



FINANCIAL CONTROL POLICY

1. Introduction

- 1.1 Financial records will be kept so that the charity can:
 - (a) Meet its legal and other obligations, e.g. Charities Acts, Company Law, HMRC and Common Law.
 - (b) Enable the trustees to be in proper financial control of the Charity.
 - (c) Enable the charity to meet the contractual obligations and requirements of funders.
- 1.2 The charity will keep a proper accounting system, which will include:
 - (a) A cashbook analysing all the transactions in the charity's bank account(s). This may be a computer package e.g. Excel or paper.
 - (b) A petty cash book if cash payments are being made.
 - (c) HMRC records, which may be kept by a pay roll bureau.
- 1.3 The financial year will end on the 31st December each year.
- 1.4 Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting.
- 1.5 At the start of each financial year the trustees will approve a budgeted income and expenditure account for the following year.
- 1.6 A report comparing actual income and expenditure will be presented to the trustees every three months.

- 1.7 A cash flow will be produced each month if the charity is in financial difficulties or reserves are less than three months expenditure.
- 1.8 The AGM will appoint an appropriately qualified independent examiner to examine the accounts for presentation to the next AGM, filing with the Charity Commission when the appropriate threshold is exceeded and if appropriate filing with Companies House.

2. Banking

- 2.1 LSET will bank with Co-operative Bank plc. Accounts will be held in the name of Living Stones Educational Trust (LSET). The following accounts will be maintained:

LSET Community Account

- 2.2 The bank mandate (list of people who can sign cheques or authorise electronic payments on the organisation's behalf) will always be approved and minuted by the trustees, as will all the changes to it.
- 2.3 The charity will require the bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year. If only electronic statements are available, they will be printed off and filed every month.
3. The charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the trustees.

3. Receipts (income)

- 3.1 All monies received will be recorded promptly in the bookkeeping system and banked without delay (note: this includes sundry receipts such as payment for telephone calls, photocopying etc). The charity will maintain files of documentation to back this up.

4. **Internet Purchases**

When purchases are made over the internet the charity will ensure that only well known bona fide sites are used for purchasing and that they have appropriate security as illustrated by a lock padlock in the bottom right hand side of the screen when a payment is being made. Such purchases will be properly authorised in a similar way to other purchases.

5. **Payments (expenditure)**

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

- 5.1 The treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 5.2 Blank cheques will NEVER be signed.
- 5.3 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 5.4 No cheques should be signed without original documentation (see below).
- 5.5 Payments by debit card. When the charity issues a debit card to an employee or trustee it will be administered in a similar way to petty cash (see below). The cardholder will be personally responsible for any undocumented expenditure and this is detailed in their contract of employment.
- 5.5 **Electronic Banking.**

The treasurer will be able to access the electronic banking system for the purposes of putting transactions onto the system

for authorisation by the cheque signatories and for assessing bank statements.

The relevant trustees will check that purchases have been properly authorised and when appropriate there is evidence that goods in good condition or proper services have been received.

The treasurer will scan and e-mail invoices and evidence of authorisation to the cheque signatories.

The treasurer will check and enter the suppliers: sort code, account number and account name into the system and provide these by e-mail to the cheque signatories.

The cheque signatories will check the payment details: sort code, account number, invoice and amount. If these are accurate the cheque signatory will authorise the payment

Authorisation from two cheque signatories will be required for each payment.

6. **Payment Documentation**

- 6.1 Every payment out of the charity's bank account will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by the charity and filed. The cheque signatory should ensure that it is referenced with:

Cheque number or electronic authorisation reference
Date cheque drawn or paid electronically
Amount of payment
Who signed or authorised the payment.

- 6.2 The only exceptions to cheques or electronic payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

- 6.3 **Wages and salaries.** There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque

- requisition, asking for payment to an employee, HMRC etc. All employees will be paid within the HMRC regulations.
- 6.4 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 by the trustees.
- 6.5 Expenses / allowances. The charity will, if asked, reimburse expenditure paid for personally by staff, providing:
- Fares are evidenced by tickets.
 - Other expenditure is evidenced by original receipts.
 - Car mileage is based on local authority scales.
 - No cheque signatory signs for the payment of expenses to themselves, authorise electronic payments to themselves.

7. **Cheque Signatures and Cash Cards**

- 7.1 Each cheque will be signed by at least two people.
- 7.2 Electronic bank payments will be seen by a 2nd trustee and duly authorised before payment takes place.
- 7.3 A cheque must not be signed by the person to whom it is payable.

8. **Other Undertakings**

- 8.1 LSET does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £250 (single payment) must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the chairperson's approval who will then provide full details to the next meeting of the trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).

- 8.2 All fundraising, contract bids and grant applications, made on behalf of the organisation will be done in the name of the charity with the prior approval of the trustees or in urgent situations the approval of the chairperson who will provide full details to the next trustees' meeting.
- 8.3 Copies of grant applications will be kept and available to trustees on request. When bids are made using internet portals electronic or paper copies of the bid will be kept.
- 8.4 Any funding contracts or grant acceptance documentation exceeding £250 per annum will be brought to the trustees' attention for approval. In urgent situations this may be by e-mail to all trustees.

9. **Other Rules**

- 9.1 LSET 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. Additionally the charity will maintain a property record of items of significant value, with an appropriate record of their use.
- 2. The charity will maintain up to date good quality antivirus and anti-phishing software on all computers that connect to the internet.

This reviewed policy was adopted by the trustees on: 9/6/23

The next review date is on or before: 9/6/24

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