Dated: 22nd June 2014
Authors (& role) Steve Roe (Honorary Treasurer)

FINANCIAL CONTROLS POLICY

Terms
"The Charity" *means Malvern Community Forest, registered Charity number 1142997*
"Accounting records" means the documents, books and other systems of account kept by a charity of money coming into and going out of the charity and a record of its assets and liabilities.
"Management accounts" *means financial reporting put in place to provide Trustees, managers and budget holders within the charity with the financial information they need to manage the Charity's financial affairs*.
"Treasurer" *may mean a Trustee who is not the Treasurer but to whom specific responsibility(ies) has been delegated.*

1. Overview

1.1 Context

1.1.1. This Policy is governed by the Charity's Constitution and is based on Charities Commission Guidance CC8 http://www.charitycommission.gov.uk/publications/cc8.aspx#c
1.1.2. A key feature relates to *segregation of duties* to ensure that no single individual has sole responsibility for any single transaction from authorisation to completion and review.
1.1.3. Trustees need to protect the assets and get the most out of the resources of the Charity.

1.2 Policy Statement

1.2.1. The Trustees will:
- 1.2.1.1. keep sufficient and accurate accounting records of transactions to show the Charity's financial position.
- 1.2.1.2. prepare and approve statutory accounts that meet legal requirements.
- 1.2.1.3. ensure accounts are filed on time with the Charity Commission where filing is required by law.
- 1.2.1.4. take steps to prevent and detect bribery, fraud, and other irregularities
- 1.2.1.5. ensure that accounts are audited externally if required by law or by the Constitution.

1.3 Proportionality

1.3.1. Through this Policy the Trustees have determined which controls and procedures are appropriate to the Charity, these being proportionate to the risks involved.
1.3.2. This Policy will be reviewed annually by the Trustees to determine it is relevant to, and appropriate for, the Charity and not too onerous or disproportionate.

2. Reporting Requirements

2.1 Statutory Reporting: Charity Commission

2.1.1. Accounts will be drawn up at the end of each financial year and within 3 months of the financial year end. Accounts will be presented by the Treasurer to the Annual General Meeting.

2.2 Non-Statutory Reporting: Management Accounts

2.2.1. The Treasurer will prepare for each Trustee meeting:
- 2.2.1.1. the latest management accounts;
- 2.2.1.2. a comparison of budget to actual figures;
- 2.2.1.3. an explanation for variances ;
- 2.2.1.4. details of cash flow and closing bank balances.

2.2.2. Trustee meetings will have a standing order for discussion of financial matters to allow for Trustees to raise any issues of concern.

2.3 Non-Statutory Reporting: Restricted Funds

2.3.1. A report will be maintained that describes the value, purpose and source of any restricted funds.

3. Internal Financial Controls

3.1 Banking & Accounts

3.1.1. Trustees will ensure accounts are reviewed regularly to ensure they are relevant and that the rate of return is competitive.
3.1.2. Only Trustees will operate bank accounts in the Charity's name.
3.1.3. Bank account(s) will be operated in accordance with the agreement with the issuing Bank and will not be used for any money transfers for the private benefit of individuals or third parties under any circumstances.

3.2 Restricted funds

3.2.1. The Trustees will ensure that controls exist to provide assurance that any restricted funds are spent only on the purposes for which they were given.
3.2.2. The Treasurer will record the nature of any restrictions or conditions placed on income received.

3.3 Electronic (online) banking

3.3.1. The Charity will use electronic (online) banking when this service is available from the Bank.
3.3.2. The online banking system will operate using Dual Authority to ensure
- 3.3.2.1. proper approval for movements between, and payments from, bank accounts.
- 3.3.2.2. clear segregation of duties to prevent a single person controlling substantial resources.

3.3.3. Only authorised Trustees will have access to online banking and such Trustees will be:
- 3.3.3.1. appointed by the Trustees;
- 3.3.3.2. pro-active in preventing unauthorised access to account or information.

4. Income Controls

4.1 Banking & Custody Procedures

4.1.1. Cheque, cash and other receipts will be banked regularly and promptly, or will be placed in a safe location and they will be promptly recorded in the accounting records and receipt will be acknowledged.
4.1.2. Income receipts will be banked gross without deduction for costs or expenses.
4.1.3. Donations or hospitality receipts will be reported to the Trustees.

4.2 Cash
4.2.1. Collection boxes will be controlled. Licensing will be agreed with the appropriate Local Authorities.
4.2.2. Cashing-up will be undertaken only by people that have been authorised by the Trustees.

4.3 Cheques
4.3.1. Cheques will be given to a Trustee or sent to a secure residential address.

4.4 Bank transfers / Standing Orders
4.4.1. Income received by transfer will be acknowledged by post or by email.
4.4.2. Membership records will be updated when appropriate.

4.5 Gift Aid
4.5.1. The Charity will encourage members that are eligible to make a Gift Aid declaration.
4.5.2. The Charity will maintain records as required by HMRC.

5. Expenditures Controls
5.1 Budgeting, Ordering & Levels of delegated authority
5.1.1. Expenditures will be made within an agreed budget.
5.1.2. Additional spending outside agreed budgets will need to be authorised to levels in Annex 1.
5.1.3. Authority levels for placing orders and for approving payments will be established and is given in Annex 1.

5.2 Tenders & Quotations
5.2.1. The Charity will seek value for money through a test of the market. Competitive- and select- tendering for contract work and comparison of quotations for purchases will be used.
5.2.2. Requirements for tendering and quotation are given in Annex 2.

5.3 Payments
5.3.1. Payments by cheque will be authorised by signatories within Levels of Delegated Authority. Payments above the Levels of Delegated Authority will need to be authorised by the Trustees.
5.3.2. Payments by debit card, credit card and charge cards are prohibited.
5.3.3. Direct debit, standing order and BACS direct payments will be managed through Dual-authority online banking within Levels of Delegated Authority. Documents setting up the payments will be retained as part of the charity's accounting records.
5.3.4. Payments in cash will not generally be made as the Charity holds no ‘petty cash’. Where payments are made in cash:
- 5.3.4.1. cash payments will be for small amounts only;
- 5.3.4.2. cash payments will be claimed as an Expense Claim (see XX)
- 5.3.4.3. Supporting documentation for the cash payment will be authorised by someone other than the person making the cash payment.

5.3.5. Invoices or receipts received will be checked against orders to confirm price and receipt of the goods or services.

5.4 Grant expenditure
5.4.1. A budget for grant expenditure will be set.
5.4.2. Payments will be made according to any restrictions on the grant awarded.

5.5 Expenses
5.5.1. Expense claims will only be accepted for legitimate expenses incurred on behalf of the Charity.
5.5.2. Expense claims will be made using the relevant Claim Form and authorised by someone other than the claimant, and according to the Financial Control Rules.
5.5.3. Expense claims will usually require receipts; where a receipt is not available then the reason for this should be recorded against the claim.
5.5.4. Expense reimbursement will be made only by cheque or BACS transfer.

5.6 Wages and salaries
5.6.1. The Charity has no employees.

5.7 Cheque management
5.7.1. The Trustees will ensure that dual signatories are required on all cheques. The signing of blank cheques is prohibited.
5.7.2. Cheque books will be kept in a secure place.

6. Audit
6.1 Internal Audit: Checks on Incomes
6.1.1. The Trustees delegate authority to the Treasurer and to another Trustee to review and check the operation of internal control systems and procedures. These checks will be made by someone other than the person concerned with the original recording of the transactions.

6.2 Internal Audit: Checks on Expenditure
6.2.1. Checks by Trustees (someone other than the person concerned with the original recording of the transactions) will help identify poor accounting practice and also identify any unauthorised payments.
6.2.2. Bank reconciliations will be prepared at least bi-monthly for all accounts and these will be reviewed by a second person and any discrepancies resolved.

6.3 External Audit
6.3.1. The Charity is not required to have an independent audit since it is below the audit threshold.

Approved by the Trustees
Signed:



Michael Goodfellow-Smith; Chair of Trustees
Dated: 22-06-14

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Annex 1: Levels of Delegated Authority
Date effective: <DATE>

Role	Power to commit budgeted expenditure (Placing Orders) (Authorising payments)		Power to approve non-budgeted expenditure (Unauthorised payments)		Receipted Expense Claims		Non-receipted Expense Claims		Notes
	Y/N	Amount	Y/N	Amount	Y/N	Amount	Y/N	Amount	
Board of Trustees	✓	Unlimited	✓	Unlimited	✓	Unlimited	✓	Unlimited	Must be approved by majority vote & recorded in the minutes
Chair	✓	£2,500	✓	£250	✓	£100	✗	-	
Treasurer	✓	£2,500	✓	£250	✓	£100	✓	£100	Treasurer not able to authorise own claims
Trustee as Signatory	✓	£500	✓	£50	✓	£50	✗	-	

- The delegated authority level for a single individual or group to commit to expenditure without reference to others.
- Online transactions at the bank will always require dual authority.

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Annex 2: Requirements for tendering / quotations for goods or services
Date effective: <DATE>

Value of goods or services	Type	Minimum Number
£1000 +	Written quotation	3
£250 - £999.99	Written quotation	2
£50 - £249.99	Verbal quotation or price comparison	2
<£50	Not required	-

- This describes the procedure for making testing the market to obtain best value for the Charity.