



Mount Hawke Youth and Community Group

Financial Management – Policy & Procedures

Financial Management

Financial management is more than just ensuring there is sufficient cash and keeping to budget.

Financial management involves:

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

Clear procedures are needed to ensure that the staff of Mounthawke Youth and Community Group have the tools and skills to ensure effective financial management takes place. Mount Hawke Youth and Community Group trustees are responsible for ensuring that the CIO's resources are properly managed and accounted for.

Definitions:

Board: The Board is the Board of Mount Hawke Youth and Community Group.

Financial Year: Mount Hawke Youth and Community Group financial year is 1 April to 31 March.

Business Administration Manager: is the person who has the day-to-day responsibility for the administration of Mount Hawke Youth and Community Group's financial transactions.

Income Policy & Procedures

Purpose:

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash.

To outline the structure of authorisation for dealing with income, credit-control and cash management.

Invoices:

Invoices should be issued whenever it is appropriate.

Invoices should include the following details:

- Mount Hawke Youth and Community Group logo;
- A statement that Mount Hawke Youth and Community Group is a registered charity as a Community Interest Organisation with the registration number 1182950
- Date - the date on the invoice must be the date it is posted to the accounts;
- The nature of the services and/or goods being charged for;
- The rate at which services and/or goods are being charged for;

If the invoice is to a funding body it should state the funding period to which it relates;

- The invoice total;
- Mount Hawke Youth and Community Group payment instruction & terms of payment.

Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format. Otherwise the invoice shall be printed and sent by post. In either case the invoice must be despatched within 2 working days of being produced.

Outstanding invoices:

The Business Administration Manager will review the outstanding invoices every month.

After 28 days if an invoice hasn't been paid, then the second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Board to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will no longer be able to use the services of Mount Hawke Youth and Community Group.

Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

Recording Payments:

Payment by BACS:

Most payments are made directly into the bank account via the BACS payment system. The Business Administration Manager will check for any direct payments each time a bank statement is received and online as circumstances require.

When payment by cheque or cash is received:

When cheques or cash arrive the Business Administration Manager will ensure that cheques are properly signed and made payable to Mount Hawke Youth and Community Group and will record their arrival in the accounts;

Cheques and cash received should be banked within two weeks of receipt. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked.

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 Board must be informed immediately and take the appropriate action.

Wherever possible the time and days of cash banking should be varied and a plain bag or briefcase must be used for carrying money.

Budgeting Policy and Controls

Purpose:

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

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.

Policy:

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

The amounts budgeted for the income and expenditure, both within budget categories and overall, of Mount Hawke Youth and Community Group cannot be exceeded, transferred or altered without the authorisation of the Board.

The Business Administration Manager will provide budget-holders with regular reports (informal reports will be provided monthly as appropriate, formal reports will be provided quarterly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Business Administration Manager will ensure that the Board is informed where any breaches of this policy may occur.

Budget-setting Process:

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after Mount Hawke Youth and Community Group has clarified its aims and objectives and produced action plans to achieve them. The purposes of a budget are:

- To co-ordinate different activities towards a single plan;
- To set and communicate targets;
- To maximise and allocate resources;
- To identify financial problems;
- To establish a system of control by having a plan against which actual results can be compared;
- To compel planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time.

The Treasurer, General Manager & Business Administration Manager will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Board for comment

Any necessary revisions will be made and a final draft budget presented to the Board for approval & adoption no later than April in the financial year to which it applies

Monitoring and Revision:

The Business Administration Manager 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 Business Administration Manager and/or Trustees will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

Payroll Policy and Procedure:

Purpose:

To ensure staff are paid in accordance with their terms and conditions of employment.

To ensure salary rates are competitive enough to retain staff.

To ensure statutory deductions are made and paid to the relevant authority within the time limit.

Payment of Salaries

All salaries are paid at the end of each month.

Staff must supply the Business Administration Manager with the name of their bank, account number and bank sort code within a week of starting. P45s/P46s or HMRC new starter forms must be provided 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).

The final salary cheque of a person leaving employment with Mount Hawke Youth and Community Group 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. This will be taken in agreement with their line manager.

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.

Timetable:

In the second week of the month the Finance Officer reconciles the previous month's salary payments to the payroll reports.

The Business Administration Manager must be given a written memo relating to any of the following. As much notice as possible should be given.

- New employees;
- Employees leaving;
- Details of sickness or maternity leave;
- Any permanent changes (in hours or pay for example);
- Unpaid leave arrangements;
- Any tax code changes;
- Any change in pension arrangements.
- Any overtime or other agreed temporary changes.

From these the Business Administration Manager will calculate salaries and produce accurate payslips and deduction reports.

The Business Administration Manager will submit the monthly RTI report to HMRC no later than the 18th of the month. They will also submit the quarterly and annual EPS reports to HMRC.

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.

Expenses

Staff or volunteers may on occasion be required to pay expenses consequent on their employment out of their own pockets. Under certain circumstances, as outlined in this policy, these expenses may be reimbursed by the organisation.

Purpose

The purpose of this policy is to spell out under what circumstances reimbursement of expenses may occur on behalf of Mount Hawke Youth and Community Group and the process for doing so. This policy relates to both staff and volunteers acting on authorised Mount Hawke Youth and Community Group business.

Policy

Mount Hawke Youth and Community Group will reimburse its staff (including volunteers) expenses incurred by them on behalf of Mount Hawke Youth and Community Group or in the course of Mount Hawke Youth and Community Group business so long as such expenses are:

- (1) Reasonable and
- (2) Authorised.

Staff and volunteers incurring authorised expenditure must, wherever possible, receive, retain and produce receipts, invoices, vouchers, tickets, or other evidence of such expenditure.

Procedures

Prohibited reimbursements

Mounthawke Youth and Community Group will not reimburse staff or volunteers for

- Unauthorised expenses
- Expenses claimed by an employee as a tax deduction
- Expenses normally recoverable from a third party
- Expenses that are not incurred for business purposes
- Late payment interest on credit cards
- Parking, traffic, or other fines and penalties

Travel expenses

- Employees and volunteers will be reimbursed for the most direct and economical mode of travel available, considering all of the circumstances. When travelling out of Cornwall this is usually public transport.
- Employees and volunteers will not be reimbursed for additional costs incurred by taking indirect routes or making stopovers for personal reasons.
- Use of an employee or volunteer's own vehicle for work-related travel will be reimbursed by way of an all-inclusive mileage allowance, as shall be determined by the organisation from time to time. This is currently set at 45 pence per mile.

Accommodation expenses

- Employees and volunteers will be reimbursed for moderate accommodation expenses, considering all of the circumstances.
- Employees and volunteers will not be reimbursed for items of a personal nature charged to a hotel account.

Meals

- Employees and volunteers will be reimbursed for reasonable and appropriate meal expenses actually incurred while on Mount Hawke Youth and Community Group business.

Purchasing Policy and Procedures

Purpose

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

Orders - Goods and Services

The value of an order/purchase includes VAT and delivery charges where appropriate.

Budget-holders may order items within their own budget and up to £1,000 in value.

For purchases outside of budget or over £1000 value the authorisation by of Business Administration Manager will be required.

Items over £2,000 in value must be authorised by the Board.

For any purchase over £2,500 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Delivery notes must be checked and initialled by the budget-holder and be filed in the delivery notes file. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Finance Officer must be informed.

Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Treasurer for payment.

In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit note must be received from the supplier before payment is made.

Depreciable Assets

All depreciable items over £1000 (in aggregate where the purchase is of related items) will be recorded in the accounts as a tangible fixed asset and depreciated over the appropriate period of time as defined in the Annual Report and Statement of Financial Activity.

Payments by Cheque and Other Instruments (eg: On-Line BACS, Direct Debit, debit card transactions)

The authorised persons are the General Manager & Business Administration Manager and two Trustees of the Mount Hawke Youth and Community Group. The bank mandate must require that cheques and other instructions to the bank, including instructions made on-line (eg: for BACS payments) be authorised by one authorised person for amounts up to £2,000 and by a Trustee; All BACS payments require at least one authoriser as standard. One proposes the payment, one authorises the payment.

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 Mount Hawke Youth and Community Group even if 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 necessary. The only item this does not apply to is salaries.

Petty Cash

Mount Hawke Youth and Community Group has a policy of not holding petty cash

We hold a reserve float of £300 to be used in the till systems.

The Accounting and Audit Procedure

Purpose

To ensure that Mount Hawke Youth and Community Group meets the statutory accounting requirements of the Charities Commission.

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

Procedure

Mount Hawke Youth and Community Group accounts will be managed electronically using appropriate software approved by The Board and Mount Hawke Youth and Community Group Auditor/Examiner.

The Board at the AGM appoints the Auditor/Examiner.

The Mount Hawke Youth and Community Group treasurer, in conjunction with the Business Administration Manager where appropriate, will ensure that all ledgers, reconciliation's and records are accurately maintained and up to date.

The treasurer with the Business Administration Manager will prepare timely and accurate year-end accounts in the appropriate format with the supporting working papers and relevant reconciliation.

The Business Administration Manager 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. [It is satisfactory that this meeting is virtual]

The Business Administration Manager and Board will ensure that the audited/examined accounts are filed with the Charity Commission within 10 months of the year-end and with Companies House within 8 months.

Authorised by Treasurer: