



Herts Vision Loss

Financial Procedures and Controls

Introduction

The purpose of this document is to outline each transaction and process for all incoming and outgoing money at HVL.

While the Board is ultimately responsible for ensuring all books and records are properly maintained with Trustees being able to check processes at any time, anybody delegated to handle incoming and outgoing money must adhere to these procedures. The Board directly delegate to the Chief Executive Officer (CEO) the CEO may delegate in turn. The Board and CEO are supported in all financial matters by the Finance Officer.

The Board is also responsible for producing an annual report, formally approving the report and accounts at the next Annual General Meeting (AGM)

This document refers to Charity Commission and Company Law documentation, quoting where appropriate.

These references will be checked when this document is reviewed annually by the Board to ensure that it is up to date and effective.

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1. Accounting Records

1.1 General

- The actual accounting records must be sufficient to show and explain all HVL transactions and accurately disclose, at any time, HVL financial position
- The records will contain entries for all receipts and payments on a day to day basis together with a suitable analysis of all such transactions
- A record of all fixed assets and liabilities will also be kept. This will be kept with the insurance documentation – refer to item 9
- All accounting records must be retained for a minimum of six years (i.e. the current year's records plus the previous six years). All records are stored on site.
- The Finance and Governance Committee (F&G) Chair is responsible for taking any steps that may be necessary to protect the overall financial interests of the charity pending receipt of instructions from the Board.

1.2 Accounts Administration

- Monthly, quarterly and annual reports are produced
- The HVL licensed QuickBooks software is used to process the accounts. The CEO has full access to all accounting and banking documents
- Incoming and outgoing money should be checked against the statements received from the bank accounts each month

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- The CEO is responsible for immediately bringing any unusual or concerning items to the attention of the F&G Committee as soon as possible
- The CEO is responsible for forwarding accounts to the F&G Committee prior to meetings

2. Banking

2.1 Bank Accounts

2.1.1 Current Account

2.1.2 Saving Account

2.2 Banking and Custody Procedures

Only HVL bank accounts may be used for incoming and outgoing money. Individual personal bank accounts should not be used. All cheques must be signed by two of the nominated cheque signatories.

All incoming and outgoing monies, including cash, must go through the formal accounting system and must not be used for petty cash.

Incoming cash and cheques should be placed in the current account as soon as possible after receipt

Where there are instances of over £1000 cash being banked, two people must attend the post office for security purposes. Cheques are to be posted using the self addressed envelopes provided, or paid into the post office to be deposited into the Santander Account.

Trustees may check all procedures are in place and adhered to at any time to verify that HVL complies with Charity Commission guidelines and Company Law.

Cheques must never be signed in advance by either one or two signatories

Cheque and paying in books are kept in the small locked cabinet only the authorised signatories, including the Finance Officer, have access. Once used, cheque books must be archived with easy access when checking at the end of the financial year.

Cash payments should be avoided. Where there are small payments to be made petty cash is to be used – see 6.1

2.3 Direct Debits

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A log of direct debits, to whom and where relevant the amount, will be maintained with the current bank statements so that incoming statements can be easily checked upon their arrival

2.4 BACS Payments

A log of BACS payments, to whom and with the amount, will be maintained with the current bank statements so that incoming statements can easily be checked upon their arrival

2.5 Moving Money Between Accounts

The following must be checked and carried out on a regular basis

- The CEO is responsible for ensuring that the Number 1 Cheque Account has sufficient funds to cover day to day expenditure of HVL
The CEO is responsible for transferring money from the Savings Account to Number 1 Cheque account to ensure sufficient funds are held within the account
- The CEO is responsible for transferring any excess of funds in the Number 1 cheque account to the Savings Account
- The CEO is responsible for making proposals to the F&G Committee where surplus funds are in the Accounts and can be transferred to Savings ac.
- The CEO is responsible for transferring money from the bank account to the Savings account under the direction of the F&G Committee

2.6 Online Banking

Online banking is available for the Bank and Savings Accounts. The CE is responsible for the day to day management of these accounts and monitoring of funds held within the accounts. The CEO is responsible for reporting to the F&G quarterly account updates, highlighting any unusual or concerning transactions.

Payment templates are set up online for all payees, the CEO is responsible for ensuring this payee list is kept up to date and online payments are made in line with HVL accounting practices. It is regular practice that on-line payments are 'set up' by one signatory or account administrator and 'authorised' by separate signatory or account administrator. In rare circumstances, a payment that is required to be made urgently and only one signatory or account administrator is available, or where confidentiality is required, can be set up and authorised by one signatory or account administrator.

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The CEO and authorised cheque signatory has access to the online banking system, the CEO and the Finance Officer are the online banking administrators.

2.7 Loans

Loans must not be taken out at any time from any lender

3. Credit Card

The company credit card held by HVL is to be held in the name of the CEO.

Expenditure using the credit card may need to be authorised by the Board and the credit card has a £2000 limit.

- HVL Credit Card is only to be used in connection with HVL Business and must never be used for personal use
- Credit Card receipts must be provided for every purchase made, they must be given to the Finance Officer for filing for reconciliation against the monthly statement.
- All purchase receipts must be stapled to the credit card statement when they are received into the office to enable statements to be checked
- All purchase receipts must be accounted for to ensure P11D can be completed at the end of the financial year

4. Reserves Policy (see also specific Reserves policy)

Charity Commission leaflet CC19 “Income Reserves” presents guidance and factors to consider when developing a reserves policy. There is no specific rule about the amount or proportion of a charity’s income which is allowed to hold as a reserve.

The guidance is based on the requirements of charity law, the Charities SORP and good practice it states:

- Any income received by a charity to be spent within a reasonable period of receipt
- Trustees should be able to justify the holding of income as reserves
- Reserves that are that part of a charity’s unrestricted income funds that is freely available to spend
- Where trustees have a reserves policy, this policy must be set out in the trustees annual report
- If the trustees have not set a reserves policy, this should be stated in the trustees annual report
- A good reserves policy takes into account the charity’s financial circumstances and other relevant factors
- It is good practice to monitor the levels of reserves held throughout the year
- It is good practice to keep the reserves policy under review to ensure it meets the charity’s changing needs and circumstances.

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HVL has built adequate reserves to cover:

- Any money, such as redundancy, due to employees upon the charity being wound up at any time
- Costs of a possible relocation of services to ensure services can continue to be delivered
- Maintenance of equipment, e.g. four year cycle for computer renewal
- Money for possible debtors and to meet contractual obligations due should closure be required. This includes rent and service charge plus any other contractual exit agreements
- HVL Board will consider the maintenance of reserves and have the responsibility for ensuring income and expenditure allows for the minimum amount of restricted and unrestricted reserves
- Reserves must not subsidise day to day operational costs
- Should such reserves reduce the Board must agree a plan of action to
 - Prevent further erosion of reserves
 - Rebuild reserves, or
 - Wind up the company
- Financial quarterly reports must be considered against the amount of money held in the accounts

5. Independent Examination

With an income of less than £250,000 HVL is not subject to annual financial audit

However, the accounts are verified by an Independent Examiner and an annual report prepared each year by the F&G Committee for approval by HVL Board.

6. Income and Recording of Incoming Payments

The Charity Commission recommends that Trustees, whom are not only responsible but are not involved in any of the transactions or their recording, carry out “frequent, random spot checks” to ensure that HVL financial procedures are being adhered to.

Upon receipt, all cash and cheques should be placed in the locked top drawer of the finance desk. Access to this drawer should be restricted relevant staff only.

- Records of cash and cheques received agree with bank paying in slips, paying in slips balance with the bank statement, both in terms of amount and date. This will

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be checked by the Finance Officer and any concerns or discrepancies raised as soon as possible with the CEO

- All transfers or other payments or credits into or from the bank can be identified and verified against relevant paperwork. This will be checked by the Finance Officer and any concerns or discrepancies raised as soon as possible with the CEO

6.1 Receipt Book

Upon receiving cash or cheques they must be acknowledged with a receipt. A receipt book must be kept by all Outreach Staff and an office based Receipt Book filed in the small locked cabinet with the cheque books. Used receipt books must be held with the paying in books to ensure appropriate audit of income received is banked and recorded. Receipt books will be stored in line with HVL financial procedures.

Outreach staff are responsible for maintaining accurate individual receipt books to ensure payments are easily audited, producing monthly and quarterly income receipts that can be audited at the end of the financial year. Receipts must be issued at the venue by Outreach Staff.

The receipt books must:

- Have the date of issue
- Have the member of staff details
- Record to whom the receipt is being given
- Record the reason for the receipt
- Be stamped with the HVL stamp

6.2 Income

A record must be kept of all income given to HVL. The information recorded should record from whom the money was received and its purpose. Each entry will need to be acknowledged, whether by letter for donation or receipt for other forms of income, initialled by the person processing the payment.

All income received must be reconciled monthly by the Finance Officer against the bank statements.

The CEO is responsible for ensuring that any income money is locked in the safe until banked on a maximum of a monthly basis.

6.3 Contractual and Grant Income

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The CEO is responsible for invoicing organisations whom have contracted to pay HVL for services delivered in line with individual contracts or grants arrangements. Payments will be encouraged to be paid directly into HVL Santander Instant Reserve Account.

6.4 Donations

- The Finance Officer will ensure that all donations are acknowledged
- Upon receipt of the donation, they will be processed as outlined above
- If donations are made for a specific purpose, this must be raised and noted at the F&G Committee meeting. The donation should then be recorded in the accounts under restricted funds i.e. for a specific purpose.
- Friends are regular donors to HVL. They donate at least £10 per year. The list of Friends is regularly reviewed to ensure an accurate up to date Friends List is held
- Service Users, Carers and Suppliers make contributions towards HVL services. Upon receipt, payments will be processed and receipts issued, money must then be recorded.

6.5 Membership Payments

As a Company Limited by Guarantee and not having a Share Capital, HVL does not have Shareholders but instead Members. Members work in a similar way to shareholders in that they elect and re elect Directors to the Board and approve the Charity's Annual Report and Accounts. They also have the opportunity to influence the Charity's activities through the Annual General Meeting. The Membership fee is £1. This entitles the person to remain a Member of the Charity for life.

Payments are received with the completed Membership Application Form and the Certificate of Membership is given to the new Member and their information added to the Membership Record. This Membership Record will be evaluated each year when invitations are sent out to invite all Members to the Annual General Meeting to ensure that an accurate up to date Members Record is held.

7. Payments made by HVL (see also Authorisation of Financial Commitment Policy)

Trustees are ultimately accountable for the use of any funding received by the charity although, these duties are delegated to the CEO. The "Authorisation of Financial Commitments" provides that:

- Any **two** authorised signatories at officer level may authorise and sign for any payment due up to and including £2,000

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- One authorised officer level signatory and a Board signatory may authorise and sign for any payment due over £2,000

All payments must be supported by the relevant documentation. It is recommended one person prepares payments and another person processes the payment, good practice needs to be maintained by the delegated person(s) carrying out the procedure.

7.1 Purchasing

- All purchases must be authorised by the CEO.
- A written record must be maintained of items ordered awaiting delivery and their cost. This must be kept with invoices to be paid
- The goods need to be inspected upon arrival thus ensuring the items and quantities are correct. Delivery notes can then replace the written order
- Invoices then need to be checked against orders made and delivery notes prior to their payment. Invoices can then replace the delivery note held with invoices to be paid
- Upon payment, the date of payment, amount, cheque number and purpose will be noted on each invoice or relevant supporting document.

7.2 Petty Cash

Petty cash process must involve

- Petty Cash receipt being completed by the recipient and person authorising payment, including both signatures, date, petty cash voucher number and reason for the expenditure
- Receipts for good reimbursed from petty cash must be attached to the petty cash receipt
- The petty cash box is locked in the safe, and will be checked each month by the Finance Officer
- Hemel Social Centre for the Blind has a separate petty cash tin with a £100 float. The Centre Manager is responsible for monitoring the income and expenditure within the tin and raising any concerns to the CEO. The Centre Manager will produce monthly income and expenditure information and a balance of petty cash held, ensuring that they balance. The Centre Manager is responsible for requesting additional petty cash from the CEO to ensure there is a maximum of £100 float held, any additional cash is to be banked in line with the above banking procedures.

7.3 Expenses

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- Signed personal expenses sheets for staff must be submitted by the 9th of each month for BACS payment
- Signed personal expenses sheets for volunteers should be submitted as agreed with the volunteer, monthly or quarterly for cheque payment and countersigned by the relevant Outreach Support Worker
- All out of pocket expenses must be evidenced with a corresponding receipt
- Additional or one off extra out of pocket expenses must be approved by the CEO before expenditure is made

7.4 Salaries

All temporary or permanent changes to rates of pay can only be authorised by the Board and must not be implemented without their authorisation

The CEO or Chair of the Finance & Governance Committee will ensure that all statutory requirements regarding Income Tax and National Insurance and other statutory matters are complied with

Following HVL policies and procedures, it is the responsibility of the CE to ensure that the payroll administrator is informed in writing of any payroll exceptions by the end of each month for the following month's payroll process, including absences from work, changes in hours, changes in personnel details and starters or leavers.

The HVL payroll service is outsourced.

Upon confirming the payroll in writing, the CEO is responsible for payment of salaries to employees by BACS. This must take place on the 21st of each month as agreed in individual contracts.

The Finance Officer will ensure that the BACS salary payments are processed correctly and that bank statements can be reconciled easily, evidencing the BACS payments.

The CEO is responsible for payment to HMRC by BACS.

It is essential that payroll records be separate from personnel records and that systems are not vulnerable or potentially compromise should a member of staff be absent or leave the charity. These details are held with the accounts and banking records in the locked Finance Officer's drawer.

8. Fundraising Events and Collections

Charity Commission CC8 recommends that the following are in place:

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- Collection boxes are individually numbered and documented control exercised over their allocation and return
- All collecting boxes be sealed so that any opening prior to the recording is readily apparent
- Static collecting boxes be regularly opened and contents counted in the presence of two people
- A record is kept of where static collection boxes are situated, and a history of their takings and the name of the person delegated to empty them
- General public collections to be counted in the presence of the collector and a receipt from the duplicate receipt book given
- Dual control over the handling and recording of all money and other assets as with the postal receipt of money where possible.
- Records be maintained for each fundraising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred
- For any events where there is a ticket, all tickets are pre numbered and a record is kept of all persons who have been issued with tickets to sell and of which ticket numbers have been allocated to each. A record is to be kept of which tickets have been sold and a reconciliation to be made against tickets sold

Fundraising activities must be arranged to ensure that they at least break even. Volunteers should be used to support the activity and sponsorship and donations of prizes should be sought from organisations to help maximise income from events and activities.

Should external fundraisers be involved at any time, further information needs to be sought from the Charity Commission and, if appropriate, incorporated into these financial procedures

9. Gift Aid

Charity Commission CC8

Donations through Gift Aid Scheme are increasingly encouraged by trustees as a tax efficient way of raising funds. This is an important area as encouraging donors to give in a tax efficient way is good financial management. It is important that accurate records are maintained in order to ensure that the charity receives all that is due to it from both the donor and HM Revenue and Customs, and that all money due is brought within the control of the charity without delay.

To ensure that the charity receives all the money to which it is entitled, HVL will:

- Make regular checks against records to ensure that expected amounts have been received from the donor
- Make regular checks to ensure that in the case of Gift Aid donations from individuals all redeemable tax has been obtained from HM Revenue and Customs

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- Be careful not to over claim tax repayments - particular care will be taken to avoid making tax repayment claims in relation to Gift Aid payments which have not in fact been received from an appropriate donor

The HVL Gift Aid reference number is: X48083

The CEO as HMRC contact or Finance Officer will process gift aid in line with HMRC online procedures.

All information relating to Gift Aid will be held with the accounts in the locked filing cabinet next to the Administrator's desk.

10. Insurance and Fixed Assets

A list of fixed assets is maintained on the Finance drive on the computer and is annually reviewed to ensure appropriate insurance cover upon renewal.

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