

**Merton Mencap**

**Finance  
Policy & Procedures**

**July 2017**



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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:-

<b>Adopted:</b>	27 May 2010
<b>Reviewed:</b>	11 March 2014
<b>Reviewed:</b>	3 February 2015
<b>Reviewed:</b>	11 July 2017

# Merton Mencap

## FINANCE POLICY & PROCEDURE

### 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.

It is the policy of the Trustees to ensure that money belonging to the charity, surplus to the charity's current requirements, is lodged in a number of different banks to reduce the possibility of financial loss to the charity should any bank fail.

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 at a 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 below £500 shall require one mandated signature and those in excess of £500 will require signature by two mandated signatories. Mandated signatories comprise the Chair of Trustees, the Treasurer, up to 3 other trustees and the Chief Executive. Where multiple cheques are drawn on the same day to a single payee, the total value of such cheques will be treated as if they were a single cheque and two signatures will be required if the total value of such cheques is more than £500.

A reconciliation of all the charity's bank accounts will be carried out monthly and copies of the reconciliation made available for inspection by the Chief Executive, the Treasurer and the Finance Consultant, who will sign to signify their approval. The Office Manager will ensure that there is enough cash in the current account to cover all liabilities within a given period and that excess cash not required for this purpose will be held in an interest bearing, instant

access savings account in the same bank. Money can be moved between these two accounts as needed by the Office Manager. Each transfer must be authorised by the Chief Executive and a Trustee via a signature on the screen print confirming the transfer. Each movement of funds should be recorded and then reconciled each month during the normal bank reconciliation process.

A record of the reconciled balances on all the charity's bank accounts will form part of the information pack given to Trustees prior to Executive Committee Meetings.

## 2. Material contractual commitments

Entering into any contractual commitments, which in the context of the charity's activities are material, taking into account both actual and potential liabilities, must first be approved by the Trustees at an Executive Committee Meeting.

## 3. Making Payments

All amounts due and payable to creditors shall be paid promptly and in the normal course of business.

Payments by cheque or internet bank transfer:

Save in cases of emergency which cannot otherwise be dealt with, the Office Manager is responsible for raising cheques or making payments by internet bank transfer. The raising of any cheque or request for a payment by internet bank transfer will be initiated by the Chief Executive, or the Project Manager or Team Leader responsible for the budget against which the payment is being made. Cheques or payments by internet bank transfer will only be raised against a written invoice, order form or other written request or evidence of the need for payment which is signed or initialled by the person responsible for incurring the expenditure. 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.

Cheque stubs must be completed legibly with all relevant details. Comprehensive records will be kept for auditing purposes showing the invoice and cheque details. A screen print of payments by internet bank transfer will be made and treated as a cheque for the purposes of audit, and kept in suitable organised paper files ordered by date, budget codes etc.

Signatories to cheques and internet bank transfer payment printouts 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 suitably signed or initialled by the person responsible for incurring the expenditure.

### *Online payments*

Apart from internet banking payments covered by the section above, a NatWest bank debit card is also maintained for on-line purchases. No on-line purchases may be made on behalf of the charity using any other debit/credit cards unless authorised in writing by the Chief Executive or Chair of Trustees. The Office Manager is the only person authorized to make payments using the debit card. When not in use, the card must at all times be kept in secure conditions in the charity's principal office.

All online payments must be evidenced by supporting documentation. In the absence of an invoice, payment may be made against an on-line order form which will be initialled by the person responsible for the budget affected (normally the Project Manager or Chief Executive) and to which the resulting invoice must be attached when received. Print outs of all payment confirmation pages should be attached to invoices and signed by authorised persons as per the processes set out above for cheques and internet bank transfers.

The office manager shall create a weekly Excel spreadsheet setting out liabilities which are due and payable. Each entry on the spreadsheet shall have a reference number and shall show the payee, its bank and account details, date of invoice, the amount payable and who has initiated and authorised the payment. This spreadsheet will be audited on a monthly basis by the Finance Consultant or Treasurer with the Office Manager and filed ready for annual examination by the charity's external auditors.

In exceptional circumstances, and in the absence of the Office Manager, the Chief Executive, the Treasurer or the Chair of Trustees may authorize the Kids First Administrator to make online payments using the debit card; such payments to be evidenced by supporting documentation and signed by the person initiating the payment and the Chief Executive, the Treasurer or the Chair of Trustees, as appropriate, to signify their assent.

### Payments in cash

Payments in cash will only be made through the petty cash procedures detailed below and only against production of an invoice, receipt or other voucher provided to the Office Manager which evidences what the payment is for. Cash reimbursements will be made for purchases up to a maximum of £20

A NatWest bank debit card is maintained for the withdrawal of petty cash from the local NatWest branch under open credit facility arrangements established with the bank in December 2016. When not in use the debit card shall be kept in secure conditions at the charity's principal office.

It is the responsibility of the Office Manager to prepare a spreadsheet recording all receipts and payments of petty cash and to reconcile the physical cash held with the written records on a monthly basis. Spreadsheets are to be filed with the supporting vouchers attached.

#### 4. Handling receipts

##### Postal receipts

All post shall be opened promptly on the day of receipt or on the next working day. Receipts arriving by post whether in the form of cheques or cash shall be recorded on a daily basis in the charity's appropriate financial records and entered onto the relevant finance spreadsheet. The post shall be opened by the Office Manager or, in his or her absence, by another staff member of appropriate seniority duly authorised by the Chief Executive.

##### 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.

##### Cash receipts

All cash received at the office in respect of projects must be delivered as soon as practicable to the Office Manager, who is responsible for keeping all cash receipts secure pending banking and for entering details of such receipts in the charity's financial records. All cash received by the Office Manager will be banked as soon as practicable. At no time may cash in excess of £500 be held overnight in the Merton Mencap offices.

In case of absence of the Office Manager, the Chief Executive will ensure that any such receipts are banked as soon as practicable and are kept securely until banked.

##### Top Up Cards

The Office Manager may issue Top Up Cards to Project Managers and Team Leaders who are responsible for managing and paying out petty cash. Top Up Cards can be used to make purchases or to withdraw cash. Only amounts which have been credited to each Top Up Card can be spent and any overspending shall be a disciplinary offence to be reported by the office manager to the Chief Executive. Staff must not use the charity's Top Up Cards or cash for any purchase other than for authorised use.

On a weekly basis the Office Manager will provide the Chief Executive with a spreadsheet of all active Top Up Cards, showing the identity of anyone who has initiated a top up request, the purpose for which the top up is required and the amount which it is requested that the card be topped up. Once approved and signed 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 maintained by the Office Manager to show all top up details.

Team Leaders who manage Top Up Cards and/or Petty Cash are required to provide a spreadsheet to the Office Manager on a monthly basis, with receipts attached, detailing all of the transactions and payments they made on behalf of the project. In instances where Team Leaders wish to use Top Up Cards to withdraw cash for items for their project, any such withdrawal must be agreed beforehand by the Chief Executive and Team Leaders must give full disclosure on the spreadsheet for cash which is withdrawn and the purpose it was used for.

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 his or her absence, the Chief Executive) of any lost or stolen cards on the same day.

#### 5. Claims for reimbursement of sums paid on behalf of the charity

Any claim for reimbursement of any sum paid by a member of staff on behalf of the charity must be in writing in the standard form and be delivered to the Office Manager. Reimbursements will only be made where the payment is authorised (except in case of emergency) by the Chief Executive, the Treasurer, the Chair of Trustees or other Trustee and is supported by the relevant original receipt or other satisfactory documentary evidence of payment. Any such reimbursement must be shown in, and be made on the next weekly Petty Cash spreadsheet produced for debit card purposes.

#### 6. 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 in the standard form. Expenses claimed must have prior authorisation (except in case of emergency) by the Chief Executive, the Treasurer, the Chair of Trustees or other Trustee, and be supported by the relevant original receipt or other satisfactory documentary evidence of payment.

#### 7. Payroll

With effect from January 2017 the charity's payroll is operated by the London Borough of Merton, who subcontract to Aqilisys of 1 Hammersmith Broadway, London W6 9BL. The Office Manager is responsible for preparing a monthly Payroll Summary detailing project staff and any office staff salaries and overtime for approval by the Chief Executive or in his absence, the Chair of Trustees or other Trustee. Once approved, the Office Manager will pass the Payroll Summary to LBM by the agreed deadline date for payment.

The Chief Executive or in his absence the two Security Contacts nominated to the charity's bank from time to time are authorised to instruct the bank to remit funds to the bureau for payment of salaries and other benefits in accordance with each such statement .

## 8. 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 weekly. Sage recording is structured to enable identification of individual project/service income and expenditure.

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

## 9. Security

Reference should also be made to Merton Mencap's '*Data Protection, Confidentiality & Security of Information Policy & Procedure*'.

### *Office*

The Office Manager is responsible for the safe storage of financial items and records (e.g. Debit Cards, Top-Up Cards, Cheque & Paying in books, bank statements) and to ensure these cannot be accessed by unauthorised parties without permission (or the permission of the Chief Executive or Chair of Trustees).

### *Cash withdrawals*

When visiting the local bank branch to make cash withdrawals, the Office Manager shall use a zipped bag which shall be provided for this use. For withdrawals over £1,000, the Office Manager will be accompanied to/from the branch.

### *On-line purchases*

The person making on-line purchases should ensure that the secure padlock icon is displayed.

### *Cash handling*

Petty cash provided by the Office Manager to Team Leaders for use at projects should be the lowest possible amount and the use of Top-Up cards considered the preferred means.

When cash which is transferred from one party to another (e.g. from the Office Manager to Team Leader) a written log must be completed of this transfer signed by both parties.

The most senior person at the project (e.g. Team Leader, Deputy Team Leader) is responsible for ensuring subs collected at projects are returned safely to the Office Manager and should not pass this responsibility to other parties; they must agree a time/date with the Office Manager for visiting the office to transfer the money to them.

## 10. Budgets

An annual budget will be drawn up prior to the beginning of each financial year by the Chief Executive with the assistance as appropriate of the Treasurer and any Finance Consultant from time to time engaged by the charity for presentation to and approval by the Trustees prior to the commencement of the financial year. Such budget shall be monitored and reviewed against actual receipts and expenditure throughout the financial year by the Chief Executive (with the same assistance) and any proposed revisions to the budget shall first be approved by the Trustees.

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 and Management Accounts

Reports detailing actual receipts and payments and performance against budget will be drawn up, normally on a two monthly basis, by the Chief Executive, with the assistance of the Treasurer and any Finance Consultant from time to time engaged by the charity, for presentation to the Trustees. The Chief Executive or in his absence the Treasurer will report as necessary to the Trustees when presenting such report on any issues arising relating to the charity's finances or its overall financial position.

Management Accounts shall be produced every two months throughout the financial year. The Office Manager shall initiate the production of these accounts, under the supervision of the Chief Executive, within 14 days of the end of each 2 month period by providing information as to actual receipts and payments during that period to any such Finance Consultant who shall be primarily responsible for producing such management accounts for presentation to the Treasurer and the other Trustees within 28 days of the end of the two month period. In the absence of a Finance Consultant, responsibility for producing management accounts shall be determined by the Chief Executive and the Treasurer for approval by the Trustees.

## 12. Internal audit

An internal audit of the charity's general finances shall be undertaken by the Treasurer at the Merton Mencap office every 3 months with a report of findings/actions to the Executive Committee. The audit will cover the areas outlined in Appendix 1.

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 Annual General Meeting in accordance with the requirements of charities and companies legislation. Draft financial statements will be presented to the Trustees for discussion and approval at least 28 days prior to the scheduled date of the Annual General Meeting of the charity before being presented to the charity's members at that meeting.

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## Appendix 1: Internal audit checklist

Check	Evidence
<i>Cheques</i>	
Evidence of a written invoice, order form or other written request or evidence of the need for payment is on file for cheques raised, and signatories have initialled and dated to show agreement to payment being made	View Payment File
Stubs are legible and fully completed	View Cheque & Paying-in books
Cheque record is up to date	View Cheque record / speak to Office Manager
CEO & Office Manager aware of number of signatories needed for cheque amounts	Ask Office Manager and CEO
<i>Internet bank transfers and on-line purchases</i>	
On-line purchase record is up to date	View On-line purchase record
On-line purchases have not exceeded budget/authorisation level	View On-line purchase record and latest management accounts
<i>Top-up cards</i>	
Top-up card record is up to date	View Top-Up record
Withdrawals and purchases are appropriate to the business	View Top-Up record Speak to Projects Managers about purchases made for their projects
<i>Security &amp; filing</i>	
Cheque books, cards and financial records are stored securely	Check their whereabouts
Incoming post is filed and up to date	Check files
No urgent or outstanding actions	Check files; speak to Office Manager & CEO
<i>Management accounts</i>	
Schedule is being followed – management accounts are being generated as required	Speak to CEO
<i>Payroll</i>	
Payroll is prepared and sent to provider as required	Check payroll files; Speak to Office Manager
<i>General</i>	
Establish whether there are any finance-related problems emerging	Speak to CEO Speak to Office Manager Check files