



**BYB@Blackrod**

# **Financial Policy & Procedures**

**April 2024**

**Approved by:** Trustees on 17 APRIL 2024

**Last reviewed on:** APRIL 2024

**Next review due by:** APRIL 2025

This policy and the associated procedures relate to funds pertaining to BYB@Blackrod and in particular:

- Funds derived from income generated through funding bids.
- Funds accrued from the collection of commercial income.
- Funds from external bodies

The policy is supportive of and complementary to the Foundation CIO Constitution for BYB@Blackrod.

## **1) Aims**

- To ensure that all funds available to BYB@Blackrod are used effectively to achieve the objects of the CIO which are to advance in life and relieve needs of young people up the age of 18 through:

(a) The provision of recreational and leisure time activities provided in the interest of social welfare, designed to improve their conditions of life;

(b) Providing support and activities which develop their skills, capacities and capabilities to enable them to participate in society as mature and responsible individuals.

We shall follow the principles of 'Best Value'.

- To ensure that funds are managed properly and appropriate procedures in place such that, should a breakdown occur, the system can be easily audited to discover the point of failure.
- A benchmarking exercise is completed on an annual basis where appropriate and the findings will be reported to the trustee membership.
- To establish reporting procedures which will provide a basic monitoring of all finances associated with activity.
- To establish sound procedures which have proper checks and divisions of responsibility between all administrative members involved in dealing with any of the funds.

## **2) Financial Records and Accounts**

Financial records must be kept so that:

- The organisation meets its legal and other statutory obligations, such as the Charity Act 2011 Her Majestys Revenue & Customs and common law.

- Members have proper financial control of the organisation. The organisation meets the contractual obligations and requirements of funders.

The books of accounts must include:

- A cashbook analysing all the transactions appearing on the bank accounts
- A petty cash book if cash payments are being made.
- Inland Revenue deduction cards P11 (if registered for PAYE).
- Accounts must be drawn up at the end of each financial tax year within 3 months of the financial year end and presented to the next Annual General Meeting.
- Prior to the start of each tax financial year, members will approve a budgeted income and expenditure account for the following year.
- A report comparing actual income and expenditure with the budget should be presented to members every three months or whenever meetings take place.
- The AGM will appoint an appropriately qualified auditor/ independent examiner to audit or examine the accounts before presentation to the next AGM

### **3) Banking**

- The organisation banks with Lloyds Bank plc and the account is held in the name of BYB@Blackrod.
- The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by members as will any changes to it.
- Members will require the bank to provide statements every month and these will be reconciled with the cash book at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
- The organisation will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the members.
- Adequate records should be maintained of all receipts and payments.

Bank deposits may be made by any authorised person but withdrawals on account must be signed by the signatories only.

### **4) Income**

- All monies received will be recorded promptly in the cash analysis book and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc.). The treasurer will liaise with the hub coordinator and will maintain files of documentation to back this up.

#### **5) Payments (expenditure)**

- The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept securely.
- Blank cheques will NEVER be signed.
- Any cheque which requires cancellation must be clearly marked CANCELLED and retained for audit purposes.
- Any lost cheques should be 'stopped' to protect against possible fraud. As a general rule replacement cheques should not be issued until after 10 working days have elapsed and a check has been made with the bank to ensure the stopped cheque has not been presented. When a replacement cheque is issued this should be recorded within the fund's accounts with reference back to the original cheque.

#### **6) Payment Documentation**

- Every payment out of the bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by the organisation and filed. The cheque signatory should ensure that it is referenced with cheque number, date cheque drawn and amount of cheque
- The only exceptions to cheques not being supported by an original invoice are Items such as advanced booking fees, deposit for a venue, etc. A cheque requisition form will be used and a photocopy of the cheque kept.
- Wages and Salaries. There will be a clear trail to show the authority and reason for every such payment; e.g. a cheque requisition form asking for payment to an employee, HMRC etc. All employees will be paid within the PAYE and National Insurance regulations.
- All staff appointments/departures will be authorised by members, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised.
- Petty cash will not be used unless in exceptional circumstances.
- The organisation will 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 and the local authority car user policy will apply.
- No cheque signatory signs for the payment of expenses to themselves.

## 7) **Cheque Signatures**

- Each cheque must be signed by two authorised signatories.
- A cheque must not be signed by the person to whom it is payable.

## 8) **Pecuniary Interest**

- If any trustee or associate member of the CIO has any pecuniary interest in any contract or other matter which precludes him / her by law from participating in the discussion and voting thereon such member shall while the contract or other matter is being discussed withdraw from the meeting.
- A register of pecuniary interest will be maintained by the Hub Coordinator.

## 9) **Contracts / Standing Orders**

The decision to award contracts is the responsibility of trustees. Consideration must be taken of the health and safety competence of contractors and safeguarding requirements.

Any decision made by the steering group relating to the awarding of a contract (including reasons for limiting tenders) should be minuted in the record of the actual meeting at which the decision was taken. In general terms, members must adopt as a minimum the following:

- 1) For purchases of goods and services where the contract value is reasonably estimated to be above **£10,000** at least three written quotations should be obtained.
- 2) For purchases where the contract value is reasonably estimated to be above **£50,000**, members must advertise for application to tender in a local journal with a reasonably wide circulation and/or in a relevant trade or professional journal. Tenders should be received in sealed envelopes with no identifying marks and kept sealed until the closing date for receiving tenders.
- 3) In all cases trustees should record in the formal minutes of a meeting which bid, if any, has been accepted and the reasons(s) for choosing the bid. Members need not accept the lowest tender but should have regard to their responsibility in securing value for money in respect of expenditure of public funds.

## 10) **Other rules**

- The organisation does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost the organisation in excess of £5000 must be authorised and minuted by members.
- In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details to the next meeting. (This covers such items as the new service contracts, office equipment, purchase and hire).
- All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the BYB@Blackrod with the prior approval of members or in urgent situations the approval of the Chairperson who will provide full details to the next members meeting.
- The organisation 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 of assets. Additionally the organisation will maintain a record of items of significant value, with an appropriate record of their use.