



Registered Charity No: 1169176

Policy Name	Financial Controls Policy
Date Reviewed	1 April 2024
Next Review	1st April 2025

Little LifeSavers Financial Controls Policy

1. Introduction

- 1.1 Financial records will be kept so that the Charity can:
 - (a) Meet its legal and other obligations, e.g. Charities Acts, Company Law, HMRC and common law.
 - (b) Enable the trustees to be in proper financial control of the Charity.
 - (c) Enable the Charity to meet the contractual obligations and requirements of funders.
- 1.2 The Charity will keep a proper accounting system, which will include keeping:
 - (a) Bank statements and an up-to-date accounting system (Xero)
 - (b) HMRC and records which may be kept by a payroll bureau.
- 1.3 The financial year will end on the 31st March each year.
- 1.4 Accounts will be drawn up after each financial year within five months of the end of the year and presented to the next Annual General Meeting.
- 1.5 Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- 1.6 A report comparing actual income and expenditure with the budget will be presented to the trustees every six months.
- 1.7 A cash flow will be produced each month if the charity is in financial difficulties or reserves are less than three months expenditure.
- 1.8 An appropriately qualified bookkeeper will be engaged to manage the financial obligations of the charity and independent examiner will be appointed to examine the accounts for presentation to the next Trustee meeting, filing with the Charity Commission when the appropriate threshold is exceeded and if appropriate filing with Companies House.

2. Banking

- 2.1 Little LifeSavers will bank with HSBC at its Worthing Branch. Accounts will be held in the name of the Little LifeSavers. The following accounts will be maintained:
Little LifeSavers Account – SC 40-47-25 Acc 32047365

- 2.2 The bank mandate (list of people who can sign cheques or authorise electronic payments on the organisations behalf) will always be approved and minuted by the trustees as will all the changes to it.
- 2.3 The charity will require the bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year, sign the reconciliation document accordingly. If only electronic statements are available they will be downloaded regularly
- 2.3 The charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the trustees.

3. **Receipts (income)**

- 3.1 All monies received will be recorded promptly in the bookkeeping system (Quick books) and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). The Charity will maintain files of documentation to back this up.

3.2 **Money credited to the bank electronically.**

The charity will keep a record of all electronic payments/donations, to ensure that receipts into the bank account can be traced to the customer easily.

3.3 **Donations**

The Charity will use an electronic fundraising platform linked to the charity bank account to keep track of direct donations and fundraisers

4. **Payments (expenditure)**

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

ALL Financial expenditure is agreed at the trustees' meetings and single transactions of £1000 or over must be agreed between the trustees and Chairperson at the time of payment

- 4.1 We do not use cheques for payments. Invoices and receipts are settled electronically by the Treasurer or Chairperson
- 4.2 Payments by debit card. When the charity issues a debit card to an employee or trustee it will be administered in a similar way to petty cash (see below). The card holder will be personally responsible for any undocumented expenditure and this is detailed in their contract of employment.

4.3 **Electronic banking.**

The Treasurer and Chairperson will be signatories on the charity bank account and will have a unique password which will be made up of lower and upper case letters, numbers and symbols.

The Chairperson and Treasurer will be able to access the electronic banking system for the purposes of putting transactions onto the system, making payments and for assessing bank statements.

The Chairperson or Treasurer will check that there is evidence that goods in good condition or proper services have been received.

The Treasurer will upload all invoices and payments to the charity accounting system

The Treasurer will check the payment details sort code, account number, invoice and amount. If these are accurate the treasurer will authorise and make the payment.

Authorisation from the Treasurer is required for each payment.

5.0 **Paypal**

The Treasurer and Chairperson will each hold the log in details and pass word for Paypal and will authorise payments from Paypal. Details of payments and transfers will be e-mailed to the banking administrator immediately they have been made.

The Treasurer will sign for any credits from the charity's bank account to Paypal.

The balance in Paypal will not exceed £3,000. Appropriate transfers will be made to the Charity bank account to ensure that this amount is not exceeded.

6. **Payment documentation**

- 6.1 Every payment out of the Charity's bank accounts will be evidenced by an electronic invoice. That original invoice will be retained by the Charity and filed. The treasurer should ensure that it is referenced with:

Electronic authorisation reference
Date paid electronically
Amount of payment

- 6.2 The only exceptions to electronic payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc. Confirmation email or booking will be used as evidence.

- 6.3 **Wages and Salaries.** There will be a clear trail to show the authority and reason for EVERY such payment; electronic transfer evidence and receipts for payment to an employee, HMRC etc. All employees will be paid within the HMRC regulations.

- 6.4 All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc., will be authorised either by the trustees.

- 6.5 **Petty cash** – no petty cash will be kept. Any small purchases relevant to the charity will have a receipt provided and payment credited electronically

- 6.6 **Expenses / allowances.** The Charity will, by prior agreement, reimburse expenditure paid for personally by staff, providing:

- Fares are evidenced by tickets.
- Other expenditure is evidenced by original receipts.

No payment signatory signs for the payment of expenses to themselves, authorise electronic payments to themselves.

7 **Other undertakings**

- 7.1 Little LifeSavers does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5,000, must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details to the next meeting of the trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).
- 7.2 All fundraising, contract bids and grant applications made on behalf of the organisation will be done in the name of the Charity with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.
- 7.3 Copies of grant application will be kept and available to trustees on request.

8. **Other rules**

- 8.1 Little LifeSavers will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally, the Charity will maintain a property record of items of significant value, with an appropriate record of their use.
- 8.2 The charity will maintain up to date good quality antivirus and anti-phishing software on all computers that connect to the internet.