Add name of organisation

**Financial Procedures Handbook**

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| --- | --- |
| This document was approved on: | (add date) |
| It will be reviewed on: | (add date) |

**1. Purpose of this manual**

The purpose of this manual is to outline all key financial procedures that must be followed by staff, trustees, and volunteers at (name of organisation).

**2. Financial objectives**

(Name of organisation) is committed to:

* protecting our charity’s assets
* managing financial resources responsibly.
* making informed decisions about our charity’s financial position.
* meeting our legal duties.

**3. General points**

|  |  |
| --- | --- |
| Our financial year runs from: | (add dates here) |
| Final accounts are presented to the Trustee Board (amend if you have a different organisational structure) on: | (add dates here) |
| We are required to undertake an annual audit by an independent body or person. Audit or independent examination of our accounts is conducted by: | (add name of company here) |

**4. Annual Budget**

An annual budget, setting out the organisation’s financial plan for the year, will be prepared by (add staff member/s) and presented to the Board of Trustees before the start of each financial year. Only the Board of Trustees can approve the annual budget.

**5. Tracking income and expenditure**

* Expenditure is tracked against the annual budget by (add staff member/s) using (add method of tracking expenditure e.g. spreadsheet or online accounts package).
* (Add staff member) will be notified of budget variances above (add limit).
* Cashflow is tracked by (add staff member/s) and will notify (add staff member) of any cashflow shortages).

**6. Financial reporting**

* A financial report is presented at every Board of Trustees meeting. This is prepared by (add staff member/s) and circulated to trustees one week prior to the meeting.
* An annual report for the Charity Commission (if your organisation is a registered charity) is prepared and uploaded by (add staff member/s) at the end of each financial year.

**7. Financial controls - Income**

**7.1 Due diligence policy on accepting funds.**

* (Name of organisation) will conduct diligence checks on new funds in line with [Charity Commission Guidance.](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/550682/Chapter_2_Summary.pdf) Responsibility for this sits with (add staff member/s).

**7.2 Pricing**

* Any paid for activities and services will be priced so they are accessible to our users.
* All new grant applications and costings must be signed off by (add staff member).
* When pricing new services and activities for funders, we will consistently include overhead costs at xx% and oncosts at xx%.

**7.3 Invoicing and debt control**

* All invoices will be created using a [standard invoice template](https://www.gov.uk/invoicing-and-taking-payment-from-customers/invoices-what-they-must-include).
* New invoices will be generated by (add staff member/s).
* (Add staff member/s) holds responsibility for chasing unpaid invoices.

**8. Financial controls - Expenditure**

**8.1 Procurement and Purchasing**

* (Add staff member/s) hold responsibility for ensuring all new purchases are in line with the organisational/ project budgets.
* The following expenditure limits apply:

|  |  |
| --- | --- |
| Expenditure up to £xxx | Expenditure can be approved by (add staff member/s) |
| Expenditure above £xxx | Additional approval required from (add staff member).  Three quotes must be procured to ensure value for money. |

**8.2 Invoices**

* All new invoices must be sent to (add staff member/s), who will record these centrally (add detail of how invoices will be recorded e.g., on a spreadsheet or accounts package).
* Invoices must be approved by (name of staff member/s) before payment.
* (Add staff member/s) will log which invoices have been paid.

**8.3 Bank accounts**

* (Name of organisation) holds a bank account with (add name of bank).
* Organisational bank accounts can only be opened and closed by (add staff member/s or trustees).
* Changes to the signatories on the account can only be made by (add staff member/s or trustees).
* (Add number) signatories are required to make payments.
* The following staff members hold debit cards:
  + Add staff member.
  + Add staff member.
  + Add staff member.
* New cards can only be issued by (add staff member)
* Monthly spend limits on cards are set to £xx

**9. Protection from Fraud and Cyber Crime**

**All staff at (name of organisation)** are responsible for reporting and taking precautions against fraud and cyber crime

* 1. **Cyber Security**
* All staff must follow cyber security guidelines at all times[[1]](#footnote-2)
* Any staff member concerned about a possible cyber security breach should contact (add staff member) immediately.
  1. **Fraud prevention**
* All staff should be vigilant against the possibility of fraud.
* Any concerns about fraud at (name of organisation) should be directed first to (add name of staff member). If for any reason contacting staff member is not appropriate, staff should contact (add name of alternative staff member).

**10. Staffing costs**

**10.1 Appointing new staff and agreeing salaries.**

* Salary bands are advertised alongside each job vacancy.
* Salary offers must be approved by (add staff member/s) before offers are made.

**10.2 Salary reviews**

* A salary review is conducted once a year.
* This is prepared by (add staff member/s) and considered by the Board of Trustees.
* Only the Board of Trustees can sign-off a salary increase.

**10.3 Process for starters and leavers**

* (Add staff member/s) is responsible for ensuring [new starter paperwork](https://www.gov.uk/guidance/starter-checklist-for-paye) is completed and new starters are added to payroll.

**10.4 Expenses**

* No expenses should be incurred without the prior authorisation of a manager. All claims must be signed off by the staff member who incurred the expense and authorised by their manager.
* Claims must be submitted within xx months of the original payment unless there are exceptional circumstances which prevent this. Any claims made xx months after the original payment, and not affected by exceptional circumstances, will not be reimbursed.
* All expense claims must be submitted on the appropriate form and be supported by the appropriate receipts or invoices. No payment can be made without these.
* Forms correctly submitted by the xxth of the month will be paid by the xxth of the same month.
* Travel expenses should be completed on the same expenses form. Original receipts should

be attached, including oyster card receipts where available. Travel should be made by the lowest costing method possible and by public transport where available. Expenses will not be reimbursed where no additional cost has arisen. For example, travelcard holders will not be reimbursed for journeys that are covered by their travelcard.

**10.5 Overtime**

* (Name of organisation) operates a no overtime payment policy. Due to the nature of its work, employees may need to work outside their normal working hours on an occasional basis. This requirement is clearly stated in all employment contracts.
* Any work done outside normal working hours must be approved in advance and will be compensated for by time off in lieu (TOIL).

**10.6 Overpayments**

* If staff are overpaid for any reason, the total amount of the overpayment will normally be deducted from their next salary payment.
* Arrangements may be made for the overpayment to be recovered over a longer period if one deduction will cause hardship. Staff will be advised in advance if any deductions are to be made.

**10.7 Payment of sessional staff**

* Sessional staff are employed on a self-employment basis.
* Invoices must be submitted to and checked by (add staff member/s).
* Once signed off, invoices must be sent to (add staff member/s) for payment.
* Payments are made once a month. Invoices must be received by (date of the month) for payment by (date of the month).

**10.8 Payroll**

* New employees are asked to complete the relevant PAYE form/s when they first join the organisation. They are added to the payroll by (add staff member/s).
* Payroll calculations are made by (add staff member/s) and approved by (add staff member/s).
* We pay our staff basic salaries monthly by (add date) of each month.
* We deduct statutory payments from staff salaries (e.g., agreed pension contributions)
* End of year returns are completed and submitted to HMRC by the required deadline by (add staff member).

**11. Physical assets**

* An inventory of all physical assets of the organisation will be kept and regularly updated by (add staff member).
* All assets will be recorded on (add detail of how you will record assets – you may find a free asset management tool like <https://www.assettiger.com/> helpful).

**12. Insurance**

* As an organisation, we hold Employer’s Liability Insurance and Public Liability Insurance (add any additional insurance your organisation holds e.g., Contents Insurance).
* (Add staff member) is responsible for ensuring that insurance policies are maintained and up to date.
* Insurance certificates will be stored (add location of where insurance certificates are stored).

**13. Financial Reserves**

* As an organisation we are committed to building appropriate reserves (see Reserves Policy for more detail).

1. Steps to ensure cyber security include backing up data, ensuing protection against malware, creating strong passwords, keeping devices secure and defending your organisation from phishing emails. For more information and training, see [Protect your charity from fraud and cyber crime - GOV.UK (www.gov.uk)](https://www.gov.uk/guidance/protect-your-charity-from-fraud), [Action Fraud](https://www.actionfraud.police.uk/), [Prevent Charity Fraud](https://preventcharityfraud.org.uk/resources/) and [Countering Charity Fraud](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649643/CounteringFraud2016.pdf). [↑](#footnote-ref-2)