* 1. **Introduction**

This is the Financial Management and Controls Policy for Moorland Road Community Library (the Organisation). It includes the Expenses Claim Form at Appendix 1.

* 1. Financial records will be kept for at least 7 (seven) years so that Moorland Road Community Library (the Organisation) can:

1. Meet its legal and other obligations, e.g. Charities Act, Inland Revenue, Customs & Excise, Companies Act and Common Law as appropriate.
2. Enable the Trustees to have control of the organisation’s finances.
3. Enable the organisation to meet its contractual obligations and the requirements of funding bodies.
4. The Organisation will be guided by its accountants
   1. The Organisation will keep proper records of accounts, e.g. by MS Excel, which will include :
5. A cash analysis of all the transactions in the organisation’s bank account(s).
6. A petty cash analysis if cash purchases are being made.
7. Inland Revenue deduction cards (P11), undertaken if necessary
   1. The financial year for the Organisation will end on 31st March.

1.4 Accounts will be drawn up after each financial year end within 3 (three) months of the end of the year and presented to the next annual general meeting (AGM).

1.5 Before the start of each financial year, the Trustees will approve a budgeted income and expenditure, cash flow and profit and loss accounts for the following year. These will be created by the Treasurer with the assistance of the Chair.

1.6 An analysis comparing actual income and expenditure with the budget will be presented by the Treasurer to the Trustees every three months and on a monthly basis to the Chair.

1.7 The AGM will appoint an appropriately qualified accountant to check / audit the accounts for presentation to the next AGM.

1. **Bank**
   1. The Organisation will bank with Lloyds Bank plc where the account(s) will be held in the name of Moorland Road Community Library (Bath). All accounts opened will be agreed and approved by the Trustees and recorded in minutes. The following accounts may be maintained – current, business, restricted and any other
   2. In accordance with the wishes of BANES Council, grant funders and individuals pledging cash grants, such monies will be held in a restricted account and only used for the purposes designated by the fund giver, when formally approved by the Trustees. Such approval or non-approval must be minuted.
   3. The bank mandate (list of people who can sign cheques on the organisation’s behalf) will always be approved and minuted by the Trustees, as will the changes to it. A minimum of 3 (three Trustees), subject to any age limit imposed by the bank, shall be authorised to sign / counter-sign cheques.
   4. The Treasurer of the Organisation will reconcile the cash record with each bank statement no less than 6 (six) times annually; this record will be signed off by the Treasurer and the Chair at the following Trustees’ monthly meeting.
   5. The Organisation will not use any other bank account or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Trustees
2. **Receipts (Income)**

The aim is to demonstrate that the Organisation has received all the incomes to which it is entitled and that it is all reasonably evidenced.

* 1. All monies received will be recorded promptly in the cash analysis and banked without delay (note, this includes sundry receipts such as payments for telephone calls, photocopying etc.). The organisation will maintain files of documentation, e.g. letters from funding bodies to back this up.

1. **Payments (Expenditure)**

4.1 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books), which should be kept under lock and key.

4.2 Blank cheques will never be signed. The payee’s name will always be inscribed on the cheque before signature and the cheque stub will always be filled in.

4.3 Wherever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, signing cheques and payments.

4.4 Invoices and other documents requiring payment e.g. expenses claim forms, shall be brought monthly to Trustee meetings for authorisation and payment within pre-defined credit terms.

4.5 No cheques will be signed without the original documentation or before payment authorisation is agreed by Trustees.

4.6 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.

1. **Payment documentation**

5.1 Every payment out of the organisation’s bank account(s) will be supported by either an original invoice (never against a supplier’s statement or final demand) or evidence of payment authorisation. These items will be filed and kept for 7 (seven) years. The persons who sign the cheque should ensure that a payment authorisation form is fully completed. This will include the following:

1. Cheque number
2. Date cheque drawn
3. Amount of cheque
4. Name payable to
5. Who signed the cheque

5.2 Any exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees, incidental expenditure, VAT etc. In these circumstances, a payment authorisation form will be used.

5.3 Expenses / Allowances

Out of pocket expenses will be paid to volunteers providing a correctly-completed expense claim sheet (see Appendix) is submitted (together with the relevant documentation) and duly approved for payment.

1. Fares are evidenced by tickets (where possible)
2. Other expenditure is evidenced by original receipts
3. Car mileage at the approved rate per mile

5.4 Petty cash will always be maintained whereby the Treasurer is trusted with a float as agreed by the Trustees. When that is more or less expended, a cheque will be drawn for sufficient, bringing up the float to the agreed sum (currently agreed at £50.00). The cheque book will be supported by a complete set of receipts from the petty cash system, totalling the amount spent. The expenditure will be analysed in the petty cash electronic spread sheet.

5.5 Any purchase, including a budget for a project, must be authorised by a majority of Trustees and recorded either in the minutes of a monthly meeting. If a decision is required between monthly meetings it may be approved by email, however a majority of Trustees must agree by email to the decision. Any expenditure not so authorised is at the risk of the Trustee although may be retrospectively approved at a monthly meeting.

**6. Cheque signatures & cash cards**

6.1 Each cheque shall be signed by at least 2 (two) people.

6.2 In order to provide exceptional financial governance and clarity those signing the cheque must **not:**

have signed / approved the cheque requisition form

be the beneficiaries of the payment

be a family member of the beneficiary of the payment

6.3 Credit cards and debit cards will not be used unless authorised by the Trustees and then up to an approved amount for those transactions where a debit card must be used e.g. on-line transactions.

**The Treasurer must ensure that controls around the use of debit and credit cards meet the requirements of the Charity Commission’s guidelines (CC8 Internal Financial Controls for Charities).**

The Treasurer must ensure that upon a Trustee resigning his / her position with the charity, debit and credit cards are returned and that the Chair submits the appropriate report to the Charity Commission that the said person is no longer a Trustee.

**7. Other undertakings**

7.1 The Organisation does not accept liability for any financial commitment instigated by non-Trustees. Any orders placed or undertakings given must be authorised and minuted by the Trustees. This covers such items as cafeteria food and consumables, new service contracts, office equipment purchase and hire etc.

7.2 All fund raising and grant applications undertaken on behalf on the Organisation will be done in the name of the Organisation with prior approval of the Trustees or, in urgent situations, with the approval of the Chair, who will provide full details to the next management committee.

**8 Confidentiality**

8.1 The confidentiality of volunteers’ financial circumstances will be respected at all times.

8.2 Trustees and volunteers will, at all times, act in the best interests of the Organisation and if they experience or learn of a conflict of interest they will advise the Volunteer Coordinator, or any other Trustee, but not divulge sensitive information.

**9 Other items**

9.1 The Trustees will consider the level of reserves that is prudent for the Organisation to have, at its first meeting after the AGM. Consideration will be given to lease agreements and any other significant factors that should be taken into account were the Organisation to close.

9.2 The Organisation will adhere to good practice and good financial governance in relation to its finances at all times e.g. it will set up and maintain a fixed asset register stating the date of purchase or taking over if inherited from BANES Council, cost, serial numbers and normal location of asset(s). If it holds stocks of goods e.g. books etc. of significant value, it will maintain proper records.

9.3 These controls will be reviewed annually.

**The Trustees of Moorland Road Community Library have approved this Policy. They are: Elizabeth Hearn (Chair), Jill Carr (Secretary), Alice Boden (Trustee), Anne Swaine (Trustee), Kevin Swaine (Trustee).**

**Date: Review Date – XXXXXXX**

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**APPENDIX**