

# Financial Management & Accounting

## Financial Management

Financial management involves:

- Setting financial objectives
- Planning and acquiring funds
- Ensuring funds are being effectively managed
- Management and financial accounting
- Formulating strategy
- Planning and controlling activities
- Decision-taking
- Optimising use of resources
- Disclosure to other interested parties external to the John Holford Charity
- Disclosure to employees
- Safeguarding assets.

## Income Policy & Procedures

### **Purpose:**

To safeguard, monitor and control income from investments and rents.

To outline the structure of authorisation for dealing with income and cash management.

### **Recording Payments:**

#### **Payment by BACS:**

Where payments are made directly into the bank account via the BACS payment system the Clerk to the Board will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

#### **When payment by cheque or cash is received:**

When cheques or cash arrive the Clerk to the Board will ensure that cheques are properly signed and made payable to the John Holford Charity and will record their arrival in the accounts;

Cheques and cash received should be banked the same day where possible but at least within one week of receipt. Any cheques or cash not banked immediately must be locked away until it is banked. A maximum of £250 cash may be held at any one time.

### **Cash in Transit:**

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Trustees must be informed immediately and take the appropriate action.

### **Income Decisions**

The John Holford investment portfolio will be monitored by the Finance and Investment Sub Committee as advised (currently) by Torrevell and Partners. The Finance and Investment Sub-committee should be elected annually by the Board. This will include four Trustees including the Chair but not necessarily chaired by the Chair of the full Board.

Rental income will be monitored by the full Board as advised by Fisher German (currently), to include reconciliation of the rentals receivable with the trust bank account.

### **Budgeting Policy and Controls:**

#### **Purpose:**

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly, in accordance with the objectives of the trust.

To provide a structure for monitoring and controlling expenditure and allow authorised budget-holders the flexibility to manage their respective budgets within the limits laid down by the Board.

To ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the John Holford Charity's financial commitments as they arise.

#### **Policy:**

The annual budget will provide budget-holders with the authority to spend within the amounts specified.

The amounts budgeted for the income and expenditure, both within budget categories and overall, of the John Holford Charity cannot be exceeded, transferred or altered without the authorisation of the full Board.

The Clerk to the Board will provide Trustees with regular reports at each meeting of the Board of Trustees detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Clerk to the Board will ensure that the Board are informed where any breaches of this policy may occur.

### **Budget-setting Process:**

The Finance and Investment sub-committee will produce an annual budget to be agreed by the Board based on projected income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Board for comment ahead of the Spring meeting.

### **Monitoring and Revision:**

The Clerk to the Board will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Clerk to the Board will make recommendations on various options for remedial action.

Where such action may affect the level of grants that can be made or staff employment then negotiations should be initiated with the relevant parties immediately.

#### Contracts for services

To ensure best value for professional services received, the Finance and Investment sub-committee will consider tendering for services every 4 years. Service providers may be asked to provide quotations in advance for significant amounts of work falling outside their normal remit, such quotations to be fixed wherever possible.

### **Grants policy**

**The objects of the John Holford Charity are the relieving either generally or individually persons resident in the parish of Clutton, parish of Middlewich, Borough of Congleton and part of Astbury who are in conditions of need, hardship and distress.**

To ensure quick response there will be a Grants sub-committee of four members of the Board.

Applications should be encouraged and dealt with courteously and efficiently. The Grants sub-committee should be advised by the Clerk to the Board as applications arrive. Decisions on grants should be shared between the sub-committee and made with reference to the annual budget. Grants made should be reported to the Board at the forthcoming meeting. Significant grants over£2000 should have full Board approval.

### **Payroll Policy and Procedure:**

#### **Purpose:**

To ensure staff and advisors to the Board are paid in accordance with their terms and conditions of employment and at reasonable and justifiable levels.

The Finance and Investment Sub-committee should monitor salary and advisor fee levels.

### **Payment of Salaries:**

All salaries are paid on x of each month, or nearest day where this falls on a Saturday, Sunday or Bank Holiday.

Staff must supply the Clerk to the Board with the name of their bank, account number and bank sort code within a week of starting. P45s must be handed in as soon as possible to ensure the correct tax code is applied. Where no P45 is available the member of staff will be required to sign a P46 (as are all volunteers who receive any expenses).

Where staff require any other arrangement they must ask for consideration of the matter as soon as possible and the matter will be referred to the Board.

The final salary payment of a person leaving employment with the John Holford Charity must be authorised by the Board.

### **Deductions:**

Only statutory deductions will be made without the prior written and signed authorisation from the employee.

### **Overtime:**

Staff will not be paid for overtime but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work.

### **Termination of Employment:**

Any outstanding debts will be deducted in full from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.

The Clerk to the Board will prepare the Inland Revenue return for the previous month and make appropriate arrangements for its payment by the due date. Whenever possible, payments will be made electronically (either by BACS or by Direct Debit) in accordance with the recommendations of HM Revenue & Customs.

Statutory Year End Annual Returns to the Inland Revenue are made, and any additional payments made, by the due date.

### **Payments by Cheque and Other Instruments (eg: On-Line BACS, Direct Debit):**

Where appropriate, authorised persons who are not Trustees may be established as signatories by resolution of the Board. The resolution must state the reason for the authorisation and the date on which it will expire.

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment;

The Charity Commission guidelines recommend that all cheques and other instructions to the bank, including instructions made on-line (eg: for BACS payments) be signed by two authorised persons. However, where this is not practical for small payments, the Trustees may decide to allow of amounts of up to £1000 to be approved by just one authorised person, provided that that decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made;

Where a cheque or other instructions to the bank – including instructions made on-line (eg: for BACS payments) – is for an amount exceeding £2000 the payment must be authorised by the Board of Trustees unless the purpose for which the payment is being made has already been approved by the Board. The authorisation of the payment can be made by written resolution, including by e-mail where appropriate (*ie*: the authorisation does NOT necessarily require the convening of a Board meeting).

Wherever possible all payments should be online and authorised online.

### **On-Line Purchases Using Credit/Debit Cards:**

Where possible goods and services should now be paid for online by BACS transfer properly authorised online by at least two Board members.

All such on-line purchases must have the prior approval of a Trustee who is not otherwise involved in the purchase, in addition to the budgetary approvals specified earlier.

On-line purchases of items for the John Holford Charity must NOT include within the same order any item for the personal use of the person placing the order.

### **Petty Cash Policy and Procedure:**

Unless absolutely unavoidable cash transactions should not take place and cheque payments are to be strongly discouraged. Where possible all transactions should be online and suitably authorised by a member of the Board.

### **Expenses**

Trustees may claim mileage expenses at the rate of 45p per mile, on completion of the relevant form, which must be countersigned by another Trustee. (for the purpose of visits or attendance at relevant meetings?)

## **The Accounting and Audit Procedure:**

### **Purpose:**

To ensure that the John Holford Charity meets the statutory accounting requirements of the Charities Commission

To provide accurate and useful data for the Board and staff.

### **Procedure:**

The John Holford Charity accounts will be managed electronically using appropriate software approved by The Board and the John Holford Charity's Auditor/Examiner;

The Board of Trustees appoints the Auditor/Examiner at the Spring meeting, or at other times when circumstances require;

The Finance and Investment sub-committee in conjunction with the Clerk to the Board, where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Finance and Investment sub-committee in conjunction with the Clerk to the Board will ensure the preparation of accurate year-end accounts (duly audited/examined) in the appropriate format with the required supporting working papers and relevant reconciliations. This should be presented to the Board at the autumn meeting for adoption in order for the Clerk to the Board to submit to the Charity Commission in time each year.

The Chair of the Finance and Investment Committee will meet with the Auditor/Examiner to ensure that audit/examination queries are resolved and that accounts are completed and signed within six months of the year end.

The Clerk to the Board will ensure that the audited/examined accounts are filed with the Charity Commission within 10 months of the year-end.

## **Money Laundering and the proceeds of crime**

The trust does not actively seek donations. Any offer of a significant donation must therefore be considered unusual, and at that stage the trustees must carry out due diligence checks in accordance with the "Know Your Donor " principles as published by HM government, taking into account factors such as size of donation, source of funds, donor's location and the purpose of the donation.

Where the trust enters into any capital transactions, it must carry out (or ensure that its agents carry out) due diligence on the source of any funds received.

The trust must also ensure that its agents vet prospective tenants to ensure that its properties are not used to facilitate any illegal or immoral purposes.

# Change Record

Date of Change:	Changed By:	Comments:
		Policy approved by the Trustees