**\*INSERT ORGANISATION\* *TEMPLATE* FINANCIAL MANAGEMENT POLICY**

*This template is intended as a guide for your organisation to create a suitable policy for your organisation. It should always be checked to ensure that all activities or considerations are covered by this document.*

***KEY:***

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| **\*RED\*** | *The sections in* **\*RED\*** *are for you to edit to tailor to the organisation’s details.*  |
| **\*INSERT ORGANISATION\*** | *This is for the name of the group / organisation.*   |
| **\*INSERT ROLES\*** | *This is for the different categories of people within the organisation (e.g. staff, volunteers, trustees, committee, board)*  |
| **\*INSERT POSITION\*** | *This* *is the person acting as the lead for the task (e.g. Treasurer, Manager etc)* |
| Black text | Sections in black are usually not for editing. Only edit these sections if it contradicts with an existing system or policy that you already have. Think clearly before you edit those areas. |
| Orange text | Sections in orange are discussion points for your organisation. Areas in which a decision will need to be made about the best way of doing things for your organisation and all those involved.  |
| *Italic purple* | *Sections in italic purple are guidance notes. The purple sections should be deleted and the orange text you are keeping should be coloured black once the document is completed.* |

1. **INTRODUCTION**

The **\*INSERT ROLES\*** of **\*INSERT ORGANISATION\*** share overall responsibility for financial control and managing the funds of **\*INSERT ORGANISATION(S)\*** and ensuring that the organisation operates in accordance with the financial powers stated in its Constitution/ Memorandum and Articles of Association *(delete as applicable).* This document sets out how this responsibility will be exercised and where functions have been delegated to particular individuals of **\*INSERT ORGANISATION\***

1. **ROLES**

The Treasurer takes the lead on:

* Making sure **\*INSERT ORGANISATION\*** keeps proper accounts
* Reporting on financial matters at meetings
* Reporting on financial matters at the AGM
* Ensuring that **\*INSERT ORGANISATION\*** has robust and effective financial controls in place
* Ensuring policies for finance are regularly reviewed
* Liaising with the Chief Officer about financial matters and with the auditor (or independent examiner) *Depending on the size of your organisation or the level of responsibility your Treasurer needs to have, you may wish to build on the tasks that person delivers.*

The Management Committee takes the responsibility for:

* Ensuring the organisation is in a constant positive financial position
* Makes decisions on funding bid to pursue and fundraising actions
* Ensures the financial controls are in place and are being adhered to
* Self-governs and is monitoring for fraudulent activity and unethical practises
* *You can add any more responsibilities that you see fit / relevant*
1. **ACCOUNT RECORDS**

Financial records will be kept so that:

* **\*INSERT ORGANISATION\*** can meet its legal and other obligations e.g. Charities Acts, Companies Acts, HM Revenue and Customs, Common Law
* The **\*INSERT ORGANISATION\*** management always have control of the organisations finances
* The organisation can meet contractual obligations and the requirements of funding bodies

The organisation will keep proper account records. These could include:

A spreadsheet documenting all transactions (incomings / outgoings)

* Petty cash records
* Expenses records
* Payroll records

*You can tailor this section to describe accurately how you will keep your proper account records.*

1. **BUDGET**

The financial year for **\*INSERT ORGANISATION\*** will end on **\*INSERT DATE\*.**

Before the start of each financial year, the **\*INSERT ORGANISATION\*** management committee will consider the need to budget an income and expenditure account for the following year. This budget will be reviewed on a regular basis to examine its progress and efficacy.

1. **ACCOUNTS AND AUDIT**

Accounts will be drawn up after each financial year within 4 months of the end of the year and presented to the next Annual General Meeting.

The accounts will be submitted by the Company Secretary, to the Charity Commission and to Companies House.

The management committee will appoint an appropriately qualified auditor or an independent examiner to audit the accounts for presentation to the next AGM.

The management committee will review the appointment of the auditor/independent examiner at least every 3 years.

*You may not need to have your accounts audited - only those charities with gross income of more than £25,000 in their financial year are required to have their accounts independently examined or audited - below that threshold, an external scrutiny of accounts is only needed if it is required by the organisation's governing document. Check your legal structure guidance or governing document for more information.*

1. **BEST VALUE**

When procuring goods and services it is **\*INSERT ORGANISATION\***’s aim to achieve best value. For goods and services valued at over £5,000 at least 3 quotes will be obtained. *Decide on a figure that is relevant to the sort of money that you are regularly dealing with. What seems like a* ***lot*** *of money to your organisation? What would be a big, considered purchase?*

For service contracts such as ICT, telephone and cleaning organisations will be invited to submit a proposal and these will be considered in relation to specific criteria including price, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.

Service contracts will be reviewed at least every 3 years.

1. **BANK**

A bank account will be held in the name of **\*INSERT ORGANISATION\***

All bank accounts held by **\*INSERT ORGANISATION\*** must be agreed and approved by the **\*INSERT ORGANISATION\*** management committee.

The bank account will have **\*INSERT NUMBER\*** signatories / authorised people.

An up to date list of the approved account signatories /authorised people will be approved and kept by the management committee.

The signatory list will be kept updated with the bank at all times. All inactive signatories will be removed from the list immediately.

**\*INSERT ORGANISATION\*** will not use any other bank or financial institution or use overdraft facilities or invest speculatively.

1. **FUNDRAISING, FUNDING BIDS, TENDERS, AND PARTNERSHIP ARRANGEMENTS**

All fund raising, grant applications and tendering undertaken on behalf of **\*INSERT ORGANISATION\*** will be done in the name of the organisation.

If the organisation is to subsidise the cost of any work then this must be approved by the management committee.

The management committee must be aware of and approve all bids and tenders being submitted.

**\*INSERT ORGANISATION\*** may be the partner in a bid submitted by another organisation only if this is approved by the management committee and consistent with the objectives of **\*INSERT ORGANISATION\*** as set out in the Constitution/Memorandum and Articles of Association *Delete as relevant*

1. **RECEIPTS (INCOME)**

**\*INSERT ORGANISATION\*** will ensure that all the income is evidenced.

All payments / donations can be made by cash, cheque or BACS (cheques must made in the name of **\*INSERT ORGANISATION\***).

The organisation will maintain records of the sources of all income.

All monies received will be promptly banked as soon as possible.

All outstanding monies owed to the organisation will be reviewed on a regular basis and an appropriate course of action towards a solution will be agreed by the management committee.

1. **PAYMENTS (EXPENDITURE)**

Money will only be spent to further the aims of the organisation and any projects it is undertaking.

Monies received from a funder will only be used for the purposes they have been granted for and in accordance with the funder’s terms and conditions.

The management committee will ensure a system for accountability of payments and expenditure.

No payments will be authorised or cheques signed without original documentation.

The preferred method of payment is by bank transfer. Cheques will also be used when bank transfer payment is not possible. Cheque books (unused and partly used cheque books) must be kept secure.

The relevant payee's name will always be inscribed on cheques before signature. The cheque stub will always be filled in.

Blank cheques will never be signed.

1. **INVOICES**

Payment will be supported by an original invoice (never against a suppliers statement or final demand).

The original invoice will be filed and kept for seven years.

An accurate record will be kept of the payment in the account records.

1. **PETTY CASH**

The **\*INSERT ROLE\*** will have overall responsibility for the float as agreed by the management committee.

The petty cash float will be maintained at **\*INSERT AMOUNT\***

If the petty cash float is required from the bank account is it recorded on the accounts record as a withdrawal.

If the petty cash float is created from donations / subscriptions then the monies are recorded firstly as a donation and then recorded as the petty cash float on the accounts record.

1. **EXPENSES**

The management committee will decide if the organisation is in a financial position to reimburse expenses and will communicate this position with all involved.

Expenses will be paid to cover previously agreed / authorised personal transactions only.

Expenses are paid at the discretion of the management committee.

**\*INSERT ORGANISATION\*** will only reimburse reasonable expenditure paid for personally by individuals that is claimed using the agreed claim form, providing:

* Fares are evidenced by proof of purchase.
* Other expenditure is evidenced by original receipts.
* Car mileage is based on a management committee agreed sum.
* The expenditure has been authorised by a **\*INSERT ROLES\***
* The claim is submitted within 3 months of expenditure being incurred

The **\*INSERT ORGANISATION\*** Expenses Policy will be referred to for more guidance.

Monies paid out in expenses will be recorded in the accounts record as outgoings.

1. **AUTHORISING PAYMENTS**

As per good practise, there will be a minimum 3 (three) and no more than 5 (five) individuals that are approved to authorise payments.

These individuals will be registered with the relevant account and ensure they have their own access to the authorising protocols (usernames, passwords, signatures etc.) and keep these secure at all times, not sharing them with anyone else.

The authorised people will work together when a payment is required to decide which individuals should authorise a payment.

No signatory should authorise payments to him or herself. It is the responsibility of the other signatories to ensure this does not happen.

1. **SALARIES**

For all staff appointments the corresponding salaries will be authorised by the management committee and relevant individuals.

All payments will be recorded in the accounts records.

All employees will be paid within the PAYE, National Insurance rules.

Salaries will be processed using BACS systems.

A payroll company may be used to handle payroll administration who will provide records of transactions.

The Chief Officer or Treasurer will sign off the monthly submission to the payroll company.

*This whole section may be irrelevant to your organisation and you can remove or adapt as appropriate.*

1. **DEBIT CARD PAYMENTS**

The preferred and principal method of payment is BACS from the current account.

The debit card will be kept in a secure location and only used by approved individuals.

Debit card payments and usage will be authorised by **\*INSERT ROLES\***

The debit card may be used in specific circumstances, for example:

* When card payment is required by a supplier e.g. through the internet.
* When equipment is to be purchased from a reputable store or supplier.
* When exceptional circumstances prevent any other method of payment.

All debit card transactions will be evidenced with a receipt and recorded in the accounts record.

*This whole section may be irrelevant to your organisation and you can remove or adapt as appropriate.*

1. **CONFIDENTIALITY**

The confidentiality of individual’s financial circumstances will be respected at all times.

Management committee, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information about the organisation.

1. **FIXED ASSETS AND INVENTORY OF CAPITAL ITEMS**

**\*INSERT ORGANISATION\*** will set up and maintain a fixed assets register (land, buildings and large equipment) stating the date of purchase, cost, serial numbers and normal location of the asset(s).

**\*INSERT ORGANISATION\*** will maintain an inventory of all capital items (smaller equipment, tools etc.) The fixed assets register and inventory will be produced and reviewed by the **\*INSERT ROLES\*** and overseen by the management committee.

1. **RESERVES AND INVESTMENT POLICIES**

The management committee will determine the level of reserves that is appropriate for **\*INSERT ORGANISATION\*** to have to cover any relevant costings or eventualities.

Consideration will be given to

* future strategies
* potential redundancy liabilities
* any other significant factors

which may need to be taken into account were **\*INSERT ORGANISATION\*** to move to new premises or cease to exist.

The specific reserves policy including any designation of reserves for specific purposes will be agreed by management committee on an annual basis.

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| Status / Version | Date Revised | Author | Review Date | Signed By |
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**DISCLAIMER**

**This good practice model policy is produced by Warrington Voluntary Action for you to adapt to suit the needs of your organisation. Please note that we do not accept any liability for how it is used.**