

Bridging the Gap Islington

Financial Controls Policy

1. Introduction

Financial records will be kept so that Bridging the Gap Islington can:

- (i) meet its legal and other obligations, e.g. Charities Act 2015, Inland Revenue, Customs & Excise and common law.
- (ii) enable the trustees to be in proper financial control of the organisation.
- (iii) meet the contractual obligations and requirements of funders.

Bridging the Gap Islington will keep proper books of accounts, which will include:

- (i) management accounts analysing all the transactions in Bridging the Gap Islington's bank account(s).
- (ii) a spreadsheet for all transactions through the expenses account
- iii) Detailed lists of expenses for every transfer between the main account and the expenses account
- (iii) Inland Revenue deduction cards P11 and Unique Tax Payers' reference numbers for any freelance workers that may be employed.

The financial year will end on the 31st March each year and

- (i) accounts will be drawn up within six months of the end of each financial year and presented to the next Annual General Meeting.
- (ii) prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year and any major changes to this budget during the year shall be approved by the trustees.
- (iii) a report comparing actual income and expenditure with the budget will be presented to the trustees at least every three months;
- (iv) an appropriately qualified auditor/examiner will audit/examine the accounts for presentation to the next AGM.

2. Banking

Bridging the Gap Islington will bank with the Co-operative Bank. Accounts will be held in the name of Bridging the Gap Islington such that:

- (i) the following accounts will be maintained:
Bridging the Gap Islington Main Account and
Bridging the Gap Islington Expenses account;
- (ii) the accounts will be operated in accordance with a bank mandate including the list of people any two of whom must operate the on-line BACS (Bank Automated Clearing System) and sign cheques on the organisation's behalf;
- (iii) any changes to the bank mandate will be approved and minuted by the trustees;
- (iv) the charity will require the bank to provide statements regularly which will be reconciled with the management accounts.
- (v) the charity will not use any other bank or financial institution or use overdraft facilities or loan without of the prior agreement of the trustees.

3. Income

All monies received will be recorded promptly in the management accounts and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc. for which the expenses account should not be used (cf Clause 5)). Bridging the Gap Islington will maintain files of documentation to back up all receipts of income.

4. Expenditure

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories and BACS operators with authority to spend up to the budgeted expenditure limit. Any payment outside the budget must be authorised by the trustees and minuted accordingly

All payments will be made by BACS unless a recipient's bank account details have not been provided on request.

The cheque book(s) will be kept safely such that:

- (i) Payment by cheque will only be used when a BACS payment is not possible
- (ii) blank cheques will NEVER be signed; and
- (iii) the relevant payee's name and amount will always be inserted on the cheque before signature and the cheque stub will always be properly completed;

The Expenses account will allow payments with single signature authorisation or through a debit card.

No cheques should be signed, or BACS payments approved, without original documentation (cf Clause 5)

5. Payment documentation

Every payment out of Bridging the Gap Islington's main bank account will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by Bridging the Gap Islington and filed,

- (i) for BACS payments, the payment date and the name of the approver will be recorded
- (ii) for cheque payments, the cheque number, date of countersignature and names of signatories
- (iii) for transfers to the expenses account, a list of expenses and invoices will be recorded

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course or deposit for a venue, when a quotation should be used and salaries, tax & NI, etc. Here a payment requisition form or e-mail to the BACS approver will be used.

All employees will be paid within the PAYE, National Insurance regulations. All staff appointments/departures and any changes in hourly payments will be authorised by the trustees, minuting the dates and salary level.

The Expenses account will always be maintained on the imprest system whereby the maximum balance on the account is agreed by the trustees. When that is more or less

expended, a transfer will be drawn for sufficient funds to bring up the float to the agreed sum, the transfer being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.

Bridging the Gap Islington will, if asked, reimburse expenses on the organisation's business paid for personally by staff or volunteers, providing:

- (i) fares are evidenced by tickets;
- (ii) other expenditure is evidenced by original receipts;
- (iii) car mileage is based on local authority scales; and

any payment to a cheque signatory will be authorised by a different cheque signatory.

6. Cash cards

Debit cards will not be used on the main account and, if issued by the bank, they will be immediately cut in half. Most payments out of the petty cash account will be made by debit card and supported by an invoice or debit card payment record showing clearly the nature of the expenditure.

7. Other undertakings

Bridging the Gap Islington does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5,000, must be authorised and minuted by the trustees. If necessary, between meetings, such authorisation will be sought and given via e-mail. (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 Bridging the Gap Islington with the prior approval of the trustees via e-mail if closing dates make this necessary.

8. Other rules

Bridging the Gap Islington 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. In addition, Bridging the Gap Islington will maintain a property record of items of significant value, with an appropriate record of their use.

9. Reserves

The trustees aim to maintain sufficient reserves to cover six months' committed expenditure

9. Financial Risk Assessment

The major risks to which the charity is exposed are financial risks to the continuity of income and reputational risks due to the failure of mentoring relationships. The steps taken to mitigate these risks are:

- (i) undertaking fundraising on a regular basis to maintain a regular flow of grant or contract income;
- (ii) establishing and maintaining an attractive and easy to navigate website and social media presence to encourage individual donations; and
- (iii) ensuring mentors are well-trained and supervised.