

Financial Regulations and Controls

A. Introduction

The Financial Regulations and Controls provide a framework of delegation and internal control and are designed to ensure that MindOut's financial transactions are carried out in accordance with the law and the regulations and requirements of MindOut's regulators in order to achieve probity and to ensure the solvency, financial strength and good performance of the organisation.

B. Aims

The aims of the Financial Controls are to:

- i. ensure accountability for all financial expenditure;
- ii. ensure money is not committed unless an approved budget exists for it;
- iii. ensure that only the budget holder commits/approves spend from a budget;
- iv. ensure security of cash and employees or volunteers who handle it;
- v. operate effective systems to ensure completeness and accuracy of accounting records with the minimum of bureaucracy;
- vi. ensure adherence to appropriate statutory and management regulations; and
- vii. safeguard the company's assets.

C. Guiding principles in establishing controls should be that:

- i. segregation of duties between functions of accounting, recording and custody of assets will be applied to the maximum possible extent;
- ii. the benefit derived should exceed the cost of implementation;
- iii. they are appropriate to the nature of the business and the resources available;
- iv. a full audit trail is maintained; and
- v. all controls are documented.

D. The Controls are broken down into the following sections:

1. Financial practices, reporting and accountability;
2. Fixed assets;
3. Cash-flow forecasts and monitoring;
4. Banking and Internet banking;
5. Payroll system;
6. Cheques, signatories and electronic payments;
7. Creditors/Expenditure;
8. Debtors/Income;
9. Contracts for Services;
10. Petty cash;
11. Year end procedures;

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- 12. Consultants and fundraisers; and
- 13. Expenses.

E. Compliance

Compliance with the controls will be monitored by the Director and Secretary. Failure to follow the agreed procedures by any employee or volunteer may result in disciplinary action being taken.

F. Responsibility for the administration of the Company's financial affairs

The Secretary is the person responsible for ensuring that arrangements are made for proper administration of the Company's financial affairs and for ensuring that safe and efficient systems of accounting are operated and that internal procedures and controls are sound and subject to their approval. All staff and trustees have a duty to disclose non compliance with the controls to the Secretary. Full details of non compliance will be reported to the Board for action or ratification.

1. Financial Practices, Reporting and Accountability

1.1 Financial Responsibilities

- i. The Board, as the governing body of MindOut is responsible for the effective and efficient use of the resources of MindOut.
- ii. The Board monitors MindOut's financial position and the financial management of MindOut. It supports and advises the Director on financial matters.
- iii. The Director has day to day responsibility for the financial management of the organisation and is responsible to the Board.
- iv. Any budget holders must provide information as required to enable budgets to be compiled and will sign up to their budgets at the start of the year.
- v. Budget holders must not exceed the budgetary total or virement limits set by the Board and must ensure that the amount provided in the approved budget is not used for any purpose other than that specifically authorised subject to agreed virements.
- vi. The Director is responsible for advising on financial aspects of MindOut's activities, its financial administration and for operating appropriate systems of financial control and management.
- vii. The Terms of Reference for the Board form part of these controls.

1.2 Presentation of Accounts

- i. Quarterly Management accounts will be submitted to Board by the Director. In addition, individual Project/Event Budgets, Balance Sheets and Cash Flow Forecasts will also be presented as necessary or as requested.

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- ii. Statutory accounts prepared and examined in accordance with current legislation will be submitted to the Board as soon as possible after the financial year end.

1.3 Independent Examiners – proposed by the Secretary for election at the Annual General Meeting (AGM)

Independent Examiners will be appointed to:

- i. Examine and prepare statutory accounts;
- ii. Undertake internal audits as requested by the Board; and
- iii. Generally ensure that MindOut's accounting practices are in line with current legislation.

2. Fixed Assets

- i. Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:
 - a. Building Refurbishments Over life of lease
 - b. Computer Equipment 100%
 - c. Fixtures, fittings and other equipment 100%
- ii. A depreciation reserve will be maintained to the full value of the fixed assets register.
- iii. A fixed assets register will be maintained by the Director.
- iv. The capitalisation limit beneath which all new assets will be written off to revenue is set at £1000. Approval must be obtained from the Director for all planned capital purchases (including those beneath the £1000 capitalisation limit).
- v. Board approval will be sought for all capital expenditure exceeding £5000 in a format to include:
 - a. a minimum of 3 written quotes or tenders (3 formal competitive tenders, if over £10,000), as per the Scheme of Delegation;
 - b. any revenue implications;
 - c. a lease versus buy option;
 - d. budget heading for proposed expenditure;
 - e. a payment schedule; and
 - f. a summary of non financial implications.
- vi. Any proposed disposal of assets with a value above £3000 is subject to approval by the Board.
- vii. Any proposed disposal of assets with a value above £1000 and below £3000 is subject to approval by the Director.

3. Cash-flow and Monitoring

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- i. MindOut cash-flow will be monitored by the Director
- ii. Forecasts will be presented by the Director to the Board as appropriate or on request.

4. Banking and Internet Banking

- i. MindOut currently banks with the Co-operative Bank. Banking arrangements will be kept under review to ensure value for money.
- ii. MindOut will maximise the interest on bank balances by operating a deposit account(s) and parallel current account(s) – with a minimum balance being kept in the current account(s).
- iii. Bank reconciliations will be undertaken monthly and signed by our Management Accountant when quarterly management accounts are prepared.
iii. Outstanding items are to be investigated once 3 months old. Any discrepancies will be reported by the book keeper or the Management Accountant directly to the Chair or another Trustee if deemed necessary.
- iv. Internet transactions are input by the Director and authorised by a second signatory in line with the cheque signing limits. Second signing will take place within one month of the payment being authorised.

5. Payroll System

- i. The payroll is operated and processed in house.
- ii. All changes to annual salary rates to be authorised by the Board.
- iii. All voluntary payroll deductions to be authorised in writing by respective member of staff.
- iv. Increases other than annual pay increases will be authorised by the Board.
- v. Submission of monthly and annual returns to the Inland Revenue and other authorities is the responsibility of the Director.
- vi. Dispensation for exemption from reporting employee expense payments to be applied for and kept up to date by the Director.
- vii. Salaries will be paid by on line credit transfer. Salary payments to be credited to recipient's accounts on the 25th of each month, or the immediate working day prior to this if the 25th falls at a weekend/bank holiday. December salaries may be paid earlier in line with custom and practice with Board approval.

6. Cheques, Cheque Signatories and Electronic Payments

- i. All cheques will require **two** signatures.
- ii. At no time will blank, signed cheques be issued.
- iii. Cheque books will be kept in a secure place by the Director..
- iv. Persons authorised to sign cheques will be the Director, and designated trustees.
- v. No-one may sign a cheque made out to themselves or to their own organisation.

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- vi. One signatory must be the Director or a designated Trustee.
- vii. The Director will have authority to pay suppliers electronically.
- viii. Wherever possible regular payments to suppliers will be made electronically. A letter should be sent to each supplier indicating the need to hold their banking information for payment purposes. An attachment to this letter will be sent back to MindOut to be held on file.
- ix. When a supplier is paid electronically, the online banking transaction record advice will be signed in accordance with cheque signatories. Second signing will take place within one month of the payment authorisation.

7. Creditors/Expenditure

- i. Expenditure within agreed budgets to be authorised by the Director.
- ii. Expenditure outside agreed project budgets must be approved by the Board.
- iii. All Invoices received will be processed for payment by the Finance Assistant.
- iv. Invoices to be paid by due date or the nearest working day if this date falls at a weekend.
- v. Payments to be made only on receipt of invoices or signed claim forms (in respect of expenses) which have been authorised by the budget holder.
- vi. Details of any nominated MindOut budget holders and which budgets they hold will be clearly identified and available from the Director.
- vii. All staff expenses will be paid via internet banking except where a member of staff has specifically requested a cheque payment. Expenses under £10 in any given month may be paid by petty cash.

8. Debtors/Income

- i. All invoices are to be raised by the Finance Assistant or Director. All contracts, grants and ad hoc projects, the relevant contract/grant documentation, will be kept by the Director so that the relevant invoices can be raised and copies of all contracts/grants will be kept centrally.
- ii. A register of all grants receivable will be maintained by the Director.
- iii. Any plan for the disposal, hire or borrowing of any assets owned by the company must be presented to the Director together with details of sale price or charges (where appropriate) for authorisation.
- iv. Invoices to be raised and entered onto the accounts system as soon as possible, after receiving request to raise invoice, or if grant/contract income, raised as per the terms of the agreement. .
- v. Unsolicited income received without supporting documentation should be documented on an Income Received Form.
- vi. Income invoiced but not received should be followed up after 28 days.
- vii. Income not received after 90 days should be reported to the Board.
- viii. All cheques received are to be banked within 7 working days.

9. Contracts for Services

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- i. The Board will review the value for money of the following services at least every 3 years:
 - a. Banking Services
 - b. Cleaning
 - c. Computer maintenance
 - d. External Audit
 - e. Insurance
 - f. Internet services
 - g. Payroll
 - h. Pensions
 - i. Phones
 - j. Utilities
- ii. Changes to contracts for services will be authorised by the Board.

10. Petty Cash

- i. The limit on the petty cash float and the float holder must be agreed by the Board on the recommendation of the Director in line with MindOut's insurance.
- ii. Cash cards for withdrawing petty cash from bank will be held by the Director..
- iii. There is a daily withdrawal limit of £300 any increase in this limit must be approved by the Board and agreed with the bank.
- iv. Requests for amounts over £50 must be arranged in advance to ensure that funds are available.
- v. It is the responsibility of the float holder to ensure that specific coinage is available in their float..
- vi. The Director is responsible for the petty cash under their control and for arranging monthly reconciliations.
- vii. All petty cash transactions must be documented on the appropriate voucher showing the name of the person receiving the money, project and account category.
- viii. All petty cash transactions must be authorised by the relevant budget holder.
- ix. All receipts must be attached to the voucher.
- x. Summary details must be entered on the appropriate Petty Cash Control Sheet.
- xi. Cash received must be signed for by the person receiving the cash.
- xii. Petty cash reconciliations must be done at the end of each month.
- xiii. Reconciliations should be recorded and kept by the Director.
- xiv. Staff expenses and expenditure by staff in excess of £10 must not be claimed through petty cash without the prior approval of the Director.

11. Year End Procedures

- i. The financial accounts for the year should be completed as soon as possible after the year end.

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- ii. Draft accounts should be submitted the Board in time to agree any adjustments to accounts and movement of funds between projects well before the AGM.
- iii. Project surpluses can only be carried forward with the agreement of the Board. Other surpluses will be transferred to unrestricted reserves.

12. Consultants and Fundraisers

- i. Contracts with consultants and fundraisers will be agreed by the Director within limits set by the Board.
- ii. All payments to consultants and fundraisers will be identified separately.

13. Expenses

- i. MindOut offers reimbursement towards 'out of pocket' expenses, which are wholly and necessarily incurred in the pursuance of MindOut activities or duties as agreed by the Director.
- ii. All claims should be with the Finance Assistant by the end of the month following the expenditure.
- iii. All claims should be submitted on the appropriate claims form and supported by receipts, tickets or other proof of expenditure where appropriate.
- iv. The Director has the discretion not to pay claims that are over six months old.
- v. Expenses must be authorised by the Director. The Chair or Secretary must authorise the Director's expenses and expenses incurred by trustees.
- vi. The following are allowed to claim expenses:
 - a. Service Users;
 - b. Staff;
 - c. Trustees; and
 - d. Volunteers
- vii. Generally, reimbursement is offered for expenses, which fall within the guidelines listed below:
 - a. Accommodation
 - b. Hospitality
 - c. Mileage for use of own vehicle
 - d. Parking
 - e. Phone charges
 - f. Re-imburement of sundry office expenses- i.e. small stationery, tea/milk etc)
 - g. Travel

viii. Travel Expenses

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- a. Staff may claim travel expenses including parking costs, when required to work away from their nominated place of work, as part of their normal duties.
- b. When using public transport staff, trustees, volunteers and service users should try to take advantage of any discount fares (advance booking discounts, return tickets etc.), where these are available.
- c. When using their own vehicle staff, trustees, volunteers and service users may claim a mileage allowance in accordance with MindOut's travel reimbursement policy.
- d. Agreed taxis may be claimed on production of a receipt.

ix. Use of Private Cars for MindOut business

- a. Where a member of staff has been asked if they can use their own vehicle in the pursuance of MindOut business or where this is a requirement of their normal working duties, they are required to ensure that their motor insurance policy covers their vehicle for class 1 business use. Staff are required to produce a copy of their driving license on appointment, their insurance and MOT certificates annually and to notify MindOut of any driving convictions as they occur.

x. Accommodation

- a. If it is necessary to stay away from home overnight, and to stay in a hotel or B&B as a result of carrying out duties required by MindOut:
 - i. Prior authorisation must be obtained from the appropriate line manager and the Director.
 - ii. Wherever possible, use should be made of early booking and/or internet and phone discounts.
 - iii. Full detailed receipts covering all expenditure required before reimbursement would be made.

xi. Hospitality

- a. Where it is necessary for trustees or staff to offer to pay for refreshments on behalf of MindOut, costs should be kept to a minimum 'reasonable' amount. Trustees and staff should indicate the reason for the hospitality on their claims form. Prior arrangement with the appropriate line manager or Director should be made for any hospitality claims in advance of that expenditure being made.

xii. Home Telephone/Personal Mobile Phone Call Charges

- a. In exceptional circumstances staff, trustees, volunteers or service users may be required to use their home telephone or personal mobile phone in order to carry out a specific MindOut duty or activity. In such circumstances, authorisation may be given by the Director to

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reimburse individuals for call charges incurred, which directly relate to MindOut business.

- b. A copy of the phone bill highlighting all the calls, which are being claimed for, must be submitted with claims for telephone calls.
- c. All such claims must be signed by the individual making the claim and authorised by the Director.

xiii. Sundry Expenses

- a. Out of pocket expenses not defined above in relation to MindOut's activities may be claimed following discussion and agreement with the appropriate line manager. These expenses should be claimed in the same manner as other expenses on the appropriate expense claim form.