



Herts Disability Sports Foundation

Charity Number 1156034

Financial Controls Policy

Version control : 2.1

Date of Policy –June 2021

Date last reviewed - June 2022

Approved

A handwritten signature in black ink, appearing to be 'K. Khan', written over a dotted line.

Date

7.7.22

(Signature of Chair)

Policy statement

1. This policy has been adopted to help safeguard the assets of Herts Disability Sports Foundation so far as possible and to provide clear procedures for controlling the finances of the organisation. They may not be exhaustive. Vigilance is always needed from all concerned with finance, both paid staff and Trustees, and any matters of concern should be discussed with the Treasurer or Chair, as appropriate.

Responsibility for Implementing this Policy

2. Both the Trustee Board and paid staff share responsibility for implementing this policy and the sound management of the organisation's assets as a whole. The Treasurer is delegated the task of reporting to the Trustee Board on the financial position of the organisation and issues relating to this policy. All Trustees and paid staff are required to abide by these policies and procedures. Where specific responsibilities are allocated, these are stated within the policies and procedures and also within the Finance manual V2.1
3. These financial controls will be reviewed annually.
4. The responsibilities and duties of the Charity Operations Manager and the Administration Manager are set out in this policy and in the HDSF Finance Manual. The current version of this is V1.2 dated June 2022.

Bank account

5. A current cheque book bank account will be administered in HDSF's name at a bank chosen by the Trustee Board, currently The CoOperative Bank. These are the main principles guiding making payments from any bank account that HDSF shall hold:
 - a. The account will require 2 signatories for any payments. Online payments will require one signatory to initiate the payments and one other signatory to confirm authorisation.
 - b. The bank mandates will always be approved and minuted by the Trustee Board as will all changes to it.
 - c. The bank will be chosen according to quality of service (including value for money in terms of interest paid, bank charges, etc.). No borrowing will be undertaken by HDSF without a decision being taken at a meeting of the Trustee Board.
6. A deposit account may also be administered in HDSF's name in an appropriate Society or Company and surplus funds may be invested in it in accordance with the Trustees Investment Act (which allows part of the funds to be invested in equities as well as fixed interest stock). HDSF do not normally invest in any asset class that carries risk greater than investing in cash. Any non-cash investment would require Trustee approval.

Authorisation of Expenditure

7. The Administration Manager and Charity Operations Manager **each** have delegated authority for expenditure within the budget profile which has been agreed by the Board of Trustees at the beginning of each financial year and for expenditure in relation to subsequent grant monies awarded in the year and added to the budget profile. Any proposed payments over and above these should be referred to the Treasurer. In exceptional circumstances, where delay of a decision till the next Board meeting would disadvantage HDSF, authorisation may be given by the Chair and Treasurer and will be reported to the next Board meeting. Otherwise, Trustees will be asked to approve the expenditure with a revised budget profile at their next meeting.
8. In relation to any expenditure reference should be made to the procedures for obtaining quotations in the procurement section of the finance manual. This applies for expenditure on any item that exceeds £500.
9. The delegated authority given to the Charity Operations Manager shall be subject to an overall limitation of £5,000 for any single item of expenditure. For purchases above £5,000 written approval by the Treasurer or Chair of Trustees is required (by email is sufficient). For a purchase that will exceed £10,000 overall (in one or more instalments), a Trustee must approve the bank payment online unless in exceptional circumstances this requirement is waived by either the Treasurer or Chair of Trustees.
10. Blank cheques will never be signed. The relevant payee's name will always be inscribed on the cheque before signature; the cheque stub will always be completed. Cheques must not be signed by the person to whom they are made payable. If the recipient is either the Chair or the Treasurer, the invoice or claim for expenses must be signed as approved by a 3rd Trustee. The recipient will not be either the cheque signatory or part of the online authorisation process.
11. No payment should be authorised until the signatory is satisfied, through sight of an order form, invoice, or similar written evidence, of the validity of the payment.

Bank Debit Card

12. HDSF has a debit card linked to the bank account which is in the possession of the Charity Operations Manager. The card is used for unexpected urgent expenditure e.g., the purchase of small parts to repair equipment to allow an activity session to be delivered. The card cannot be used for purchases that can be anticipated – these purchases must be authorised as detailed above. The Administration Manager will be advised of any purchases by the COM using the debit card and supplied with receipts/written evidence to support the purchase.
13. The debit card may be used by the Charity Operations Manager for expenditure within the budget profile which has been agreed by the Board of Trustees at the beginning of each financial year.

14. Purchases with invoices will be recorded in Sage at the time the invoice is received by the Administration Manager.
15. All Sage entries should be reconciled with receipts and then compared against subsequent bank statements.
16. A further debit card is in the possession of the Administration Manager to enable cash and cheques to be paid into HDSF's bank account.

Banking Cheques and Cash

17. Cash receipts will be banked intact, credited to the appropriate budget heading and not used for other purposes. Cash receipts should be paid in monthly (or sooner if the total amount exceeds £200) and the Administration Manager should be advised of the payment details, to be recorded on Sage accounting software and compared against subsequent bank statements.
18. Cheque receipts will be banked weekly (or sooner for large receipts, particularly for grant funding) and be entered in Sage by the Administration Manager. Where required, a project code will be created to track expenditure against a receipt.

Paypal and Stripe payments

19. HDSF operate both a PayPal and a Stripe account, to receive payments for holiday sessions, using the booking system on the website. Where there are issues with the booking system, the Charity Operations Manager is authorised to raise PayPal invoices to allow the booking and payment to proceed.
20. The Administration Manager will be responsible for ensuring that all receipts are allocated to the correct activity code and credits and debits reconciled to the bank account. A reconciliation of payments made for bookings through Stripe will also be made by the Administration Manager.
21. Appropriate records of any transfers will be maintained by the Administration Manager.

Annual Budget

22. Annual budgets of income, expenditure and cashflow should be prepared by the Administration Manager in consultation with the Charity Operations Manager. These will be reviewed and agreed with the Treasurer before being presented to the Board of Trustees for approval.

23. The estimates shall show the actual expenditure and income for the preceding financial year, the original approved and revised estimates for the current year and the estimated income and expenditure for the ensuing year. Similarly, a comparison of cashflow for the preceding year will be shown.

Financial reports and Audit

24. The Administration Manager will prepare regular reports to the Trustee Board on the organisation's financial situation and any issues requiring the Board's approval or action. These will include (at least) quarterly reports setting out actual income and expenditure compared to the budget.

25. The Administration Manager will prepare the figures for the annual report.

26. An annual independent examination (as required by the Charity Commission) will be carried out by a qualified auditor (or independent examiner), appointed each year by the Trustees, in accordance with the requirements of the Charities Act and Companies Act. The auditor's report will be discussed and approved by the Trustee Board

Records

27. Records will be kept of all income and expenditure, primarily using the Sage Accounting software with appropriate paper records of transactions.

- a. All payments will be recorded and cross referenced in a file containing supporting information (such as order form/letter, invoice or claims form).
- b. Transactions will be reconciled against bank statements at least monthly by the Administration Manager.
- c. The accounting records will be reviewed on a quarterly basis by either the Treasurer, or a person nominated by the Trustees, who has sufficient financial knowledge and experience to carry out a review and raise questions as appropriate. The Chair will have direct contact with the Treasurer or the nominated person. Any concerns or outstanding queries should be raised directly with the Chair.
- d. Transfer of funds between bank accounts (with the exception of PayPal to the main HDSF current account) will be initially authorised by two signatories.
- e. Chief responsibility for the maintenance of records will rest with the Administration Manager. All HDSF financial records shall be treated confidentially. All HDSF financial records will be kept for seven years in accordance with the Charity Act 2011.

Claims for Expenses and Allowances

28. Rates for expenses or allowances will be those agreed from time to time by the Trustee Board and published in the appropriate Expenses policy. Staff, volunteers and Trustees must complete and sign a claim form. Whenever possible, receipts should be provided

(for all claims other than motor mileage allowance) and if not possible, the reason must be submitted in writing to the Administration Manager.

Insurance

29. The Administration Manager, in conjunction with the Treasurer, will affect insurance cover at a sufficient level to cover assets and possible liabilities as directed by the Trustee Board.

Inventories

30. An inventory shall be maintained of all equipment according to the guidance set out in the Finance manual.

Fixed Assets

31. Fixed Assets will be treated in accordance with guidance set out in the Finance Manual.

Salaries and Pensions

32. The Administration Manager will ensure that all salaries, wages and other emoluments to all employees of HDSF are calculated according to timesheets and/or contractual arrangements and provide this data to the external payroll provider in time to run the payroll each month.

33. The Administration Manager check the output from the payroll provider to ensure it is correct.

34. The Administration Manager is responsible for the first stage of raising the payments in HDSF's bank account so that employees are paid in accordance with statutory requirements and any policies adopted by HDSF.

35. All bank payments will be subject to approval according to para 5a) above.

Data Protection

36. The Administration Manager will ensure that HDSF complies with the Data Protection Act and all subsequent legislation, including GDPR.