

# POLICY AND PROCEDURE



Solihull  
Life  
Opportunities

St Andrew's Centre  
Pike Drive  
Chelmsley Wood  
Birmingham  
B37 7US

Charity No. 1102297  
England Company No.  
5025939

## *Financial Controls*

**Category:** *Financial*

## **Policy Statement**

SoLO is committed to ensure that all financial policies and procedures are compliant with legislation and are open and transparent to ensure the integrity of the organisation and its trustees.

## **Introduction**

1.1 Financial records will be kept so that SoLO can

- Meet its legal and other obligations to Charities Commission Inland Revenue, Customs & Excise and any other appropriate bodies.
- Enable the Trustees to have control of SoLO's finances.
- Enable SoLO to meet the contractual obligations and requirements of funders

1.2 SoLO will keep proper books of accounts, which will include

- A cash book analysing all the transactions in SoLO's bank account.
- A petty cash book for purchases made by cash.
- The appropriate records required for tax and national insurance payroll deductions.

1.3 The financial year end will end on 31 March.

1.4 Accounts will be drawn up after each financial year within 3 months of the year-end and presented to the next Annual General Meeting.

1.5 Before the start of each financial year the Trustees will approve a budgeted income and expenditure account for the following year.

Policy Name: Financial Controls

Organisation: Solihull Life Opportunities

Date policy issued: 6.03.06 Approved by: SoLO Board of Directors Date: 6.3.06

Amended: November 2009 Approved by: SoLO Board of Directors Date: November 2009

Next Review Date: November 2010

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- 1.6 A paper comparing actual income and expenditure with the budget will be presented to the Trustee board at least every three months.
- 1.7 An appropriately qualified independent examiner and/or auditor will be appointed each year by the Trustees to examine the accounts

## **2. BANK**

- 2.1 SoLO will bank with the an approved bank where the account will be in the name of *Solihull Life Opportunities Charity 1088451*.
- 2.2 The Trustees may also decide to maintain other accounts if appropriate.
- 2.3 The Bank Mandate (list of people who can sign cheques on SoLO's behalf) will always be approved and minuted by the Trustee Board as well as any changes to it.
- 2.4 SoLO will require the bank to provide statements every month for the current account and quarterly for all other accounts. These will be reconciled with the cash book each month and the treasurer will spot check that this has been done at least twice a year and sign the cash book.
- 2.5 SoLO will not use any other banks or financial institutions or use overdraft facilities unless authorised, approved and minuted by the Trustee Board.

## **3. RECEIPTS**

- 3.1 All monies received will be recorded promptly in the cash book and banked without delay. SoLO will maintain files of documentation to back this up such as letters from funders.
- 3.2 The aim is to demonstrate that SoLO has received all the income to which it is entitled and that it is all reasonably evidenced.

## **4. PAYMENTS**

- 4.1 The aim is to ensure that all expenditure 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 but not beyond it.

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- 4.2 The treasurer/finance officer will be responsible for holding unused and partly used cheque books, which should be kept under lock and key. In his absence this duty will be delegated to the CEO.
- 4.3 Blank cheques will never be signed.
- 4.4 The same person should not be responsible for ordering, checking invoices as well as raising cheque requisitions, signing cheques and authorising payments.
- 4.5 The relevant payee's name will always be inserted on the cheque before Signature and the cheque will always be filled in.
- 4.6 No cheque will be signed without the authorised Cheque Request Form or salary payslip.
- 4.7 Money will only be spent to meet conditions and requirements of the funders within the objectives of the constitution.
- 4.8 The Chairperson and/or the Treasurer must approve expenditure of more than £1000 where it is not already agreed in the budgets.

## **5. PAYMENT AND DOCUMENTATION**

- 5.1 Every payment from SoLO's bank account will be supported by an original Invoice, which will then be filed and kept for 7 years. No payment should ever be made on a supplier's statement or final demand. The person who signs the cheque should ensure that cheque number, date cheque drawn and amount of cheque are written on the invoice. The only exceptions to this procedure should be when advance payments are being made for courses, salaries, etc.
- 5.2 All employees will be paid within the PAYE National Insurance rules. There will be a clear audit trail to show authority and reasons for all wages and salaries.
- 5.3 All staff appointments/departures at a senior level will be authorised by the Trustees, minuting the dates and salary level. Similarly all changes in hours and hourly rates and other payments such as overtime will be so authorised.
- 5.4 Petty Cash will be maintained on the imprest system with a float as that will not exceed the levels specified by our Insurers, which will then be brought up to the agreed sum by cheque or in cash when required.

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This will be supported by expenditure vouchers and the expenditure entered in the petty cash book.

- 5.5 Expenses will be reimbursed for staff, management committee and volunteers at rates agreed by the Trustee Board on receipt of relevant tickets and receipts. Car mileage rates will also be set by the Trustee Board and regularly reviewed.

## **6. CHEQUE SIGNATORIES**

- 6.1 Each cheque will be signed by 2 people who are designated signatories, one of whom must be a trustee, and in cases of emergency by the CEO and the Finance Officer, with prior verbal authorisation by a trustee – confirmed by email.
- 6.2 A cheque should not be signed by the person to who it is payable.

## **7. OTHER UNDERTAKINGS**

- 7.1 SoLO does not accept liability for any financial commitments unless properly authorised.
- 7.2 All significant fund raising expenditure and significant financial commitments undertaken on behalf of the organisation will be done in the name of the organisation with the prior approval of the Trustee Board or in urgent situations the approval of the chairperson who will provide full details to the next Trustee Board meeting.

## **8. OTHER RULES**

- 8.1 The confidentiality of employees financial circumstances will be respected at all times.
- 8.2 Trustees, volunteers and employees will at all times act in the best interest of the organisation. If they experience a conflict of interest they will not divulge sensitive information and they should make the Trustee Board aware of the nature of the conflict of interest.

## **9. OTHER RULES**

- 9.1 At the beginning of each year trustees will give consideration to redundancy liabilities, lease agreements, and any other significant factors in deciding the level of reserves that it is prudent for the organisation to have.

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9.2 SoLO will adhere to good practice in relation to its finances at all times. When relevant it will set up and maintain a register of its fixed assets, stating cost, serial number and date of purchase. Stocks of books etc. of significant value will also be recorded in the same way.

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