

OAKLEY COMMUNITY ASSOCIATION

FINANCIAL MANAGEMENT AND INTERNAL CONTROL PROCEDURES

All trustees must observe these mandatory procedures, laid down by the Board of Trustees. Exceptions or amendments to these procedures must be authorised by the Board of Trustees.

FINANCIAL MANAGEMENT

1 THE PURPOSE

- The Board of Trustees will be able to ensure and demonstrate to funders, stakeholders and beneficiaries that the assets of the Association are safely controlled and managed.
- Trustees will not be put in a position where funds can be misused.
- The interests of the beneficiaries of the charity and its trustees will be protected.
- Financial decisions will be implemented following satisfactory procedures.
- Accounting regulations, standards and legal requirements will be complied with.

2 RESPONSIBILITIES

2.1 The Board of Trustees:

- holds the assets of the Association on trust for the beneficiaries of the charity and manages them on behalf of funders, ensuring that they are used to achieve the objects for which the Association is established
- approves all financial management and control policies and procedures
- approves the bank accounts and signatories
- approves an annual budget for the charity
- monitors financial outcomes
- determines policies for loans and investments and for borrowing money and approves all borrowing
- approves general arrangements for risk management
- approves the annual accounts and independent examination
- approves all items of capital expenditure

2.2 The Treasurer:

- is accountable to the Board of Trustees for the financial activities of the Association
- ensures that accurate and timely financial information is presented to the Board of Trustees
- keeps abreast of any changes in financial legislation and regulations affecting the Association , in particular with main requirements to charity and company law
- ensures that the financial policies and procedures approved by the Board of Trustees are implemented
- formulates the annual budget for consideration by the Board of Trustees
- reviews and updates the charity's risk assessment when decisions are taken that Impact on the Association's finances.

3 . B U D G E T

3.1 Timetable

The Treasurer will present draft budgets in Feb/Mar prior to the April to which the budget applies. Financial accounts are made up to 31 March each year, and the following year's budget is presented, discussed and amended as necessary prior to the start of the next financial year.

3.2 Capital Expenditure

"Capital expenditure" is the purchase of an asset, for example office equipment, vehicles or premises, which has a life of more than 12 months, a value of over £1,000 and is identifiable. Capital items over £1,000 will be depreciated in accordance with recognised accountancy standards unless the term of the funding require full depreciation/write-off within that financial period.

3.3 Reports to the Trustees

The Treasurer will provide quarterly financial reports to the Board of Trustees that show the financial position against budgets.

INTERNAL CONTROLS

4 . VAT

Oakley Community Association is not registered for VAT.

5 . C O N T R A C T S

5.1 Contractual relationships

A contract may be written or verbal; it is still legally binding. Contracts may be entered into between the Association and, among others:

- suppliers
- consultants and professional advisers
- purchasers
- funders
- grant recipients.

It is therefore imperative that contractual relationships are recognised as such and that no trustee unintentionally commits the Association to a contract. It is also important that contracts with consultants and agreements with volunteers are clearly drafted to avoid creating a contract of employment. All agreements with volunteers should be drafted to ensure that no legally enforceable contractual relationship is created, unless this is intentional.

5.2 Contracts must be in writing and include:

- the names and addresses of the parties to the contract
- the total contract sum, broken down by financial years where applicable
- a clear description of what is required from the parties (for brevity, this may refer to other documents e.g. tender specifications), including, where relevant, objectives, time periods, start and finish dates and payment schedules
- purchaser's rights in the case of non-performance.

5.3 Authority to sign contracts

All new contracts for whatever value must:

- comply with the general rules for approved expenditure or funding applications

- be approved and signed by the Trustees

5.4 Contracts and agreements with grant recipients

The Association is responsible for ensuring that grant agreements are made in accordance with the funder's regulations and with approval of the Board of Trustees.

6 EXPENDITURE

6.1 Authorisation of Expenditure

Due to the size of the Association, being run by a Board of Trustees and supporting volunteers, the only persons authorised to incur expenditure (other than out of pocket expenses), are the Treasurer, Chair and Secretary. In accordance with the bank mandate, two out of three of the designated post-holders must approve each financial transaction.

6.2 Quotation and tender limits:

For purchases of goods and services over £1,000, a minimum of three quotations should be obtained, with the exception of grants where the Board of Trustees has approved a specific donation.

TRAVEL, OFFICE EXPENSES AND TRAINING

6.3 Allowances

- Mileage rates will accord with the current Inland Revenue rules for non-taxable benefits.
- Actual out of pocket expenses incurred on postage, stationery and ink (provided value for money can be demonstrated).
- Costs incurred on attending any training previously agreed by The Board of Trustees.

6.4 Completion of claims

- All claims for travel and other expenses, from trustees and volunteers, must be passed to the Treasurer with the corresponding receipts.
- Claims by both Trustees and volunteers should be authorised by another Trustee (other than the Treasurer).
- Where a claim is for <£20 and is supported by an appropriate receipt, the Treasurer can authorise and make this payment (this excludes the Treasurers own expense claims).

7 . I N C O M E 7.1

Funding Agreements

Funding claims will all be approved by The Board of Trustees. Contracts with funders will be signed by two trustees to include the Chair.

7.2 Income received on behalf of other clubs and societies

Where the Association is requested to hold funds for another organisation, as part of its objectives, the funds will be held as designated funds, with regular statements of activity provided. In the event that the Association acts to assist smaller organisations to draw down funding through the Associations bank account, full client identification/ money laundering procedures will be followed.

8 . CASH AND BANKING

8.1 Bank Accounts

- The Treasurer has responsibility for managing all bank accounts and making transfers between accounts in accordance with the bank mandate.
- The Treasurer is authorised to present cheques for cash, in order to reimburse petty cash.

8.2 Bank Signatories

Bank signatories are approved by resolution at the Board. The bank signatories are the Chair, Secretary and Treasurer, and All cheques will be signed by two signatories. No cheques will be pre-signed. Supporting vouchers will accompany all cheques being presented for signature and will be initialed by the cheque signatory. The Treasurer is responsible for the security of blank cheques.

8.3 Cash and cheques receivable:

- Cash and Cheques received will be banked regularly, as often as is practicable (at least once weekly)
- Whenever possible, payments due to the Association will be collected by direct transfer to the bank account.

PETTY CASH


8.3 Limits

All monies received via cash or cheque are to be banked promptly, however the Treasurer is permitted to hold a cash float of not more than £50 for the reimbursement of expenses in accordance with the policy above.

9 RESERVES

It is the policy of the Association to maintain free reserves at a level that balances our objective to develop and support services with our need to remain financially stable. A minimum level of free reserves equating to at least 4 - 6 months of unrestricted expenditure is considered sufficient.

Policy discussed and approved by
trustees at meeting 1 August 2012



Chair 1/08/12