

Barmulloch Community Development Company

Financial Management Policy & Procedures

Introduction

The purpose of this policy is to ensure that Barmulloch Community Development Company has safe and efficient financial processes, that expenditure is planned and controlled against approved budgets and that all financial transactions are correctly recorded.

Background

This policy is about making appropriate levels of authority and responsibility clear. This should protect staff and Board members, ensure consistent decision making and prevent opportunities for, and any accusation of, financial mismanagement.

Due to the size of the organisation it may not always be possible to maintain full separation of duties. The overall purpose of the policy and procedures is to encourage stewardship within a practical framework. The Policy will be reviewed at least every 1 year.

Overall responsibility for financial management lies with the Board, but day to day detailed working, including the development of appropriate procedures is mandated to the Finance sub-committee comprising of the Treasurer and Finance Manager and any other appointed appropriate person.

The Approach

General

- Proposed expenditure must always be checked against available budgets before commitments are made.
- All project specific funding and projected expenditure is to be contained in a Budget which is developed annually and reviewed regularly. Staff will be made aware of any budget for which they are responsible.
- All monitoring arrangements entered into with any funding body shall be adhered to, and the use of any unspent or under spent grant must be agreed in advance with the granter.

Roles and Responsibilities

Role of Board (relating to finance)

The Board's role includes

- To approve the annual budget
- To receive and approve the annual audited accounts
- To review management accounts at board meetings
- To approve any one off spend over £1000
- To ensure that the annual accounts are in the format prescribed by OSCR
- To ensure that any monies received are used for the purposes for which they are given
- To ensure that adequate financial procedures and policies are in place and regularly reviewed
- To appoint an independent examiner and auditor of annual accounts

Role of Finance sub-committee

The role of the Finance sub-committee is to work on the detailed financial management of the Company on behalf of the board. This includes:

- To prepare an annual budget for approval by the Board.
- Wherever possible Budgets should be set and agreed for any planned activity, including events
- To scrutinise management accounts and submit to Board for review
- To scrutinise the annual accounts, develop financial procedures, review budgets etc on behalf of the Board.
- To review bank statements
- To approve any one off spend over £500 in total but under £1000 within approved budgets. All purchases for which there is no agreed budget or for over £500 must be approved by the Finance sub-committee
- To carry out an annual regular review of systems

The sub-committee should meet at least quarterly, more frequently if required.

Role of Treasurer

The treasurer plays an important role in leading and supporting the board in all financial matters. The Treasurer should have appropriate experience in financial matters. Their role includes:

- To act as Chair of the Finance sub-committee where possible
- To oversee financial reporting, the audit and annual accounts
- To advise on and lead any review of financial procedures
- To oversee, submission of the accounts/company returns to all relevant bodies.
- To oversee, monthly payroll, HMRC and pension responsibilities.
- To oversee and adhere to financial budgeting, forecasting and planning.
- To inform the board of any financial difficulties as soon as possible.
- To oversee and ensure all restricted funds as used only for the purpose granted.
- To oversee and ensure bank accounts do not incur any unnecessary charges.

Role of Finance Manager

- Prepares reports for the Finance sub-committee, board and funders, as required.
- Maintains all financial and asset records
- Prepares information in an appropriate format for the annual audit.
- Processes payroll and associated reporting requirements on time
- Process bank transfer payments for Payroll and Suppliers

Delegated authority levels

The Finance Manager has delegated authority to make one off purchases within the scope of the agreed budgets up to a maximum of £500

Approval may be by email or at appropriate meetings. Wherever possible any expenditure which requires approval should be written in a short paper for approval at the relevant meeting. Only in case of emergencies or where approval is required quickly should email be used. All requests for approval should indicate:

- The likely expenditure
- The funding source (if appropriate)

Once approval has been given – only material changes to the agreed expenditure or any increase in costs requires re-approval.

Accounts and budget control

Management accounts

- To be prepared at least quarterly
- To be reported against budget through Finance sub-committee
- To be broken down under headings by property / project as deemed appropriate by the Board and all transactions categorised either (1)Restricted funds or (2)Unrestricted funds.

(1)Restricted funds are any monies that can only be used for the purpose set out in any grant award terms and are restricted so not used for any other purpose. These monies should be returned to the grantor if not used within the allocated time or cannot be used for the allocated purpose.

(2)Unrestricted funds are monies generated by fundraising and hall lets for general use by the company in accordance with any company policies.

Annual budget

- Treasurer / Finance Manager to set with Finance sub-committee support for approval by full Board
- To be reviewed at regular Finance sub-committee meetings

Grant funding management

- Relevant staff members to be responsible for grant applications and drawdowns with Finance sub-committee support

Suppliers and Invoicing

- Appointment of new suppliers to be arranged by the Finance Manager and approved by Finance sub-committee
- In order to prevent fraudulent payments to fictitious suppliers, new suppliers must provide their bank details on letterhead
- Standard checks to be carried out on new suppliers to ensure that the companies exist and are creditworthy
- Proposals for major items of expenditure over £10,000 must be accompanied by at least two quotes
- Supplier Invoices must be processed, and paper copies filed and cross referenced in a manner that would allow reconstruction of the financial records in the case of IT failure

Management of Bank accounts

The company has 2 bank accounts with Unity Trust Bank PLC in the form of a Current Account and Deposit Account.

All are operated through internet banking.

- At least 4 unrelated signatories should be maintained.
- Payments require 2 unrelated signatories

Standing orders and direct debits

- Standing orders and direct debits will be used for on-going items wherever possible
- 2 signatures are required to set up a direct debit or standing order.

Use of bank transfers / internet payments

- A bank transfer may be used to pay an invoice when it is deemed the most suitable way to settle an outstanding account or transfer monies for the payment of salaries and PAYE. We would expect that the majority of payments will be made by bank transfer
- The finance officer will set up the transaction for payment.

- Copies of all paper work should be retained for financial records.

Use of Cheques

- Cheque books will be stored at the main office location of Barmulloch Residents Centre, 54 Quarrywood Road, Glasgow, G21 3ET.
- At least 4 unrelated signatories should be maintained.
- Payments require 2 unrelated signatories
- Cheque payments should be kept to a minimum and where possible bank transfer should be used. No blank cheques to be issued and all cheques must be fully completed before being signed by 2 signatories being present.
- All cheque stubs must be completed at the time of signing and retained.
- Cheques should not be signed without an invoice or other supporting paperwork.

Payroll

The Finance Manager is responsible for payroll and all associated employee deductions

- Information about all leave, sickness, special leave etc should be recorded.
- Information about sickness rates will be collated and provided to the board for each meeting if required.
- Salaries should be paid by bank transfer unless in case of emergency.
- No employee should receive any advance of salary for hours yet to be completed.

Bank statements and reconciliations

- Bank statements will be available at each Finance sub-committee meeting
- Bank reconciliations to be carried out by Finance Manager and will be presented to the Finance sub-committee.

Banking

- Cash to be banked as soon as possible to ensure no more than £1000 is retained on the premises.
- Cash should not be taken out with the head office unless heading to be banked.

Payments for room bookings and lets

- It is preferred that all payments are received by bank transfer. In the event that some lets pay by cash this is received at the head office address and deposited into the locked post box.
- Bad debts are reviewed monthly when reconciling payments and contact is made to pursue any outstanding amounts. Tenants and let holders are advised in advance when booking that no further bookings will be taken if payments are not received.

Other financial matters

Petty cash

Petty cash is for small levels of expenditure that are incurred in the course of usual work practice and is not to be used as a means of claiming Travel Expenses or Expenses which amount to a single transaction of over £20.

- Petty cash of no more than £100 available.
- Petty Cash kept securely at head office and administered by the Finance Manager.
- Receipts must be submitted for any claim of petty cash and any expense must have been agreed in advance by the Finance Manager.
- Where possible all expense claims should be paid by bank transfer to the receivers nominated bank account.

- Petty cash will be reconciled by Finance Manager on at least a fortnightly basis.

Contracts

Only the Finance Manager has the authority to enter the Company into a contract which requires an on-going commitment and without first checking budgetary availability. All such contracts should be approved by the Finance sub-committee where possible.

Expenses (staff and volunteers)

- For staff, claims should be made monthly and should always be accompanied by receipts and all expenses should be agreed in advance and received by bank transfer.
- For volunteers, claims can be made weekly where possible and every effort should be made to ensure that a volunteer is not out of pocket for an unreasonable length of time. Small amounts (up to £20) can be paid to volunteers through petty cash, above this amount should be paid by bank transfer.
- Up to £20 can be advanced for particular and specific purposes. (For example purchase of stamps etc). Receipts and change to be brought back immediately
- No item costing more than £100 can be claimed on expenses.

Credit Cards

- We do not use issue credit cards in the company.

Asset register

- To be maintained on excel system
- Physical checks carried out annually
- Any loss to be recorded when it happens
- Any asset (e.g. laptop) being used by a member of staff when they leave employment should be returned immediately

Donations

- Any donation over £500 received shall be acknowledged in writing and reported to the Finance sub-committee.
- All donations received will be banked as soon as possible after receiving.

Policy review

The policy will be reviewed at least every 1 year by the board or appropriate sub group delegated by the board.

This document was originally drafted on 22nd August 2016 and is annually reviewed taking into consideration any changes in laws and regulations.

Last review date 1st April 2019