MEREWORTH VILLAGE HALL

Registered charity no 266640

FINANCIAL POLICY

October 2016

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This Financial Policy was adopted by the Committee at its meeting held on 25 October 2016

1. GENERAL

1.1 This financial policy governs the conduct of financial management by the Mereworth Village Hall Committee (hereinafter referred to as 'the committee') and may only be amended or varied by resolution of the committee. This financial policy provides procedural guidance for trustees of the charity and other committee members.

1.2 The Trustees/committee are responsible for ensuring that its financial management meets Charity Commission requirements, and that a sound system of internal control is maintained effectively, including arrangements for the management of risk.

1.3 These financial regulations demonstrate how the committee meets these responsibilities and requirements.

1.4 The Trustees/committee must review the effectiveness of the system of internal control, which shall be in accordance with the requirements of the Charity Commission, on an annual basis.

1.5 One of the charity trustees will be nominated to act as Treasurer. The Treasurer is responsible for:

- administering accounting records and financial control systems in accordance with Charity Commission requirements;
- ensuring the financial control systems are observed;
- maintaining the accounting records accurately and up to date;
- assisting the committee to secure economy, efficiency and effectiveness in the use of its resources; and
- producing financial management information as required by the committee.

1.6 The accounting records maintained shall be sufficient to show and explain all income and expenditure relating to the village hall and sports pavilion, to enable the Treasurer to produce an income and expenditure account and statement of balances, or management information, as required by the Trustees/committee.

1.7 The accounting records shall in particular contain:

- entries from day to day of all sums of money received and expended and the matters to which the income and expenditure relate;
- a record of the assets and liabilities of the committee; and
- wherever relevant, a record of the income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.8 The financial control systems determined by the Treasurer shall include:

- procedures to ensure that the financial transactions of the committee are recorded accurately and as soon as reasonably practicable;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- ensuring appropriate division of responsibilities on financial transactions, with two people required to authorise all payments and not authorising payments to themselves;
- procedures to ensure that reports of any uncollectable income (bad debts) are submitted to the committee for approval to be written off and that the approvals are shown in the accounting records and the minutes of the relevant meeting; and
- measures to ensure that risk is properly managed.

1.9 The Trustees/committee are not empowered by this Policy or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting an annual budget;
- approving accounting statements;
- approving a trustees annual report; and
- writing off bad debts,

shall be a matter for the Trustees/committee only.

1.10 In addition the Trustees/committee must:

- determine and keep under regular review the bank mandate for all the bank accounts;
- approve any single commitment in excess of £500; and
- review annually the rates paid to the booking secretary and cleaner.

2. ACCOUNTING AND INDEPENDENT EXAMINATION

2.1 All accounting procedures and financial records of the committee shall be determined by the Treasurer in accordance with Charity Commission requirements.

2.2 The Treasurer will produce reconciliations for all bank accounts regularly, on receipt of statements. These can be verified during the year by other trustees if considered necessary, and will be reviewed by the independent examiner annually.

2.3 The Treasurer shall complete the annual statement of accounts and any related documents as soon as practicable after the end of the financial year and having certified the accounts shall submit them to the independent examiner in a timely manner. Final accounts are to be presented to the annual general meeting of the committee.

2.4 The committee shall ensure that there is an adequate and effective system of independent examination of its accounting records, and carry out an annual review of its system of internal control. Any trustee or other committee member shall provide the independent examiner with records, documents, information and explanation considered necessary for that purpose.

2.5 The independent examiner shall:

- be competent and independent of the financial operations of the committee;
- report to the committee, in writing, at least once during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- have no involvement in the financial decision making, management or control of the committee.

2.6 The independent examiner may not under any circumstances:

- perform any operational duties for the committee; or
- initiate or approve financial transactions.

2.7 The Treasurer shall, without undue delay, bring to the attention of all Trustees/ committee any correspondence or report received from the independent examiner.

3. ANNUAL ESTIMATED BUDGET AND FORWARD PLANNING

3.1 The Treasurer should, each year, prepare estimates of all anticipated receipts and payments for the following financial year, in as far as this is practicable given the fluctuations in both the level of hiring and repairs and renewals required.

3.2 This will be used to inform the annual review of charges to be applied to hirers of the village hall and sports pavilion. All fees are reviewed at the March meeting and agreed in principal for the following year. These are formally approved at the April AGM with all regular hirers advised in writing by the Treasurer of any relevant increases.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the Trustees/committee for all items exceeding £500 *(excluding VAT)*;

  Three quotes are to be obtained for proposed expenditure over £500 unless considered impractical and contractor/supplier will be approved by the Trustees.

- the Treasurer for any items up to £500 *(excluding VAT)*.

Authority of the Trustees/committee is to be evidenced in the minutes of the relevant meeting or by retention of hard copies of email communications relating to the expenditure.

Contracts for goods, works and services shall not, under any circumstances, be disaggregated to circumvent the authorisation controls imposed by this Policy.

4.2 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by agreement with the Trustees/committee. During the financial year the Trustees/committee may approve the transfer of unspent and available amounts to other budget headings or to an earmarked reserve as appropriate ('virement').

4.3 In cases of extreme risk to the operation of the village hall or sports pavilion, the Treasurer is permitted to authorise revenue expenditure on behalf of the Trustees/ committee which, in the Treasurer's judgement, it is necessary to carry out. Such expenditure includes urgent repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000 (excluding VAT). The Treasurer shall report such action to the Chairman as soon as possible and to the Trustees/committee as soon as practicable thereafter.

4.4 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Trustees/ committee are satisfied that the necessary funds are available and, if required, the necessary grant funding has been obtained.

4.5 The Treasurer shall regularly provide the Trustees/committee with a short financial report together with a statement of receipts and payments to date at each quarterly meeting together with any recommendation which may be pertinent.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

5.1 The committee's banking arrangements, including the bank mandate, shall be made by the Treasurer and must be approved by the Trustees/committee. The bank mandate must require that all payments, whether by cheque or online banking, are approved by two authorised signatories. Arrangements shall be reviewed periodically for safety and efficiency.

5.2 The Treasurer shall request the Secretary or Chair *(or any other authorised signatory to the bank account)* to authorise all payments generated, either by cheque or online banking, and any new direct debit arrangements set up. Wherever practicable, the Treasurer will support such requests by providing supplier’s invoices or other communications received; if not provided, the authoriser has the right to view and verify supporting documentation.

5.3 All invoices for payment shall be examined and verified by the Treasurer to confirm, wherever practicable, that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved.

5.4 The Treasurer shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Treasurer shall pay all invoices received, and which are in order, promptly or within the payment terms specified by the supplier.

5.5 Whilst the committee has no formal Code of Conduct, Trustees and other committee members are required to disclose whether they have any pecuniary or other interest when a decision is made to award a contract to, or instruct a payment to, a supplier.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 The committee will make safe and efficient arrangements for the making of its payments.

6.2 All payments shall be effected by online banking, cheque, direct debit or any other instructions to the committee's bankers.

6.3 Cheques drawn on the bank account must be signed by two authorised signatories; to indicate agreement of the details shown on the cheque with the counterfoil and the invoice, the signatories shall each also initial the cheque counterfoil.

6.4 Payments generated via online banking by one authorised signatory need to be authorised by a second authorised signatory; details of the signatories involved can be viewed on the online banking website.

6.5 Direct debit instructions or standing orders can be set up only when signed by two authorised signatories.

6.6 Payments to any of the authorised signatories to the bank account (for example, reimbursing them for the cost of goods/services purchased for the hall or pavilion), or to beneficiaries with any connection by virtue of family or business relationships, should be generated and authorised by two independent signatories, unless this proves impracticable.

6.7 The Treasurer will retain only nominal amounts of cash, with all cash income received normally banked promptly. Any payments made by the Treasurer (for example for minor stationery items) shall be reimbursed promptly.

7. INCOME

7.1 The collection of all sums due to the committee shall be the responsibility of the Treasurer.

7.2 Charges to be made for hire of the hall, pavilion or equipment shall be approved by the Trustees/committee, with such approval recorded in the minutes of the relevant meeting.

7.3 The Trustees/committee will review all charges annually, considering proposals for any changes recommended by the Treasurer. The Treasurer shall be responsible for notifying hirers of amended rates where appropriate, confirming these in writing.

7.4 Any sums found to be irrecoverable (bad debts) shall be reported to the Trustees/ committee and shall be written off in a timely manner.

7.5 All sums received on behalf of the committee shall be banked intact by the Treasurer. All receipts shall be deposited with the committee's bankers with such frequency as the Treasurer considers necessary.

7.6 The origin of each receipt shall be entered on the paying-in slip.

7.7 Personal cheques shall not be cashed out of money held on behalf of the committee.

7.8 Where any significant sums of cash are regularly received by the committee, the Treasurer shall take such steps as are agreed by the Trustees/committee for more than one person to be present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

8. CONTRACTS

8.1 Procedures as to contracts are laid down as follows:

a. Every contract shall comply with this financial policy, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (v) below:

   i. for the supply of gas, electricity, water, sewerage and telephone services;

   ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

   iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

   iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the committee; and

   v. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

b. When applications are made to waive the financial policy relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Trustees/committee.

c. For contracts with an estimated value exceeding £10,000 a formal tendering procedure is to be adopted.

d. Invitations to tender shall state the general nature of the intended contract and the committee shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Secretary in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

e. All sealed tenders shall be opened at the same time on the prescribed date by the Secretary in the presence of at least one other trustee.

f. Any invitation to tender issued under this policy shall refer to the terms of the Bribery Act 2010.

g. The Trustees/committee shall not be obliged to accept the lowest or any tender, quote or estimate.

h. Should it occur that the committee does not accept any tender, quote or estimate, the work is not allocated and the committee requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

9. PAYMENTS UNDER CONTRACT FOR BUILDING OR OTHER CONSTRUCTION WORKS

9.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Treasurer upon receipt of authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

9.2 Where contracts provide for payment by instalments the Treasurer shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Trustees/committee.

9.3 Any variation to a contract or addition to or omission from a contract must be approved by the Trustees/committee to the contractor in writing, the Trustees/ committee being informed where the final cost is likely to exceed the financial provision.

10. ASSETS AND PROPERTY

10.1 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Trustees/committee, except where the estimated value of any one item of tangible movable property does not exceed £100.

10.2 The Treasurer shall ensure that an appropriate and accurate Register of Assets is maintained and kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

11. INSURANCE

11.1 Following the annual risk assessment the Trustees/committee shall affect all insurances and negotiate all claims on their behalf

11.2 The Treasurer shall give prompt notification to the Trustees/committee of all new risks, equipment or properties which require to be insured and of any alterations affecting existing insurances.

11.3 The Treasurer shall keep a record of all insurances affected by the committee and the property and risks covered thereby and annually review it.

11.4 The Trustees shall be notified of any loss liability or damage or of any event likely to lead to a claim.

12. RISK MANAGEMENT

12.1 The Trustees/committee are responsible for putting in place arrangements for the management of risk. The Trustees shall prepare, for approval by the committee, risk management policy statements in respect of all activities of the committee. Risk policy statements and consequential risk management arrangements shall be reviewed by the committee at least annually.

12.2 When considering any new activity, the Trustees shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the committee.

13. SUSPENSION AND REVISION OF FINANCIAL POLICY

13.1 It shall be the duty of the committee to review the Financial Policy from time to time. The Treasurer shall monitor changes in legislation or Charity Commission requirements and shall advise the Trustees/committee of any requirement for a consequential amendment to this Financial Policy.

13.2 The Trustees/committee may, by resolution duly notified prior to the relevant meeting, suspend any part of this Financial Policy provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all Trustees and other members of the committee.

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Acknowledgement

This Financial Policy has been adapted from the Financial Regulations of Mereworth Parish Council, which are themselves based on Model Financial Regulations issued by NALC in January 2016.