

Sorted

Financial Management Policy

Objectives of the Policy

1. To ensure the on-going financial viability of the Sorted church
2. To implement systems and controls that:
 - i. Protect the organisation against loss and misappropriation of funds
 - ii. Protect individuals from unsubstantiated accusations of financial misconduct
 - iii. Provide regular, relevant and reasonable management information
 - iv. Provide transparency in the accounting systems for inspection purposes and for information retrieval
3. To produce End of Year Financial Statements that satisfy:
 - i. Standards of Recommended Practice (SORP)
 - ii. Company's House

OBJECTIVE 1 - To Ensure the On-Going Financial Viability Of

In line with the Development Plan a projected expenditure budget is produced for the next financial year which is rolled out over the following two years. This rolling out is reviewed annually and the projected budget is revised. This expenditure budget forms the benchmark against which income is sought and actual expenditure is compared.

OBJECTIVE 2 – Implementation of Systems and Controls

This section should be read in conjunction with the Financial Systems Document which form Appendix 1 of this policy.

Handling of Receipts. This may be by:

Cash – Fees for activities and often room hire are paid by cash, which is counted by the lead worker at the time of receipt. All cash received is then reconciled weekly by 2 persons and banked within one week of receipt.

Cheques coming into the organisation are banked generally within one week of receipt.

Standing Orders are directed to the bank and bank statements confirm the transaction.

BACS transfers occur for incoming and outgoing payments and bank statements confirm the transaction.

The safety of personnel carrying monies and the security of passage of those monies to and from the Bank deserve particular scrutiny. In most cases the amounts will be small and people involved with such deposits are reminded of the potential risk to themselves and are advised:

To be watchful,

To visit bank during daylight hours

To vary route and times of the visit

To invite assistance from other associates when required

To carry a personal protection alarm.

Handling of Payments. This may be by:

Cash for petty cash accounts is requested on float / expense forms accompanied by receipts. Cash is then requested by electronic payment from the bank. Cash payments for float / expenses are acknowledged by the signature of the recipient. BACS payments for float / expenses are not normally acknowledged by the signature of the recipient.

Cheques are written to order weekly, and presented to a Director countersignatory together with relevant explanatory paperwork for expenses and invoices etc. Invoices and expenses are authorised by the Treasurer or Director

Segregation of Duties

We aim to ensure that no one person is responsible for the initiating, recording, authorising and settling of a transaction that commits the Sorted church to what may be significant expenditure.

We also aim to organise the above chain of events such that different people provide a check on each other to prevent fraud and innocent error.

To achieve these aims we separate the spending approval or authorisation from the making or recording of payments.

Besides requiring two signatures on all cheques the following additional safeguards are applied:

Authorisation for spending on items up to £1000 – Project leader

Authorisation for spending on items between £1000-£3000 - Project leader & Treasurer

Authorisation for spending on items over £3000 – 2 Directors

Provide regular, relevant and reasonable management information.

After the end of month bank reconciliation has been completed, figures are provided of monthly income, expenditure and cash in bank. In addition, quarterly cumulative figures are given for income and expenditure for the year to date to compare with the budgeted income and expenditure. Also the arithmetically projected total income and expenditure figure for the year will be calculated. With this information, the Project leader and Directors will be able to spot areas which are needing attention and are veering away from the plan.

Provide transparency in the accounting systems for inspection purposes and for information retrieval.

The use of an excel spreadsheet provides an appropriate means for the recording of all the Sorted church financial matters. The system is run by a trained operative and a further employee is to be trained in its use. This ensures that information is readily at hand at any period end and particularly year end where accounts can be finalised, audited and published. This system lends itself well to the compartmentation of the different areas of work with the Sorted church and the reconciliation of monies donated for restricted purposes and the subsequent spending of those monies. Payroll is prepared by Bradford CPA Ltd.

To produce End of Year Financial Statements.

The use of an excel spreadsheet provides the accountant and Auditor the information required to produce the end of year financial reports. These are then arranged to comply with:

- i. Standards of Recommended Practice (SORP)
- ii. Company Law with filing of reports to Company's House

This policy will be periodically reviewed and updated as necessary.

APPENDIX 1

INCOME & EXPENDITURE PROCESS

GOLDEN RULES ARE:-

- **‘NO PAPERWORK – NO MONEY’**
- **SEPARATION OF THE ‘ONE WHO SPENDS’ FROM THE ‘ONE WHO AUTHORISES’**
- **CHEQUES TO BE SIGNED AND COUNTERSIGNED ONLY AFTER WRITING**

EXPENDITURE

Requests for expenditure will come from various sources. They can be categorised as follows:

- **Petty Cash**

There is a central cash float from which day to day expenses are met.

This money is reimbursed when the staff member submits a completed expenses sheet with receipts attached which is authorised by the Treasurer or a Director. Cash receipts should be signed as received when moneys are handed over. Recognition should be made of health and safety considerations when visiting the bank.

- **Expenses**

Expenses work similarly. This money is reimbursed when the staff member submits an expenses sheet with receipts attached which is authorised by the Treasurer or Director.

- **Credit Card Payments**

For some purposes expenditure will be incurred using a credit card. Card users should always check the validity of each item and attach appropriate receipts.

1. Where an item or items are paid for using a credit card and the individual claims back funds for the purchases. This should be done using an expenses form or valid receipt.

- **Invoices**

Incoming invoices should be checked against work done / services provided and signed as being valid and OK for payment by the Project Leader/Treasurer. This is crucial to avoid scam invoices that may appear. Invoices are then passed for payment to the Treasurer. Cheques in payment of invoices should be sent by 2nd class post with an accompanying letter recording Date and Invoice No. and the number and amount of the cheque.

- **Other Receipts and Invoices**

For some exceptional cases, paperwork may need to be ‘invented’. This is so that a record is provided for the accounting procedure and the payment can be logged against a specific cost area and is traceable. This may take the form of a ‘Receipt of Payment’ which would need to be signed. For some contractors who struggle with paperwork, an Invoice for work done may need to be designed.

INCOME

Income will come from various sources. They can be categorised as follows:

- BACS
- Cheques

- Cash

BACS payments are most preferred for security reasons. The down side is remembering to account for them on time.

Cheques are the most normal way of receiving money, usually accompanied by some paperwork. This should be stamped ready for information to be added. Cheques should be paid in as soon as practically possible.

Cash Receipts – these are kept in the safe and paid into the bank as soon as practically possible.

Bank Reconciliation

Bank statements should be sent from the bank after close of business of the last day of the calendar month. The bank account in operation is with The Yorkshire Bank.

The account is reconciled monthly.

Management Information

The accounts are prepared quarterly, emailed to council members and directors including chair and project leader. A hard copy is prepared for the file.