

# Cinderford Area Neighbourhood Development Initiative Financial Procedures

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## Cinderford Area Neighbourhood Development Initiative Financial Procedures

### 1. GENERAL

- 1.1. These financial procedures govern the conduct of financial management by the Board and may only be amended or varied by resolution of the Board.
- 1.2. The Board is responsible for ensuring that its financial management is adequate and effective and that there is a sound system of internal control, including arrangements for the management of risk.
- 1.3. These financial procedures demonstrate how the Board meets these responsibilities and requirements.
- 1.4. At least once a year the Board must review the effectiveness of its financial procedures and system of internal control.
- 1.5. Deliberate or wilful breach of these procedures by an employee may give rise to disciplinary proceedings.
- 1.6. Instructions within these procedures are to be upheld by both trustees and employees. It is the responsibility of the trustees to ensure that employees do not breach them. Failure to follow instructions within these procedures brings the office of Trustee into disrepute.
- 1.7. The Board's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of money;
  - to prevent and detect inaccuracy and fraud.
- 1.8. The Treasurer
  - acts under the policy direction of the Board;
  - determines on behalf of the Board its accounting records and control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of CANDI up to date;
  - produces financial management information as required by the Board.
- 1.9. The accounting records determined by the Treasurer shall contain:
  - entries from day to day of all income and expenditure of CANDI and the matters to which they relate;
  - a record of the assets and liabilities of CANDI.
- 1.10. The accounting control systems determined by the Treasurer shall include:
  - procedures to ensure that the financial transactions of CANDI are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - measures to ensure that risk is properly managed.
- 1.11. The Treasurer, and any trustee using computers for CANDI's business, shall ensure that anti-virus, anti-spyware, and firewall software with automatic updates, together with a high level of security, is used.
- 1.12. The Board may suspend any part of these Financial Procedures if reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all trustees.

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### 2. INTERNAL CONTROL

- 2.1. At every Board meeting, the Treasurer shall present a report including an income and expenditure account with comparisons against budget, balance sheet and cash flow forecast. Any narrative may be given verbally or in writing.
- 2.2. The Treasurer shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.
- 2.3. The Treasurer must each year, by no later than February, prepare detailed estimates of all income and expenditure including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Board.
- 2.4. The approved annual budget shall form the basis of financial control for the ensuing year.
- 2.5. The Treasurer shall complete the annual financial accounts and annual report as soon as practicable after the end of the financial year and, the accounts having been approved, shall submit them for external examination.
- 2.6. External examiners may not under any circumstances:
  - perform any operational duties for the Board;
  - initiate or approve accounting transactions; or
  - direct the activities of any CANDI employee.
- 2.7. The Treasurer shall, without undue delay, bring to the attention of all Trustees any correspondence or report from external examiners.

### 3. BANKING ARRANGEMENTS

- 3.1. The Board's banking arrangements shall be regularly reviewed for safety and efficiency.
- 3.2. The Bank Mandate approved by the Board shall identify a number of trustees who will be authorised to approve transactions on those accounts.
- 3.3. All payments, whether by cheque or electronic transfer, must be authorised by a second signatory.
- 3.4. Where internet banking arrangements are made with any bank, the Treasurer shall be appointed as the Service Administrator.
- 3.5. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for CANDI banking work. Breach of this procedure will be treated as a very serious matter under these procedures.
- 3.6. No employee or trustee shall disclose any PIN or password, relevant to the working of CANDI or its bank accounts, to any person not authorised in writing by the Board.

### 4. CASH

- 4.1. Dance subscriptions will be banked at least monthly. Numbers of attendance at each location will be emailed to the Treasurer.
- 4.2. Cash floats are to be limited to £50 and monitored regularly at meetings.
- 4.3. All cash receipts and payments will be entered immediately into the petty cash book.
- 4.4. Payments above £25 and any payments without a receipt are not permitted
- 4.5. At the end of the month, a copy of the book entries since the last month end will be emailed to the Treasurer together with any receipts for payments. The original receipts will be retained and handed to the Treasurer at the earliest opportunity.

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### 5. FUNDS

- 5.1. Restricted funds may only be used for the specific purposes declared in the restriction.
- 5.2. Designated funds may only be used for the designated purpose, unless approved by the Board in meeting.

### 6. INCOME

- 6.1. All sums received on behalf of CANDI shall be banked as directed by the Treasurer. In all cases, all receipts shall be deposited with the Board's bankers with such frequency as the Treasurer considers necessary.
- 6.2. The origin of each receipt shall be entered on the paying-in slip.

### 7. EXPENDITURE

- 7.1. Expenditure may be authorised as follows: -
  - the Treasurer or the Chair for any items below £250.
  - the Board for all items over and including £250. Such authority is to be minuted.Contracts may not be disaggregated to avoid controls imposed by these procedures.
- 7.2. No expenditure may be authorised that will exceed the amount provided in the budget for that class of expenditure other than by resolution of the Board. During the budget year and with the approval of the Board having considered fully the implications for services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 7.3. In cases of emergency, the Treasurer or Chair may authorise expenditure on behalf of the Board which in the Treasurer's judgement it is necessary to carry out. Such expenditure includes repair, replacement, or other work, whether there is any budgetary provision for the expenditure, subject to a limit of £500. The Treasurer shall report such action to the Board as soon as practicable.

### 8. EXPENSES

- 8.1. It is acknowledged that many people incur expenses on behalf of CANDI and do not claim reimbursement. Whilst grateful for this approach, it does not enable the accounts to show a true figure for the cost of running the charity.
- 8.2. Anyone incurring expenses should complete an expense claim form and, if not seeking reimbursement, enter a donation figure.
- 8.3. All claims should be accompanied by receipts and approved by the Chair or Treasurer.
- 8.4. So that the accounts show a fair reflection of actual activity, expense claims should be submitted to the Treasurer at the end of each month.

### 9. ORDERS AND CONTRACTS

- 9.1. A written order, electronic or paper, shall be issued for all work, goods, and services more than £500 unless a formal contract is to be prepared. Copies of orders shall be retained.
- 9.2. Where it is intended to enter a contract exceeding £1,500 in value for the supply of goods or materials or for the execution of works or specialist services, quotes from at least three firms will be obtained.
- 9.3. The Board shall not be obliged to accept the lowest or any tender, quote, or estimate.
- 9.4. The Board is responsible for always obtaining value for money, ensuring as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
- 9.5. A trustee may not make any contract on behalf of CANDI without approval of the Board.

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### 10. PAYMENTS

- 10.1. All invoices for payment shall be examined, verified, and certified by the Treasurer to confirm that the work, goods, or services to which each invoice relates has been received, carried out, examined, and represents expenditure previously approved by the Board.
- 10.2. The Treasurer shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Treasurer shall take all steps to pay all invoices submitted which are in accordance with budgetary control or have been approved by the Board.
- 10.3. As far as possible, all payments shall be made by electronic bank transfer.
- 10.4. If electronic transfer is not possible, the Treasurer will draw a cheque which shall be signed by any two Trustees who are bank signatories. A Trustee who has declared an interest in any payment is not permitted to sign the cheque.
- 10.5. Approval of Direct Debits and Standing Orders shall be renewed by resolution of the Board at least every year.
- 10.6. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by the Board.
- 10.7. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Board.

### 11. RISK MANAGEMENT AND INSURANCE

- 11.1. The Board is responsible for putting in place arrangements for the management of risk. The Treasurer shall prepare, for approval by the Board at every meeting, a risk management scheme in respect of all activities of CANDI.
- 11.2. When considering any new activity, the proposer of the activity shall prepare a draft risk assessment including risk management proposals for the Treasurer, for consideration and adoption by the Board.
- 11.3. Before the financial year end, the Treasurer shall seek quotes for insurances with CANDI's insurers and an alternative insurer.
- 11.4. The Treasurer shall keep a record of all insurances.
- 11.5. The Treasurer shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to the Board at the next available meeting.
- 11.6. All appropriate trustees and employees of CANDI shall be included in a fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Board.

#### **Document control**

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