



BRIGHTON & HOVE LGBT SWITCHBOARD FINANCIAL CONTROL POLICY

Introduction

The objectives of the Financial Control Policy are:

1. To safeguard the assets of the charity.
2. To provide the Management and Trustees of the charity sufficient, accurate and timely information to ensure that the charity will be financially able to meet its aims.
3. To ensure that the charity can provide the financial documentation required by funding contracts.
4. To ensure the charity can meet its legal & statutory obligations – including but not limited to Charities Act, Companies Act and Inland Revenue.

This policy must be read and understood by any employee or volunteer receiving income or incurring expenditure on behalf of the charity.

General Controls

Physical Security

All chequebooks, paying in books, cash, cheques and other financial information are kept in a locked filing cabinet that can only be accessed by authorised staff and Trustees.

Segregation of Duties

Segregation of duties is enforced to minimise the risk of fraud to the charity. This is enabled by having five people within the charity (paid administrator, paid Director, book keeper, volunteer finance assistant, and volunteer treasurer/trustee) responsible for individual elements of the system.

Trustees Oversight

The Trustees will appoint a Treasurer for the charity, preferably a qualified accountant, in accordance with the requirements of the Treasurers role description, who will have responsibility to work with the Trustees and Management to ensure that the finances of the organisation are properly accounted for, with records that are compliant with all statutory and accounting regulations and accord with the requirements of funders.

The Treasurer is responsible for ensuring that the appropriate Independent Review or Audit is undertaken by an external firm of accountants annually.

The Treasurer will report to the Board on financial matters on a regular basis.

Authorisation

All cheques must be accompanied by approved & coded backup documentation, and are then authorised and signed by two Trustees.

Cheques will not be signed without supporting documentation.

No signatory may sign a cheque which is payable to themselves.

Blank cheques must NEVER be signed.

In the case of electronic payments (eg. BACS), a dual authorisation system must be used.

Authorisation Limits

With the exception of IT related spend, for all other budgeted expenditure incurred in line with the normal activities of the charity, the following authorisation limits apply for any individual item of expenditure:

From	To	Authorisation Required From
£0	£250	Director
£250	£1,000	Director + 1 Trustee
£1000+		Management Committee approval

For IT related expenditure the following limits apply:

From	To	Authorisation Required From
£0	£100	Director
£100	£250	Director + IT Trustee
£250+		Management Committee approval

No individual may authorise expenditure relating to themselves; in this situation additional Trustee approval is required.

Other than routine expenditure, most items such as capital, training and non-regular expenditure such as special advertising, has to be authorised by the Director and/or trustees, and informed by the charity's strategic plans, budgets and financial situation, in line with the above expenditure authorisation limits.

Budgets

Each year the Treasurer and Director will prepare a budget for the forthcoming financial year split across the key areas of charity activity, and at the latest should be presented to the March Management committee meeting for approval.

Throughout the year there will be regular reviews of the actual financial position versus budget so that timely action can be taken to mitigate any financial issues facing the charity.

Banking

The charity will bank with a recognised UK financial institution, operating an appropriate charity business bank account.

The bank mandate will only be changed with the authorisation of the management committee meeting.

A minimum of 4 trustees (to include the Chair, Vice Chair & Treasurer) should be included on the bank mandate and are authorised to sign cheques.

No cash card, debit card or credit card will be used by the charity.

No loan or overdraft agreements will be entered into without the agreement of the management committee meeting.

The bank provides hard copy bank statements each month, and these must be promptly reconciled to the accounting system by the bookkeeper.

Financial Systems

Grants

Grants are paid directly to the bank account, the remittance advice must be retained and details recorded of the type of funding

1. restricted or unrestricted
2. where restricted, what the specific restrictions are
3. period (exact dates) the grant covers

A log of all grant income received is kept by the administrator and reconciled by the book-keeper to the bank statements.

Donations

All cash donations received in the office, including money raised at community fundraising events, must be counted by a minimum of 2 people – 1 should be the person delivering the donation to the office, the other should be a Switchboard employee or Trustee. The amount received must be recorded on the cash receipts log, and both people must sign.

Receipts must be issued for all donations received.

Donations are kept in a secure location until being banked by the administrator. Donations should be banked gross (ie. without the deduction of any expenses or petty cash).

Where significant donations are received they are referred to and recorded in the Director's monthly report.

In the case of collection boxes/tins, these must be numbered and sealed prior to issue. A log must be kept of who they were issued to. The collection boxes/tins must only be opened in the presence of two people (1 of whom must be an employee or Trustee), the cash counted and recorded immediately upon opening, and both parties signing the recording form.

A log of all cash donations received is kept by the administrator and reconciled by the book-keeper to the amounts banked.

Counselling Income

Counselling income is paid on a regular basis by clients. The counsellor is responsible for collecting this income and signing the client's records to show that the income was received and a receipt must be provided to the client.

The cash is passed to the administrator who checks the amount received against the records and keeps a list of cash received per client along with a note of when the cash was banked.. Counselling income should be banked gross (ie. without the deduction of any expenses or petty cash).

The book-keeper is responsible for reconciling the banking to the records of cash received from clients.

Petty Cash

Petty cash is controlled by the Director, with day-to-day petty cash activity undertaken by the Administrator. The maximum petty cash float will be £150, which must be kept in a secure location in

the charity offices. Petty cash may not be issued without the authority of either the Administrator or Director.

Petty cash is replenished by the use of unrestricted income that the charity receives in cash (primarily counselling income or donations). All incoming cash must first be recorded on the income spreadsheet as income.

Any cash then transferred to petty cash must be separately recorded as such on the income spreadsheet, and also recorded on the petty cash spreadsheet. The Director must authorise the replenishment of petty cash.

Petty cash expenditure is recorded on a petty cash voucher and receipts must be attached to the voucher evidencing every expenditure item.

The Administrator is responsible for monitoring the petty cash, for collating the vouchers, and reconciling the petty cash balance at least fortnightly. A spreadsheet of expenditure is to be maintained, and sent to the Director and book-keeper every fortnight.

The book keeper is responsible for recording this information on the accounts package, and will reconcile the information on the spreadsheet to the petty cash float and vouchers on a monthly basis.

Invoices

Invoices need to be authorised for payment, this authorisation is done by the Director except in cases where payment is due to the Director (expenses, for example) whereby the invoice must be authorised by a Trustee.

Details of the type of expense and relevant project (or where applicable the split across multiple projects) must be noted on the invoice prior to payment to assist accurate accounting by the bookkeeper. It must also be noted if the expenditure is being paid from restricted funds (and if so, which specific funds) or from unrestricted funds.

Cheques are produced by a volunteer finance assistant and stored with the backup documentation (eg approved invoice) for signing by Trustees, before they can be sent to the payee.

Volunteer & staff expenses

All volunteers and staff can claim expenses in line with our expenses policy. A claim form must be completed and submitted to the administrator for processing. Once authorised by the Director, a cheque is prepared in line with the above procedure.

Payroll

The payroll is administered through an external bureau.

The payslips and tax payment advice are forwarded to the organisation with cheques drawn for the relevant payments (employees, Inland Revenue) in line with the above procedure.

Payments to settle the PAYE and NI liability to HMRC can be made online via the HMRC website (no additional signatory is required for these payments).

All payroll changes, adjustment or special instructions must be communicated to the payroll bureau in writing (email will suffice) and be approved by 2 Trustees, one of whom should be the HR Trustee.

Accounting Records

All income and expenditure is recorded in a commercially available accounts package. Input is undertaken by the book keeper and overseen by the Treasurer. The accounts package can be accessed by the Director and the Treasurer to review specific transactions.

The bank accounts are reconciled monthly to the accounts package and cross checked to an independent control sheet administered by the Treasurer.
The accounts package is used as the basis for producing management accounts and the annual Financial Statements.

Oversight

Cash flow is monitored on a regular basis by the Treasurer who reports to the monthly management committee meeting on the financial affairs of the charity.

This policy and the way in which it operates will be reviewed every 2 years.

The policy was reviewed in Oct 2013

Signature.....
Chair

Date.....