Policy 66: Finance Policy

Last updated by:  SH,GW,RS

Links to policies:

<table>
<thead>
<tr>
<th>Version</th>
<th>Changes</th>
<th>Policy Date</th>
<th>Next Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td>June 19</td>
<td>Aug 21</td>
</tr>
</tbody>
</table>
1. Introduction

a) Finance is central to Age UK York (AUKY);

b) AUKY will:
   • be managed with probity to protect the interests of all those who contribute to its business activities;
   • protect the interests of those people for whom AUKY provides services and support;

c) The Board of Trustees (the Trustees) manage AUKY’s finances. These relate to the income and expenditure of AUKY itself and as regards its service users;

d) The Trustees have created and manage arrangements for banking and investments as well as cash handling, and their oversight.

2. Scope

This Policy:
   • Is associated with the:
     ◦ Anti-money Laundering Policy, Policy 71
     ◦ Debit and Credit Card Policy, policy 67
     ◦ Income and Ethical Fundraising Policy, Policy 69;
     ◦ Employment Remuneration and Pensions Policy, Policy 20;
     ◦ Trustees Finance Policy, policy 79;
     ◦ Day Clubs and Outings Policy, Policy 73;
     ◦ Finance Strategy set by the Board of Trustees, Policy 68;
   • Notes the relevant legislation within which AUKY operates;
   • Sets out the responsibilities of AUKY;
   • Sets out the various finance report arrangements
   • Provides an overview of the procedures through which finance matters are managed.

3. Legislation

AUKY and the Trustees acknowledge and adhere to all relevant legislation including, but not restricted to:

   • The Financial Services Acts and regulations
   • Gambling Act, 2005
   • Anti-money laundering legislation
   • Proceeds of Crime Act 2002
   • Terrorism Act 2000
   • Money Laundering Regulations 2007
   • Trustee Investment Act 1961
• Trustee Act 2000
• Charities Act 1993
• Statutory requirements of the Charity Commission as set out in CC3.

4. Responsibilities

a) The Trustees have overall responsibility for the financial sustainability, good management and service provision of AUKY;

b) The Trustees have a legal responsibility to ensure that AUKY’s resources are protected and managed effectively and to ensure that proper accounts are kept and published;

c) They have vested day to day responsibility with the Chief Officer (CO);

d) New Trustees are provided with the latest accounts on their appointment as part of their induction and receive a copy of CC3 (Charity Commission booklet);

e) The Trustees may take professional advice from Creers as AUKY’s accountants and auditors. This appointment is ratified annually at the AUKY AGM.

f) The Treasurer, who is a Trustee, liaises with the Finance Manager, has oversight of all finance matters and reports to each Trustee Board;

g) All AUKY workers, both employees and volunteers, have a duty to deal honestly in all financial matters connected with AUKY;

h) In any case of doubt, all workers must immediately speak to their line manager or supervisor, the Finance Manager or CO or Deputy Chief Officers (DCOs);

i) No volunteers are expected or required to take formal and/or final responsibility for any financial matters including cash and cheque handling and banking, except for volunteers working at shop tills.

5. Training

a) All staff and relevant volunteers are informed of financial procedures relevant to their role with AUKY during their induction and within ongoing supervision and appraisal;

b) All staff meet the Administration and Finance team and complete any documentation required for their role and for salary payment arrangements.

6. Finance report arrangements

a) The Board will receive and consider reports from the Treasurer as follows:

• The Chair, Chief Officer and Treasurer will receive monthly figures every month;
• Management Support and Finance Group (MSFG) from time to time;
• Full Board every two months;

b) The Terms of Reference of the MSFG are at Policy 82;
c) The reports will show:

• Income and Expenditure for the period
• Performance against budget
• Reserve levels
• Cash Flow

d) The following steps will be taken to create the annual budget:

• The MSFG will instruct the Budget Working Group (Chief Officer (CO) and Finance and Administration Officer) to prepare a budget for the following financial year;

• The Budget Working Group (BWG) will prepare the draft budget based on the actual previous year figures incorporating known available funds. This work incorporates the annual risk assessment against individual service areas and the organisation as a whole with the service organisers informing the BWG of their budget requirements;

• The BWG presents the draft budget to the Treasurer before the end of March, and the document is updated as and when additional information becomes available from funders. The budget will be itemised under appropriate headings and cost centres;

• The CO will prepare an annual risk assessment that will seek to clarify the level of known financial liability carried out by AUKY in the areas of:
  ◦ Property and leases
  ◦ Staff and redundancy costs
  ◦ Contract relationships (if applicable)
  ◦ Insurable risks
  ◦ Insurance cover
  ◦ Fraud

In March the MSFG will submit budget proposals to the Board, together with the risk assessment document;

The Trustees will discuss the proposed budget and the risk assessment and will:

• Consider if other policy and operational actions should be instituted;
• Consider if the reserves and any internal controls require adjustment;
• Agree the proposed budget after any alterations;

e) At the end of every financial year the Trustees will consider AUKY’s business relationship with and contribution to the Charity.

7. The Annual Report and Accounts

a) Following approval of the annual accounts and auditing by the accountants, the annual report and accounts is published;
b) A descriptive annual report is included in the Financial annual report as recommended by SORP, the Statement of Recommended Practice;

c) The report includes a statement of risk assessment;

d) All Members of AUKY are provided with a set of annual accounts at the AGM.

8. Money handling within AUKY offices

a) Money may come into AUKY offices in a variety of ways. On all occasions, the Finance Manager is responsible for its control and will ensure that:

- Receipts are issued where appropriate;
- Banking is carried out at regular and convenient intervals;
- Money designated for specific purposes is recorded against that particular service;
- Money without a specific designation, including general fund raising, shops income and any bequests will be recorded against the general service head;
- All donations collected as cash will be counted and the amount witnessed before being recorded and banked;

b) A balance of £250 float is maintained by using the Cheque Request Form. Individual Service Organisers are responsible for their scheme’s Petty Cash. All cash will be kept in secure cash boxes and recorded in the appropriate Petty Cash books;

c) The cash float is drawn from the bank and not from incoming money and recorded in the appropriate petty cash book;

d) Volunteer payments will be paid against receipts and in accordance with Finance Manager procedures;

e) Petty Cash is kept in a locked drawer in the Finance Manager’s office and can only be obtained from the Finance Manager or her/his Assistant;

f) All General expenditure is recorded on Petty Cash vouchers and in the appropriate petty cash book together with receipts wherever possible. The supporting documentation is authorised by someone other than the cashier or claimant;

g) The Finance Manager will use Petty Cash to cover refreshments for staff and volunteer training sessions;

h) Once a quarter the Chief Officer will check the Petty Cash and ensure that the book and cash agree;

i) No money is normally paid into Petty Cash;

j) Service provision sections have their own cash arrangements.

9. Banking

a) Secure records are kept for all AUKY accounts in the Finance Manager’s office;
b) Monthly bank reconciliations are carried out by the Finance Manager /Assistant;

c) No bank account changes are undertaken without Board clearance;

d) The Finance Manager ensures there are no dormant accounts;

e) The Treasurer checks the bank statements on a quarterly basis;

f) The Finance Manager checks income and expenditure records against bank accounts on a monthly basis;

g) Paying in should be done within a week of receipt and, in the case of larger cheques, within 2 days. In the absence of the Finance/Admin Officer this responsibility will pass to an authorised member of staff. If, for any reason, paying in cannot be done promptly all cheques and cash must be put in the safe. Keys to the safe are limited to the Chief Officer, Deputy Chief Officer, Business Manager, Finance/Admin Officer and Assistant (who sign for their keys). Insurance cover for storage of cash in a locked safe on AUKY premises does not exceed £2,000;

h) The Finance and Administration team are normally responsible for paying in, although actual banking may be delegated to another, authorised, member of staff; other service areas who bank work according to finance management standards.

i) AUKY does not hold any money other than that that belonging to the Charity.

10. Investments

a) AUKY has the power to invest as stated in the AUKY Memorandum of Association Activities 5.18. AUKY is constrained by the Trustee Investment Act 1961, The Trustee Act 2000 and the Charities Act 1993, and any decision to widen investments beyond bank/building society/giro is taken by the Board of Trustees in the light of the guidance in the Charity Commission booklet “Investment of Charitable Funds”;

b) Responsibility for sanctioning and approving investments lies with the Trustees who will be advised by outside advisers on all medium and long-term investments held by AUKY;

c) In considering investments, the Trustees will:

- Seek to strike a balance between a good return on investment and capital growth and security;
- Re-invest investment income;
- Review investments at least quarterly at the MSGF which will report to the Trustees quarterly;
- Consider ethical factors only insofar as these reflect the charitable objectives of Age UK York and are consistent with charity law;
• Ensure that an appropriate level of accessible funds is maintained;

• Ensure that full records of all investments are kept in a secure place in the Finance Manager’s office.

11. Cheques

a) The CO is ultimately responsible for all cheques which should be signed by 2 of the authorised signatories, one of which should be an Honorary Officer if the cheque is more than £300.00;

b) Cheques will only be signed when supported with documentary evidence of the nature of the payment;

c) Cheques will not be signed:

- By the person to whom they are made payable;
- When blank;
- By two members of the same service area;
- By any staff or Trustee in favour of a family member who is also part of AUKY;

d) The Treasurer will carry out regular checks on the banking processes including as regards cheques;

e) All cheque books will be kept in a secure place in the Finance Manager’s room.

f) Any changes to the bank mandate must be authorised by the Trustee Board;

g) Cheque Request Forms must be passed to the Finance Manager, authorised by a line manager as appropriate and cheques will only be issued against documentary evidence of the nature of the required payment;

h) Cheques stubs will be completed at the time of payment and the Cheque Request Form will be endorsed with the cheque number, payee, amount and cost centre;

i) Each month, information from the Cheque Request Forms and Income Book will be entered onto the computerised accounts system.

12. BACS

a) BACS payment may be the appropriate means of making payments including for salaries. The same accounting and security arrangements are in process as for cheques;

b) The CO is ultimately responsible for all BACS payments. These should initially be authorised by the appropriate service manager;

 c) BACS transfers over £300 must be authorised by the Chair or Treasurer via the BACS request form with documentary evidence of the nature of the payment;
d) The Finance Manager will prepare the BACS payment except in the case of payment to themselves when it will be authorised by the CO;

e) No BACS payment is to be completed by any staff or Trustee on the BACS payment form where it is in favour of themselves or a family member;

f) BACS payment request forms will be passed to the Finance Manager and must show reference, payee, amount and cost centre;

g) BACS request forms and the income book data will be entered onto the computerised accounts system each month.

13. Deeds of Covenant and Gift Aid

The Finance Manager checks income due is received annually and all eligible tax repayments are obtained.

14. Credit Cards

a) All credit cards are kept in a secure place in the Finance Manager’s Office;

b) Cards are held by specific named officers who have signed the appropriate bank letter which is then held by the Finance Manager. Such officers will have been checked for suitability;

c) A receipt for the card is also signed and states as follows:

'I have read and understood the Debit and Credit card policy set out in Policy 67 and sign below to confirm that I agree to the conditions.

Signed ................................................  Date...........................................

Form to be returned to Rebecca Hall, Age UK York, 70, Walmgate, YO1 9TL’

d) Security for each card is the responsibility of the card holder. The card must not be used by anyone else and if a card is lost, its loss must be reported immediately to the Finance Manager, Chief Officer, or Deputy Chief Officer;

e) Both cards have a credit limit agreed from time to time by the Treasurer;

f) Cards are only to be used for the purpose for which they are issued and except for emergency purchases must relate to the relevant bank account, e.g. a Net Neighbours card should not be used to purchase a trading item;

g) All purchases except those for Home Shopping must have a receipt or written explanation. This should be given to the Finance Manager as soon as possible;

h) When any staff member holding a card resigns or retires, the card must be handed back and cancelled;
i) If a card is used in error, this fact must be reported to the Finance Office immediately and the relevant sum refunded to AUKY;

j) Failure to refund the sum will result in its deduction from salary or recovery by legal action;

k) Deliberate misuse of a card will be regarded as a disciplinary offence and the Chief Officer will take appropriate action.

15. Mail handling

a) Incoming and outgoing mail may involve finance. Arrangements regarding finance in mail are set out below;

b) Incoming post is dealt with under the supervision of the Finance Manager. Two people are present at this time;

c) All post is date stamped and initialled. Any post marked Private and Confidential is passed to the addressee. Other post is distributed appropriately. Unopened mail is stored by the Finance Manager;

d) Cash or cheques are recorded immediately by marking the document as having had an enclosure and entering the amount in the Income Book and/or passing the documents/cheque/cash to the appropriate member of staff. The entries are checked by someone other than the person making the entry when the income amount is entered onto the finance system;

e) Invoices are passed to the relevant service organiser for completion of the Cheque/BACS Request Form;

f) Faxes are dealt with by the recipient/sender and a receipt of faxes sent kept;

g) Outgoing mail is:

- Taken to the Receptionist for stamps to be attached;
- Unless specifically marked as urgent, all post will be sent second class;
- Entered in the post book;
- Posted in the Royal Mail box by either the Receptionist on duty or any member of staff who is passing a post box;
- Taken to the Post Office in the case of registered post, with payment made from petty cash against a written receipt;

h) Postage stamps are locked away in the Finance Manager’s drawer every night;

i) Postage stamps to the value of £300 can be purchased at any one time, taking into account the actual quantity of stamps in the Finance Manager’s drawer and anticipated bulk postage such as the newsletter or AGM invitations.
16. Purchasing and ordering

Purchasing, ordering and leasing arrangements are dealt with in Policy 7.

17. Financial irregularities

a) AUKY seeks to protect its service users, workers and its own reputation and will not tolerate financial abuse in any form;

b) Anyone observing or suspecting any financial irregularity must:

- Report this immediately, either to their line manager or supervisor or anyone else in authority within AUKY;
- Not hesitate to report suspected irregularity even where it involves a senior member of staff or a Trustee; but should seek out another senior staff member to report to;
- Not discuss the situation with any other colleagues.

c) Financial irregularities could include:

- Financial abuse of an older person, service user or carer. This can include the removal of property;
- Financial abuse of a trustee, volunteer or staff member;
- Misuse of AUKY funds, monies or resources;

d) An investigation will take place in line with AUKY's Disciplinary Policy;

e) Attention will be paid to Policy 12 on Data protection, Policy 9 on Confidentiality and Policy 65 on Whistleblowing to protect those involved appropriately;

f) Where appropriate the police will be informed;

g) Social Services and the Commission for Social Care Inspection or the Charity Commission may be informed depending on the outcome of process of the investigation and findings.

18. Money related to services and activities

a) Individual service organisers are responsible for their own services' petty cash. When they require petty cash they should complete a petty cash slip, the cash then comes from the general petty cash, which is held in the finance office;

b) Each service that requires petty cash has a lockable cash box of its own;

c) Petty cash books are maintained for all petty cash holdings. Expenditure is coded and balanced each week by the Finance Manager;

d) The supervisors of each service will liaise with the Finance Manager about finance management for that service including payment arrangements for day clubs and outings;
e) The policies on services for services users are being merged. The relevant policies are:

POLICY 26 Handling and Moving Policy and Risk Assessment Procedures

POLICY 44 Outings and Minibus Usage Policy

Policy 64 Wheelchair use within our luncheon/coffee and day club settings policy

Policy 73 Day Clubs and Outings Policy and Procedures