allow payments with single signature authorisation

5. Payment documentation

Every payment out of Bridging the Gap Islington's main bank account will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by Bridging the Gap Islington and filed.

- The cheque signatory should ensure that it is referenced with:
 - Cheque number
 - Date cheque drawn
 - Amount of cheque
 - Who signed the cheque.
- BACS payments will be evidenced by an invoice or requisition form together with the printout of the associated BACS transaction

The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

There will be a clear trail to show the authority and reason for EVERY wage and salary payment; e.g. a cheque requisition asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations. All such requisitions may be authorised by the treasurer in the form of a confirmed e-mail.

All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised either by the trustees.

The Petty cash account will always be maintained on the imprest system where by an Administration Worker is entrusted with a float as agreed by the trustees. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.

Bridging the Gap Islington will, if asked, reimburse expenses on the organisation's business paid for personally by staff or volunteers, providing:

- (i) fares are evidenced by tickets;
- (ii) other expenditure is evidenced by original receipts;
- (iii) car mileage is based on local authority scales; and
- (iv) no cheque signatory authorises or signs for the payment of expenses to themselves (cf Clause 6)

6. Cheque Signatures and cash cards

- Each cheque will be signed by at least two people.
- A cheque must not be signed by the person to whom it is payable.
- Hole in the wall type cash cards will not be used on the main account and, if issued by the bank, they will be immediately cut in half.
- Most payments out of the petty cash account will be made by BACS transfer. If a cash payment is needed a specific cash withdrawal will be made by means of a cash card.

7. Other undertakings

Bridging the Gap Islington 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 £5,000, must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details to the next meeting of the trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).

All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of Bridging the Gap Islington with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.

8. Other rules

Bridging the Gap Islington 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. Additionally Bridging the Gap Islington will maintain a property record of items of significant value, with an appropriate record of their use.

Approved on 11/5/15

Review date 11/5/17