

Merton Mencap

**Finance
Policy and Procedures**

February 2015



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FINANCE
POLICY & PROCEDURES

This policy and procedure has been adopted by Merton Mencap through its Executive Committee which remains responsible for its review.

Original signed version is kept at the Merton Mencap office.

Signed: _____ Date: _____

Name: _____

Chair of Executive Committee

Signed: _____ Date: _____

Name: _____

Chief Executive

Record of adoption and review of this policy and procedure:-

Adopted:	27 May 2010
Reviewed:	11 March 2014
	3 February 2015

Merton Mencap

FINANCE POLICY & PROCEDURES

POLICY

Merton Mencap is committed to ensuring appropriate safeguards are in place to ensure the charity's finances are dealt with in accordance with relevant regulatory requirements and in a proper and prudent manner.

The charity's trustees have a duty to ensure its finances are used appropriately and lawfully. The charity's Treasurer has specific responsibility for maintaining an overview of the charity's financial position and ensuring that proper financial and accounting records are maintained and proper financial and accounting procedures followed.

All trustees and employees are responsible for exercising care and being vigilant in all aspects of their dealing with finance and are required to ensure that they observe the procedures set out below. Any concerns of staff relating to any aspect of finance must be reported immediately to the Chief Executive, who in turn is required to report relevant matters to the Treasurer, or the Chair of Trustees. Matters of a serious and significant nature will be reported by the Treasurer to the trustees in committee meeting, to be specially convened, if necessary. Where appropriate, reference should also be made to Merton Mencap's Whistle-blowing Policy and Procedure

PROCEDURES

1. Bank Accounts

Bank accounts, whether current or deposit, will be opened and maintained, and mandate terms will be agreed, only with the approval of the trustees in committee meeting.

All cheques and all bank transfers to third parties will require signature by two mandated signatories. Mandated signatories comprise the Chair of Trustees, up to 3 other trustees and the Chief Executive.

2. Material contractual commitments

The entry into of contractual commitments, which in the context of the charity's activities are material, taking into account both actual and potential liabilities, will require the approval of trustees in committee meeting.

3. Making Payments

Payments by cheque or bank transfer:-

Save in cases of urgency which cannot otherwise be dealt with, the office manager is responsible for raising cheques. Cheques will only be raised against a written invoice, order form or other written request or evidence of the need for payment. Cheque stubs must be completed legibly with all relevant details. Comprehensive records will be kept for auditing purposes showing the invoice and cheque details.

The raising of any cheque will be initiated by a person responsible for incurring the expenditure and authorised in writing by the Chief Executive, the Treasurer or the Chair of Trustees. In the case of cheques raised to pay sums to the Chief Executive, the Treasurer or the Chair of Trustees or, in their absence, another trustee must authorise the raising of the cheque.

Signatories to cheques must satisfy themselves before signing of the validity of the payment, normally by seeing a copy of the relevant invoice, order form or other written request or evidence of the need for payment.

Payments in cash:-

Payments in cash will only be made through established petty cash procedures and only against production of an invoice, receipt or other voucher evidencing what the payment is for.

All payments due will be made reasonable promptly and in any event within the normal course of business.

4. Handling receipts

Postal receipts

Receipts arriving by post whether in the form of cheques or cash are recorded on a daily basis in the *post in* log and entered onto the relevant finance spreadsheet. The post is opened by the office manager or, in their absence, by another staff member of appropriate seniority.

Cheque receipts:-

Cheques received at the office (by whatever means) or via projects must be delivered as soon as practicable to the office manager, who is responsible for keeping cheques secure pending banking. All cheques received by the office manager will be banked as soon as practicable, and in any event by no later than 5 working days after receipt.

Cash receipts:-

Cash received through established petty cash procedures will be banked in accordance with those procedures. All other cash received at the office or via projects must be delivered as

soon as practicable to the office manager, who is responsible for keeping all cash secure pending banking. All cash received by the office manager will be banked as soon as practicable and in any event by no later than 5 working days after receipt.

In case of absence of the office manager, the Chief Executive will ensure that cash and cheques are kept securely until the Office Manager returns, or defers responsibilities, above, to be carried out by another staff member of appropriate seniority,

5. Petty Cash

The charity operates petty cash procedures both in the office and on various projects. The office petty cash system operates on an imprest basis. Petty cash systems on projects provide for immediate receipt and payment recording, with supporting vouchers, and for periodic and regular reporting the office, including the banking of surplus cash, normally monthly. Any cash which is transferred from one party to another (e.g. from the Office Manager to Team Leader) a written log is completed, which is signed by both parties.

Top Up Cards

The Office Manager may issue Top Up Cards to Team Leaders who are responsible for managing petty cash. Top Up Cards can be used to make purchases or to withdraw cash.

The Office Manager will provide the Chief Executive with a schedule of the Top Up Cards and the amounts they requiring top up. Once approved by the Chief Executive, the Office Manager is authorised to top the cards up online via the bank account, ensuring that a reference is provided showing each action. Records must be retained by the Office Manager to show all top up details.

Only amounts which have been credited to each Top Up Card can be spent.

Team Leaders who manage Top up Cards and Petty Cash are required to provide a spreadsheet to the Office Manager on a monthly basis, with receipts attached, detailing all of the transactions they made on behalf of the project.

In instances where Team Leaders use Top Up Cards to withdraw cash for items for their project, this must be agreed beforehand and Team Leaders must give full disclosure on the spreadsheet for cash which is withdrawn and the purpose it was used for. Staff must not use the charity's Top Up Cards or cash for any purchase other than for authorised use.

The Office Manager will check the purchases against the card statement which is provided by the Top Up Card company to check for any discrepancies. The Team Leader will be responsible for all purchases made with the card and any discrepancies must be explained to the Office Manager and Chief Executive.

Team Leaders are required to advise the Office Manager (or, in their absence, the Chief Executive) of any lost or stolen cards on the same day.

6. Claims for reimbursement of sums paid on behalf of the charity

Any claim for reimbursement of any sum paid on behalf of the charity must be in writing, and claim forms are available for this purpose. Reimbursements claimed must be based on prior authorisation (except in case of emergency) by the Chief Executive, the Treasurer, the Chair of Trustees or other trustee board member, and supported by the relevant original receipt or other satisfactory documentary evidence of payment.

7. Claims for expenses or allowances

Any claim for any expense or any allowance in carrying out duties relating to the charity's business must be in writing and give all details requested relating to the amounts claimed. Claim forms are available for this purpose. Expenses claimed must be based on prior authorisation (except in case of emergency) by the Chief Executive, the Treasurer, the Chair of Trustees or other trustee board member, and supported by the relevant original receipt or other satisfactory documentary evidence of payment.

8. Payroll

The charity's payroll is operated by the London Borough of Merton (who may use a third party provider), based on details of gross salary and other related payments due to employees provided by the charity every month.

9. Record Keeping and Reconciliation

Record keeping will be sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity.

Documentary evidence in hard copy form will be kept in relation to all receipts and payments, filed on a chronological basis. Details of all financial transactions will be recorded on Sage periodically, depending on the volume of transactions, but normally once a month. Sage recording is structured to enable identification of individual project/service income and expenditure.

Bank reconciliations will be carried out on a monthly basis.

Financial records will be retained for 7 years in accordance with the requirements of charities legislation.

10. Budgets

An annual budget will be drawn up prior to the beginning of each financial year by one or more of the Treasurer, Chair of Trustees and the Chief Executive for presentation to and approval by the trustees in committee meeting. Such budget is reviewed as necessary throughout the year by one or more of the Treasurer, Chair of Trustees and the Chief Executive and approval from trustee board members for revised budget projections will be obtained, where appropriate.

Employees with responsibility for keeping any aspect of service provision within budget will receive details of the relevant figures, and will be required to report to their line manager in the normal way at regular intervals, as appropriate for the business activity of the relevant service.

11. Reporting

Reports detailing actual receipts and payments and performance against budget will be drawn up, normally on a quarterly basis, by one or more of the Treasurer, Chair of Trustees and the Chief Executive for presentation to the trustees in committee meeting. The Treasurer will report as necessary to the trustees in meeting on any issues arising relating to the charity's finances or its overall financial position.

12. Audit

An independent inspection or annual audit will be carried out by a qualified independent examiner or auditor (as the case may be) appointed annually by the charity at its general meeting in accordance with the requirements of charities and companies legislation. Draft financial statements will be presented to the trustees in committee meeting for discussion and approval by trustees prior to their presentation in final form to charity members in general meeting.
