



Lyvennet Community Trust

Financial Controls Policy

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INTRODUCTION

The board recognises the importance of keeping accurate and transparent financial records so that:

- ✓ The organisation meets its legal and other statutory obligations, such as Company Law, Charities Act, Inland Revenue, Customs & Excise and common law.
- ✓ The board members can fully exercise their responsibilities as Company Directors and Charitable Trustees by having proper financial control of the organisation.
- ✓ The organisation meets the contractual obligations and requirements of its funders and investors.

This Policy paper includes references to staff. At present the Trust does not employ any staff and therefore any staff roles mentioned in this Policy will be undertaken by the Chair and/or Treasurer, either jointly or singularly.

1 INTERNAL CONTROLS

- 1.1 No single individual will have complete control over the entire sequence of financial transactions
- 1.2 Day to Day responsibility for monitoring the finances of each project undertaken by the Trust lies with the Treasurer and Chair with input from other Board members and Trust Managing Agent.
- 1.3 The Treasurer has specific responsibility for overseeing the financial management of the Organisation and ensuring that the information is presented in a clear and understandable way to the Board.
- 1.4 Any specific duties undertaken by the Treasurer and Chair do not reduce the Board's collective responsibility to make sure that the financial affairs are being managed in a professional and prudent manner and that risks are minimal.

2 ACCOUNTS

- 2.1 The Trusts managing agents will maintain monthly accounts using a financial software package supported by a clear audit trail and maintain a monthly analysis of transactions which will be provided to the Chair/Treasurer on a monthly basis. The Chair/Treasurer will have access to all account details and

transactions at any time either by access to internet bank account or direct access via their managing agent

- 2.2 If required it will also maintain a petty cash book if cash payments are being made.
- 2.3 If required, the Trust will use Inland Revenue deduction cards P11 (if registered for PAYE)
- 2.4 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 for approval.
- 2.5 A report comparing actual income and expenditure will be provided to the Trustees every three months.
- 2.6 The report at 2.5 will incorporate a rolling 12 monthly budget.
- 2.7 The AGM will appoint the Charity's accountants and determine the need for independent auditing.2.8

3 BANKING

- 3.1 The Trust will bank with Cumberland Building Society and accounts will be held in the name of the Trust.
- 3.2 The Trusts Managing Agent will operate and manage a separate revenue account with Barclays Bank.
 - The procedures for operation of this account will be in line with this Policy document.
 - Bank statements will be provided to the Trust monthly
 - All transactions will be reconciled to a cash book provided monthly
 - Tenant rent statements will be provided to the Trust every 3 months
- 3.2 The bank mandate will list 4 Board Members who can sign cheques on the organisations behalf. These individuals will always be approved and minuted by the Board as will all the changes to it.
- 3.3 Each cheque / transaction from the account will be signed / authorised by at least two of the approved signatories.
- 3.4 A cheque must not be signed by the person to whom it is payable

- 3.5 The Trust will require the bank to provide statements every month.
- 3.6 The Trust will look to set up electronic payment system and account monitoring facility but only in line with the same protection controls expressed for non-electronic payments.
- 3.7 The Trust will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the Board.

4 RECEIPTS

- 4.1 All monies received will be recorded and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc.). The Trust will maintain files of documentation to back this up.

5 PAYMENTS

- 5.2 All expenditure will be on company/Trust business only and will be properly authorised so that this can be demonstrated.
- 5.3 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 5.4 Blank cheques will NEVER be signed.
- 5.5 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 5.6 No cheques should be signed without original documentation (see 5.7 below).
- 5.7 Every payment from the Trust's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). The original invoice will be retained by the Trust and filed. One of the cheque signatories should ensure that the invoice is referenced with:

- | | |
|-----------------------------|--------------------|
| 1 Authorisation for payment | 3 Cheque number |
| 2 Date cheque drawn | 4 Amount of cheque |

- 5.8 The only exceptions to cheques / transactions not being supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, VAT, etc..

Where an original invoice is not available payment can be made subject to the provision of a valid receipt

- 5.9 Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition form asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations.
- 5.10 All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised either by the trustees.
- 5.11 Petty cash will always be maintained on the imprest system where by Administration Worker is entrusted with a float as agreed by the trustees. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.
- 5.12 Expenses/allowances. The Trust will, if asked, reimburse out-of-pocket expenditure paid for personally by Board members, volunteers and staff, providing:
- ✓ Fares are evidenced by tickets.
 - ✓ Other expenditure is evidenced by original receipts.
 - ✓ Car mileage is based on local authority scales.

6 OTHER RULES

- 6.1 The Trust will not accept liability for any financial commitment unless properly authorised.
- 6.2 Any orders placed or undertakings given which are likely to cost the Charity in excess of £1,000 must be authorised and minuted by the Board.
- 6.3 In exceptional circumstances such undertakings can be made by the Chair and Treasurer. When this rule is exercised full details will be provided to the next meeting of the Trust Board.
- 6.4 All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the Trust with the prior approval of the trustees or in urgent situations the approval of the Chair who will provide full details to the next Board meeting.

- 6.5 The Trust will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets.
- 6.6 The Trust will maintain a property record of items of significant value, with an appropriate record of their use.
- 6.7 Funding Monitoring - The Trust has/will have various funders requiring varying monitoring information. The Board is expected to meet the monitoring requirements. If deadlines for monitoring returns are unable to be met, the Chair should be informed and he/she will approach the funder with an explanatory letter and negotiate a possible new deadline.
- 6.8 Insurance – The Trust will comply with employers and public liability insurance as necessary. In addition, contents of any offices and those contents of the group homes which are the responsibility of Trust should be covered by insurance. The Trust will ensure adequate cover is in place for all business activities with a recognised insurer that has clear claims procedures.