

# ANGEL COMMUNITY CANAL BOAT TRUST



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<b>Policy:</b>	Financial Management and Controls Policy
<b>Effective Date:</b>	February 2021
<b>Relevant Legislation:</b>	Charities Acts HMRC legislation, directives and guidance Companies Act Common Law
<b>Related Policy / Documents:</b>	Memorandum and Articles of Association of the Trust

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## **1. Purpose**

This policy sets out how the finances of Angel Community Canal Boat Trust (The Trust) are managed. Following this policy will help to ensure that the Trust is financially responsible, accountable and prudent.

See Appendix A for a definition of abbreviations and terms used in this document.

## **2. Policy Scope**

This policy covers all financial transactions carried out by, for and on behalf of the Trust by its Management Committee, employees and volunteers.

## **3. Policy**

The Trust is committed to the transparent, comprehensive and secure management of its finances, ensuring all financial obligations are addressed, and that there are sufficient resources to support the Trust in achieving its mission and objectives.

The Management Committee has ultimate responsibility for ensuring the effective implementation of this policy. The Treasurer has direct ultimate responsibility for ensuring the effective implementation of this policy and the effectiveness of the Trust's financial management system.

## **4. Policy Implementation**

### **4.1 Financial Records**

Financial records will be kept in order that:

- The Trust will meet its legal and other obligations, e.g., Charities Acts, HMRC, Companies Act and Common Law.
- The Committee will have control of the Trust's finances.
- The Trust will meet contractual obligations and the requirements of funding bodies.

### **4.2 Books of Account**

The Trust will keep proper books of account, which will include:

- Bespoke software or appropriate spreadsheets on computer analysing all the transactions in the Trust's bank account(s).
- Use of HMRC Basic Tools software to report salary paid, tax and NI due.

This information will be held on computer, and adequate backups will be held.

### **4.3 Financial Year and Accounts**

The Trust's financial year ends on 31 March.

Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting (AGM).

Within three months of the start of each financial year, the Committee will approve a budgeted income and expenditure account for that year.

The Treasurer will present a written report which will be presented at least quarterly to the Committee by the Treasurer:

- Comparing actual income and expenditure with the budget;
- Detailing cash held by the Trust;
- Detailing all outstanding invoices.

#### **4.4 Independent Examiner**

An appropriately qualified examiner will be appointed at the AGM to independently examine the accounts for presentation to the next AGM.

#### **4.5 Bank Accounts**

##### **4.5.1 Cooperative Bank**

The Trust will bank with the Cooperative Bank at its Skelmersdale headquarters branch where the accounts will be held in the name of the Trust. The following accounts will be maintained:

- Current.
- 'Skipper's'.
- Any other project accounts as may be agreed and approved by the Committee.

##### **4.5.2 COIF Charities Deposit Fund**

The Trust will maintain a savings account with COIF Charities Deposit Fund run by CCLA Fund Managers Limited and held in the Trust's name.

#### **4.6 Banking Controls**

The bank mandate (list of people who can sign cheques and authorise BACS transfers on the Trust's behalf) will be approved and minuted by the Committee as will all changes to it.

The Trust will require the bank to provide statements every month or will download equivalent statements from the Bank's website and these will be reconciled with the record of transactions held every quarter by the Treasurer.

The Trust will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Committee.

The 'Skippers' bank account will be run with a balance of no more than £1,000 and be used by the Skipper to defray running expenses and provide petty cash by use of a debit card.

#### **4.7 Receipts**

Our aim is to demonstrate that the Trust has received all the income to which it is entitled and that it is all reasonably evidenced.

We will record promptly all monies received (including small sundry receipts) in the accounts' software or receipts spreadsheets and banked without delay. The Trust

will maintain files of documentation (e.g. letters/emails from funding bodies) to support this.

## **4.8 Payments**

Payments will be managed as follows:

- We will use online bank transfers wherever possible, but the Treasurer will be responsible for holding the cheque books (unused and partly used cheque books) which should be kept securely.
- Blank cheques will never be signed.
- Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as signing cheques and payments.
- Cheques and bank transfers greater than the value of £2,000.00 will require the approval of the Committee. The chairman of the Committee may, if necessary, take action in order to approve cheques and transfers greater than the sum of £2,000.00. However, this will be reported at the next meeting of the Committee. Signatories to cheques and transfer authorisations which are greater than £2,000.00 must be different to those requesting purchase of items.
- When cheques are used, the relevant payee's name will always be inscribed on the cheque before signature and the cheque stub will always be filled in.
- No cheques will be signed or bank transfers made without appropriate supporting documentation.
- Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the Memorandum and Articles of Association of the Trust.
- The Chairman and/or the Treasurer with (in either case) one other Committee member shall not approve expenditure of more than £2,000.00 nor an overspend on a particular budget heading of more than 10 per cent unless this approval is written down, signed by both people approving it, and reported to and minuted at the next Committee meeting.

## **4.9 Payments and Signatories**

### **Payments**

Every payment made from the Trust's bank accounts will be supported by an original invoice (never simply paid against a supplier's statement or final demand). The original will be filed and kept for six years. The person who signs the cheque or approves the bank transfer should ensure that the invoice is authorised for payment, preferably by someone other than the cheque or bank transfer signatory(ies). The invoice should show the following:

- Cheque number (if relevant).
- Date cheque drawn or bank transfer made.

The only exceptions to payments not being supported by an original invoice would be for such items as advance booking fees for a future course, VAT, etc. Here a cheque requisition form, or equivalent, will be used and a photocopy of the cheque

kept. An e-mail requisition from an appropriate officer of the Trust is also sufficient backing.

### **Cheque, Bank Transfer Signatures and Cash Cards**

- Each cheque of £1,000 and above will be signed by at least two people, below this level one signature will suffice. All bank transfers will be authorised by a trustee other than that making the transfer.
- ATM type debit cards will be used solely on the Skippers Account by the Skipper.

### **Wages and Salaries**

Every payment will be made in accordance with the instructions of the Committee. All employees will be paid within the PAYE and National Insurance rules. The Trust will process its own salaries.

All staff appointments will be authorised by the Committee, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime etc will be authorised by the Committee.

### **Expenses and Allowances**

The Trust will, if asked, reimburse expenditure paid for personally by staff, trustees or volunteers providing:

- Fares are evidenced by tickets (where possible).
- Other expenditure is evidenced by original receipts.
- Car mileage is based on local authority scales (or other scale agreed by the Committee).

### **Petty Cash**

Petty cash will be drawn as necessary from the Skipper's Account via a debit card; authorised individuals are trusted with a maximum sum as agreed by the Committee. The cash drawn will be supported by a complete set of expenditure vouchers and a spreadsheet summary analysing the amount spent. The expenditure will be listed appropriately in any bespoke accounts' software or on the Skippers Expenses spreadsheet for journal into the Annual Accounts.

## **5. Other Undertakings**

The Trust 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 £1,000.00 must be authorised and minuted by the Committee. (This covers such items as new service contracts, office equipment purchase and hire).

All fundraising and grant applications undertaken on behalf of the Trust will be done in the name of the organisation with prior approval of the Chairman, who will provide full details to the next Committee meeting.

## **6. Fund Accounting and Reserves**

The Committee will consider the level of reserves that is prudent for the Trust to have at its first meeting after the AGM. Consideration will be given to:

- A fund to cover redundancy liabilities, lease agreements and any other significant factors that should be taken into account were the Trust to close.
- A designated fund to cover future capital projects and refurbishment in addition to any major boat repair, and running costs of the charity should income levels reduce in order that appropriate action could be taken.
- A new boat fund to cover the reduction in value of the existing boat since purchase and to assist in funding a replacement.

The Committee will also consider at its first meeting after the AGM prudent use of restricted funds in relation to funds subject to specific restrictive conditions imposed by their donors or by the purpose of the appeal by which they were raised.

## **7. Fixed Assets**

The Trust will set up and maintain a fixed asset register of all items valued in excess of £1,000, stating the date of purchase, cost, serial numbers and normal location of the asset(s). The register will be checked and verified annually.

## **8. Confidentiality**

We will respect the confidentiality of employees' financial circumstances at all times. Likewise we will protect the confidentiality of donors, unless consent has been given to disclose their donations.

We expect Trustees, volunteers and employees to act in the best interest of the Trust at all times, and if they experience a conflict of interest they will not divulge sensitive information.

## **9. Policy Review Date**

This policy and controls will be reviewed annually at the first Committee meeting after the AGM.

## Appendix A: Glossary of Abbreviations and Definition of Terms

### Abbreviations

<b>Abbreviation</b>	<b>Term</b>
ACCT	Angel Community Canal Boat Trust
AGM	Annual General Meeting
HMRC	Her Majesty's Revenue and Customs

### Definition of Terms

<b>Term</b>	<b>Definition</b>
Chairman	Chairman of the Management Committee
Committee	Means the Management Committee of the Angel Community Canal Boat Trust (ACCT)
Management Committee	Means the Trustees / Directors of ACCT
Skipper	Means the Project Manager and Skipper
Treasurer	Means the Trustee / Director of the Trust appointed from time to time by the Committee to act as honorary treasurer of the Trust
Trust	Means the Angel Community Canal Boat Trust