



## Hope 4 (Rugby) Ltd. Finance Policy

### 1.0 Introduction

- a) Hope 4 (Rugby) Ltd., including the Rugby Foodbank which the charity oversees, will endeavour to ensure that all financial practice adheres to legal requirements and the highest standards of probity appropriate to a charity.
- b) Financial records must be kept so that:
- The organisation meets its legal and other statutory obligations, such as Charities Act 1993, Inland Revenue, Customs & Excise and common law.
  - The trustees have proper financial control of the organisation.
  - The organisation meets the contractual obligations and requirements of funders.
- c) The accounts, which may be kept in electronic format, must include:
- A cashbook analysing all the transactions appearing on the bank accounts.
  - A petty cash book for cheque and cash transactions.
  - Inland Revenue deduction cards P11 for PAYE purposes. For practical purposes this is carried out by a professional payroll company providing live tax and National Insurance information to HMRC electronically. The trustee responsible for payroll matters is to ensure that all sums owed to HMRC in respect of PAYE / NI are paid to HMRC within the time frames permitted, to ensure no late payment penalties occur.
- d) Accounts must be drawn up at the end of each financial year (within 6 months of the end of the year) and presented to the next Annual General Meeting.
- e) Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year in accordance with the priorities in the approved business plan.
- f) A report comparing actual income and expenditure with the budget will be presented to the Hope 4 (Rugby) Ltd Board monthly or whenever meetings take place. This report will also predict cash flow and review the reserves held.
- g) The financial year will end on 31<sup>st</sup> March each year. The annual statement of accounts will be examined by an independent accountant.

### 2.0 Banking

- a) The Charity will bank with Lloyds Rugby branch and Hinckley and Rugby Building Society. All accounts will be held in the name of Hope 4 (Rugby) Ltd and Rugby Food Bank. The following accounts will be maintained:

Business Current Account  
 Business Bank Instant Access Account  
 Rugby Foodbank - Current Account

For the purposes of its mortgage loan, the Charity will bank with NatWest Rugby Branch, and accounts will be held in the name of Hope 4 (Rugby) Ltd. The following accounts will be maintained:

Current Account and Loan Account

For the purposes of compliance with charity law reserves policy, an account will also be held with the Hinckley and Rugby Building Society:

## Hope 4 (Rugby) Ltd - Charity Reserves.

- b) Two persons – out of four mandated by the Trustees - will have responsibility for authorising electronic, cash or cheque, transactions with a combined limit of £7000 per month, all overseen by the charity's Treasurer. All these authorisations will be recorded and reported at the next Trustees' Meeting. In exceptional or urgent circumstances, undertakings in excess of £7000 in a given month can be made with the approval of at least two more Trustees who will also have attempted to contact other Board members. Full details will then be provided to the next meeting of the trustees.
- c) The persons authorised by the Trustees to have overall responsibility for electronic transactions for the current account will be allowed to transfer amounts between accounts for the maximum benefit of the charity, subject to the written agreement of the charity's Treasurer. All these authorisations will be recorded and reported at the next Trustees' Meeting.
- d) 2 signatories – out of four mandated by the Trustees - will be required for any cheque issued.
- e) Bank and Savings Accounts - Funds held in these accounts (as required in para.5 below) are only to be capable of being withdrawn / transferred with at least two signatories out of four mandated by the Trustees. All such transactions are to firstly be authorised by the Hope 4 (Rugby) Ltd. Board and minuted accordingly. Savings accounts can only be opened with the authorisation of the Hope 4 Trustees and minuted accordingly.
- f) The bank mandates (listing the people who can sign cheques, or authorise electronic transactions, on the charity's behalf) will always be approved and minuted by the Hope 4 (Rugby) Ltd Trustees as will all subsequent changes to them.
- g) The charity will require the bank to provide statements every month and these will be reconciled with the electronic cashbook account monthly. This reconciliation will be undertaken by a Director other than the person authorising bank payments.
- h) The charity will not use any other bank or financial institution, or use overdraft facilities or loans or invest speculatively unless approved and minuted by the Board of Trustees of Hope 4 (Rugby) Ltd.
- i) The trustees will ensure that any account accessible by mandated Board members will never hold funds in excess of the amount prescribed in any Hope 4 (Rugby) Ltd. Fidelity Guarantee Insurance Policy.
- j) Cashpoint and debit cards will not be used and if issued by the bank will be immediately cut in half and destroyed.

k) Upon termination of contract or resignation of trusteeship, trustees and staff who are designated bank signatories, or hold a company credit card, will return all cards, including bank log in cards and equipment, on or before the end of their contract or trusteeship. These should be returned to the Treasurer or Company Secretary. The Treasurer or Company Secretary will advise the bank of changes and deletion of signatories.

### 3.0 Receipts

- a) All monetary donations will be dealt with according to the cash policy and banked within 3 working days or receipt and recorded promptly.
- b) Hope 4 (Rugby) Ltd will maintain records and documentation to ensure a clear audit trail is maintained.

### 4.0 Payments and Purchasing

- a) All expenditure made on behalf of Hope 4 (Rugby) Ltd must be authorised and evidenced by invoice, receipt or certification.
- b) Payment made by the Hope 4 Administrator for agreed invoices and expenses up to £1000 must be authorised by 1 director and for invoices and expenses over £1000 by at least 2 trustees. If the payment is for expenses incurred by a director, they must be authorised by a different trustee for payment.

- c) The property manager has an agreed budget set by the trustees each year and recorded in the charity's budget. The individual can authorise invoices and expenditure within this budget and payments can be processed without additional authorisation from the trustees, but only in accordance with the expenditure guidance outlined in 4b (above). The Treasurer will also review property expenditure on a monthly basis.
- d) Invoices, expenses, and other payments will normally be made *at least* once a month (by BACS), by a person nominated by the Hope 4 (Rugby) Ltd. Board. A hard copy of all invoices and payment information will be held for a minimum period of 6 years.
- e) Salary payments will be made using the services of a payroll company, first agreed by the Hope 4 (Rugby) Ltd. Board.
- f) The cheque book will be kept in the safe in the Hope Centre office.
- g) Two authorised signatories – out of four mandated by the Trustees - are required for all cheques. Blank cheques must never be signed.
- h) A cheque must not be signed by the person to whom it is payable.
- i) The relevant payee's name will always be inserted on the cheque before the signatures and the cheque stub will always be properly completed.
- j) No cheques are to be signed without original supporting documentation (see below). The cheque signatory must ensure that it is referenced with:
- Cheque number
  - Date cheque drawn
  - Amount of cheque
  - Details of BPC sub-account to be charged
- k) Any agreements to pay by direct debit must be authorised by the Hope 4 (Rugby) Ltd. Board.
- l) At least one quotation must be obtained for single items under £1000 and 3 quotations for single items over £1000.
- m) All cash book entries, including income and expenditure, to be reconciled and balanced at least monthly with a check of receipts, by a director independently of the individual involved in the original transaction.

## 5.0 Payment documentation

- a) Every payment out of the charity's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained for at least 6 years and filed.
- b) The only exceptions to cheques not being supported by an original invoice are items such 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.
- c) A hard copy record of all salary, national insurance and HMRC payments will be maintained for at least 6 years and made within the PAYE, National Insurance regulations.
- d) All staff appointments/departures will be authorised by the Hope 4 (Rugby) Ltd. Board, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc., will be similarly authorised.
- e) Petty cash records must always be maintained in hard copy. All cash, cheques received and cash payments made must always be recorded in the hard copy cashbook. The Treasurer or Assistant Treasurer will check the cash on a weekly basis reporting discrepancies to the Board. Cash in excess of £250 will be promptly banked. Any cash issued in advance must be supported by a petty cash slip signed by the recipient of that money. The relevant receipts must be stapled to the petty cash slip to support the subsequent expenditure of that money.
- f) Expenses / allowances: Hope 4 (Rugby) Ltd. will, if asked, reimburse expenditure paid for personally by staff and volunteers but only if authorised in advance and be in respect of Hope 4(Rugby) Ltd. business, providing:
- Fares are evidenced by tickets.
  - Other expenditure is evidenced by original receipts.
  - Car mileage is based on local authority scales.
  - No cheque signatory signs for the payment of expenses to themselves.
  - Cars used for business purposes must be appropriately insured for business use and to include transporting passengers.

## 6.0 Credit Cards

- a) The use of any Credit Card facility and the credit and transaction limit must be approved and minuted by the Board of Trustees. The use of the Credit Card facility is only for specified employees. The individual use of the credit card by a specified employee is subject to a credit limit (£2000).

- b) Individual transactions will be limited to authorised transactions as set out in 7.0 below.
- c) The transactions generated by the use of any credit card will be reconciled on a monthly basis and reported as part of the financial report to the Board of Trustees.

## **7.0 Reserves**

- a) Reserves will be maintained to cover all known liabilities in the event of a decision to wind up the charity. The level of reserves required will be considered as part of the annual budget planning cycle and again after 6 months.
- b) The reserves are to be held in a separate bank/ building society account.
- c) Reserves are to include:
  - Redundancy and notice payments
  - Mortgage charges for at least 12 months - allowing for the sale of any or all property owned by the charity.
  - Utilities
  - Contracts e.g. telephone & broadband

## **8.0 Room Hire Agreements & Charges**

- a) The Board will review and approve room hire and other charges annually as part of budget setting. For each room hire a formal agreement will be signed.
- b) The Company Secretary can authorise a discount of up to 15% for a regular booking or a reduction per hour when hiring out a room or rooms in the Hope Centre. The reasons for this need to be reported to the next Board meeting.

## **9.0 Invoicing Procedures**

An electronic invoice tracking procedure will be maintained to track all debtors and creditors, thereby ensuring that all income is received and creditors paid in a timely manner.

## **10.0 Insurance**

- a) The Director responsible for insurance will review and prepare a report to the Hope 4 (Rugby) Ltd. Board for at least one meeting before the renewal date. This report will include insurance cover for buildings, activities, assets register, trustees insurances, employees and public liability. The report will recommend the insurers and the indemnity required for each element.
- b) Grant agreements and Service Level Agreements, where appropriate, need to be reviewed to identify the levels of cover required.

**11.0 Fundraising** See here the separate Hope 4 Fundraising policy document.

## **12.0 Asset Register**

The Hope 4 (Rugby) Ltd. trustees will adhere to good practice in relation to its finances at all times, e.g. the Charity, as part of its annual financial records, will maintain a property record of items of significant value, with an appropriate record of their use.

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