

Finance Policy

Compass Disability Services

Units 11 – 12 Belvedere Trading Estate
Taunton, TA1 1BH

September 2015

Review: September 2018

Introduction

As a registered charity and company limited by guarantee it is imperative that we adopt rigorous financial controls and procedures throughout the organisation, which will enable us to fulfil the expectations of the Charity Commission, Companies House and Compass Disability Services stakeholders, and ensure financial viability for the future of the organisation. This policy has been designed to be flexible enough to allow the organisation to grow.

Board of Trustees

The Board of Trustees is responsible for:

- Safeguarding the assets of the charity
- Preventing fraud
- Avoiding mistakes
- Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc).
- Preparing Annual Accounts in accordance with the governing document and relevant legislation

The Board of Trustees responsibilities are achieved through designating responsibilities to the Chief Executive Officer (CEO) and the Operations Manager.

To enable the Board of Trustees to carry out these responsibilities, the Finance Policy must be followed at all times by all Board of Trustee members, staff and volunteers. This policy in exceptional circumstances may be overridden with the approval of the Chief Executive Officer; any such override will be immediately reported by the Chief Executive Officer to the Board. A Board decision may also override the policy in exceptional circumstances.

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A copy of this policy will be given to all Board of Trustee members on their election/appointment to the Board, and to all relevant staff and volunteers.

Organisational Information

- a) Compass Disability Services' financial Year runs from **1st April to the 31st March**
- b) Name of Bankers **Unity Trust Bank and Lloyds Bank**
- c) Name of Auditor **Milsted Langdon**

Bank Accounts

- a) All bank accounts must be in the name of the organisation (Exception Managed Accounts, see below).
- b) No account may ever be opened in the name of an individual or individuals. (Exception Managed Accounts, see below)
- c) New organisational accounts may only be opened by a decision of the Board of Trustees, which must be minuted.
- d) Project Accounts may be opened by the CEO and in turn reported to the Board of Trustees (Exception Managed Accounts, see below).
- e) Each Managed Account Customer has an account opened in their own name via the Managed Account Customer Management System (Aquarium). These accounts are opened by Managed Account Administrators in line with strict procedures.
- f) Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted.
- g) Two people must be involved in counting cash receipts.
- h) All cheques must be signed by two signatories.
- i) The signatories are responsible for examining the cheque for accuracy and completeness.
- j) All Internet Bank Transfers must be authorised by two signatories.
- k) The Assistant Finance Manager is responsible for ensuring accuracy and completeness prior to transmission.
- l) The signatories are responsible for examining the payment documentation (purchase invoice etc) prior to signing the cheque or authorising an Internet Transfer.
- m) Blank cheques must **never** be signed.

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Signatories to the accounts:

Role/Job Title: **Chief Executive Officer**

Role/Job Title: **Chair of Trustees**

Role/Job Title: **Treasurer**

Annual Budget

- a) An annual budget, setting out the organisation's financial plan for the year, will be prepared so that the Board of Trustees can approve it before the start of each financial year.
- b) The draft budget will be prepared by the following personnel:
 - CEO
 - Operations Manager
 - Assistant Finance Manager
 - Input from Project Leads

Financial Reports

- a) A monthly Management Accounts report and a Cash Flow Report will be prepared for every Board of Trustees meeting.
- b) The report will consist of:
 - Income and Expenditure Accounts
 - Balance Sheet
 - Notes to the accounts and commentary
- c) Reports will be disseminated 10 days in advance of each board meeting to enable Board members to scrutinise in readiness for discussion at the next Board meeting.
- d) All reports will be prepared by the Assistant Finance Manager and the CEO

Accounting and other Financial Records

The organisation has robust procedures in place to ensure that all legal and statutory responsibilities are upheld

The organisation maintains a computerised accounting system which records:

- Cheques and cash received and banked
- Cheque payments, Internet Banking Transfers and other amounts paid from the bank accounts

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- a) Every transaction will be entered into the appropriate system and will include:
 - The date of the transaction
 - The name of the person or organisation money was received from or paid to and the full amount
 - A brief description of why the money was received or paid
- b) All documents relating to receipts and payments will be scanned and uploaded to the appropriate accounting software
- c) A regular backup copy will be taken on the NAS drive automatically.

Authorisation and Payment

- a) A Purchasing Policy is in place to set out guidelines for staff that are engaged in purchasing activity, in order to ensure compliance with any statutory requirements whilst allowing the organisation to meet its objectives. To help ensure that all purchasing is undertaken using the same principles and the most effective use of funds. It also aims to show that quality of service and the ethos of the organisation still has its place alongside ‘best price’ practice in the purchasing of all goods and services.
- b) Purchase orders MUST accompany all purchases including those made on the credit card. All purchase orders MUST be approved before an order is placed by the Operations Manager (or Contracts Manager in their absence. In exceptional circumstances where it is unlikely that either the Operations Manager or Contracts Manager will be available the next working day and not making the purchase will have a negative impact upon service delivery then the Business Development Manager or CEO’s approval can be sought).
- c) All purchase orders must be recorded and allocated a Purchase Order reference.
- d) The Purchase Order reference must be given to the Supplier and quoted on their invoice.
- e) Purchases of items may be approved as per below:
 - Up to 2.5k – Operations Manager (or Contracts Manager in their absence)
 - Up to 5k – CEO
 - Over 5k – Board of Trustees
- f) No Trustees or staff member may solely authorise payment to themselves, their partner or relatives.

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- g) Invoices (or other receipts) should be matched and checked against the Purchase Order before payment is authorised. All goods received must be signed for; if unchecked they must be checked for completeness before payment.
- h) Once payment has been made, the invoice (or other receipt) should be marked "Paid", together with the reference and date.
- i) All payments must be entered on to the computerised accounting system on receipt.

Card Payments

- a) Staff or Trustees may be provided a credit or debit card if a clear need can be demonstrated, after approval by the Board
- b) Provision of a card can be withdrawn by the Board or by the CEO at any time.
- c) If a card user ceases in their role with the charity, their cards will be retrieved, cancelled and destroyed with immediate effect
- d) All statements will be sent directly to Compass Disability Services registered offices
- e) All expenses incurred using a card must go through the usual authorisation processes
- f) There will be a six monthly review of card use to ensure proper practice.

Regular Bank Payments

There will be a quarterly review to ensure no redundant regular payments (standing orders or direct debits) are being made. If any redundant payments have been made, then a refund will be requested from the payee.

Reimbursement of Expenses

- a) A common set of financial controls is applied to all expense payments, without exception, to all those involved with Compass Disability Services whether staff, trustees or other volunteers.
- b) All expenses will be authorised and reimbursed in line with Compass Disability Services Expenses Policy and procedure and the Petty Cash procedure.

Staff Payroll

- a) All employees (including sessional and part time employees) must be asked to complete the relevant PAYE form/s before they receive any payment.

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- b) All staff changes and changes to terms and conditions of employment need to be approved by the CEO and will be processed by the Operations Manager.
- c) Payroll and all calculations will be made by the payroll processor and authorised by two Senior Managers.
- d) It is the expectation of Compass Disability Services that any loaned equipment will be returned to the organisation in good working order. Allowing for general wear and tear, if items are returned in an unacceptable condition this will result in a deduction from the salary of the relevant staff member to cover the cost of replacement, cleaning or repair.
- e) Compass Disability Services does not issue loans or salary advances under any circumstances.

Insurance

- a) Appropriate Insurance policies will be maintained to cover:
 - Employer’s Liability
 - Public Liability
 - Contents
 - Professional Indemnity
 - Buildings
- b) An inventory of all physical assets of the organisation will be kept and regularly updated.
- c) A copy of all insurance policies will be kept off the premises at the address of the CEO.
- d) Where equipment cannot be returned in a reasonable condition, whether or not it is covered by insurance, the staff member to whom the equipment was issued will be liable for the cost of repairing or replacing the items. Such costs will be deducted through payroll

Lotteries (includes raffles, tombolas and sweepstakes)

In accordance with the Gambling Act 2005, should Compass Disability Services plan to hold a lottery that requires permission an application will be submitted to Taunton Deane Borough Council. This does not apply to Incidental non-commercial lotteries, such as tombolas/raffles held as part of an event where all the sales and the draw take place during the main event, and prizes do not total more than £500. The nominated person organising the lottery may request a change float from the Finance Administrator and a raffle collections record sheet will be issued. It is the responsibility of the

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person organising the raffle to return the float intact as soon as possible after the event.

Any proceeds from the lottery will be counted with two people present. The amount and denomination totals will be recorded on the raffle collections record sheet and signed by both people present.

Any lottery proceeds, change floats and completed raffle record sheets will be returned to the Finance Administrator as soon as possible after the event. Any cash not banked on the day of receipt will be placed in the safe or locked away safely overnight

In the event of the lottery requiring permission, the Senior PA and Governance Officer will be responsible for applying for registration and making appropriate returns in line with the registration.

Collections, Donations and Gift Aid

Compass Disability Services is aware of and will ensure that all fundraising activities are carried out in line with its legal responsibilities and the Charity Commissions best practice guidance.

A Collections, Donations and Gift Aid procedure is in place to outline what must happen to ensure that money raised is managed securely and transparently.

The organisation will make use of tax relief schemes available to increase the charity's income. Where donations fall within the Gift Aid scheme declarations will be sought and returns submitted in line with legislation.

Other Undertakings

All fund raising and grant applications undertaken on behalf of Compass Disability Services will be done in the name of the organisation with prior approval of the CEO, Board of Trustees or in urgent situations the approval of the Chair, who will provide full details at the next Board Meeting.

The Board of Trustees and CEO will consider the level of reserves that is prudent for the Compass Disability Services to have. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were Compass Disability Services to close.

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Confidentiality

The confidentiality of employees' financial circumstances will be respected at all times.

Board members, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest they must follow the Conflict of Interest Policy.

Policy Revisions

This policy will be reviewed every three years and amended as necessary, or earlier in accordance with any forthcoming legislation or changes to the operations or premises of the organisation. All employees should pass suggestions or recommendations for the revision of any aspect of the policy through normal channels to the CEO.

Additional Information:

Expenses Policy

Expenses Procedure

Purchasing Procedure

Petty Cash Procedure

Collections, Donations and Gift Aid Procedure

Conflict of Interest Policy

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