



Updated: November 2024
Next update due: November 2026

Financial Management Policy

Income Policy & Procedures

Purpose:

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash.

To outline the structure of authorisation for dealing with income, credit-control and cash management.

Invoices:

Invoices should be issued whenever it is appropriate.

Invoices should include the following details:

- The Charity's logo
- The charity number
- The name and address of the person or organisation being invoiced
- The date of the invoice, which must be the date it is posted to the accounts
- The nature of the services and/or goods being charged for
- The invoice total
- The Charity's payment instruction & terms of payment

Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format.

Outstanding invoices:

The Treasurer will review the outstanding invoices every month.

If an invoice hasn't been paid within 28 days of being issued, then a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Board to determine what further action should be taken.

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Registered Charity Number 1203240

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (eg: the provision of goods or services, or access to any of the Charity's facilities or resources) until the outstanding debt has been repaid in full.

Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

Recording Payments:

Payment by BACS:

Where payments are made directly into the bank account via the BACS payment system the Managing Director will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

When payment by cheque or cash is received:

When cheques or cash arrive the Managing Director will ensure that cheques are properly signed and made payable to the Charity and will record their arrival in the accounts;

Cheques and cash received should be banked the same day where possible but at least once per week. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked. A maximum of £250 cash may be held overnight.

Cash in Transit:

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action.

Budgeting Policy and Controls:

Purpose:

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

To provide a structure for monitoring and controlling expenditure and allow authorised budget-holders the flexibility to manage their respective budgets within the limits laid down by the Board.

To ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the Charity's financial commitments as they arise.

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Policy:

The Board of Trustees will be presented with management accounts at monthly intervals.

The Managing Director will provide the Board of Trustees with regular reports (informal reports will be provided monthly as appropriate, formal reports will be provided quarterly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Managing Director will ensure that the Board (via the Treasurer, where appropriate) is informed where any breaches of this policy may occur.

Budget-setting Process:

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after the Charity has clarified its aims and objectives and produced a variety of action plans to achieve them.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time.

The Managing Director will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Board for comment.

Any necessary revisions will be made and a final draft budget presented to the Board for approval & adoption no later than the last day in the financial year prior to that to which it applies.

Monitoring and Revision:

The Managing Director will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

Payroll Policy and Procedure:**Purpose:**

To ensure staff are paid in accordance with their terms and conditions of employment.

To ensure salary rates are competitive enough to retain staff.

To ensure statutory deductions are made and paid to the relevant authority within the time limit.

Payment of Salaries:

All salaries are paid in arrears by direct transfer into employee's personal bank accounts on the last working day of each month, or nearest day where this falls on a Saturday, Sunday or Bank Holiday.

Staff must supply the Managing Director with the name of their bank, account number and bank sort code within a week of starting. P45s must be handed in as soon as possible to ensure the correct tax code is applied. Where no P45 is available the member of staff will be required to sign a P46 (as are all volunteers who receive any expenses).

Where staff requires any other arrangement they must ask for consideration of the matter as soon as possible and the matter will be referred to the Board.

Deductions:

Only statutory deductions will be made without the prior written and signed authorisation from the employee.

Overtime:

Staff will not be paid for overtime unless pre-agreed with the Managing Director but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work, if possible.

Termination of Employment:

Any outstanding debts will be deducted in full from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.

Purchasing Policy and Procedures:

Purpose:

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

Orders – Goods and Services:

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.

Budget-holders may order items within their own budget and up to £150 in value.

For purchases over £500 value the authorisation of the Treasurer is required.

Items over £500 in value must be authorised by the Board. For any purchase over £1,000 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Invoices must be checked against the relevant delivery notes, initialed and dated when received by the budget holder and forwarded to the Treasurer for payment.

In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

Purchases – Depreciable Assets:

All depreciable items over £1000 (in aggregate where the purchase is of related items) will be recorded in the accounts as a tangible fixed asset and depreciated over the appropriate period of time as defined in the Annual Report and Statement of Financial Activity.

***Note:** this section will not apply to charities which use Receipts & Payments accounting procedures, in which case it should be deleted in its entirety.*

On-Line Purchases Using Credit/Debit Cards:

All on-line purchases must have the prior approval of the Managing Director, in addition to the budgetary approvals specified earlier.

On-line purchases of items for the Charity must NOT include within the same order any item for the personal use of the person placing the order.

Whenever possible, the delivery address for such on-line purchases should be the Charity rather than the purchaser's billing address (usually their home address).

The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by the Charity. The reimbursement of individuals for purchases made on behalf of the Charity will always be by cheque signed by two Trustees who are not otherwise involved in the purchase (including reimbursement which are within the single-signature limit in the Charity's bank account mandate).

Petty Cash Policy and Procedure:

Purpose:

To ensure all cash is properly handled including storage, payments and record keeping.

To establish accountability for the proper handling of cash.

Policy:

All cash must be kept in the Petty Cash boxes provided which should be kept in a secure place.

A signed Expenditure Voucher and point-of-sale receipt must support all transactions.

All payments must be recorded in the book kept in the cash tin.

The Managing Director shall operate random checks on Petty Cash box to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.

The Accounting and Audit Procedure:**Purpose:**

To ensure that the Charity meets the statutory accounting requirements of the Charities Commission.

To provide accurate and useful data for the Board and staff.

Procedure:

The Charity's accounts will be managed electronically using appropriate software approved by The Board and the Charity's bookkeeper and Auditor/Examiner;

The Treasurer, in conjunction with the Bookkeeper and Managing Director where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Treasurer will ensure that the audited/examined accounts are filed with:

- The Charity Commission within 10 months of the year-end.

Date created: November 2024

Date of next review: November 2026