

BMECP Centre, 10A Fleet Street, Brighton, BN1 4ZE

# Financial Management and Procedures

<b>Issued by:</b>	BMECP Board
<b>Version:</b>	2.0
<b>Date:</b>	31 December 2024

## Policy Revision History

It is important that this Financial Management and Procedures reflects the current situation and business requirements at BMECP. At a minimum it should reviewed every 2 years.

<b>Version</b>	<b>Date Issued</b>	<b>Reason for Update</b>
1.0	August 2020	First Issue
2.0	31 December 2024	Policy review

## INTRODUCTION

As a charity organisation, BMECP has set up its financial policies as the need has developed. The board recognises the importance of keeping accurate and transparent financial records so that:

- The Charity meets its legal and other statutory obligations, such as Company Law, Charities Act, Inland Revenue & Customs and common law.
- The board members can fully exercise their responsibilities as Company Directors and Charitable Trustees by having proper financial control of the organisation.
- The Charity meets the contractual obligations and requirements of its funders and investors. This is to ensure that trustees can make informed strategic financial decisions as well as supporting staff/volunteers in effectively delivering the Charity's daily operational activities.
- The Charity's assets are protected and to identify and manage the and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud.

### 1. General Statement of Intent

- The financial procedures of BMECP will be managed by Trustees who will ensure proper accounts are kept.
- The accounting procedures will be in accordance with those required by the Charity Commission and in accordance with the Charity SORP and Companies House.
- The annual accounts will be formally adopted by the Trustees and presented to the Annual General Meeting (AGM) for approval. The Trustees will recommend an Auditor to be appointed at the AGM.
- The Trustees will ensure that all personnel, including trustees, staff and volunteers will have the appropriate level of knowledge and skills to fully perform all duties for which they are responsible and that where necessary, training, support and professional advice will be provided.

### 2. Internal Controls

- No single individual will have control over the entire sequence of financial transaction.
- The day-to-day responsibility for monitoring the finances of each project undertaken by the organisation lies with the Centre Manager who is supported by the Treasurer and the Finance Committee with input from other board members as appropriate. This function is also supported by the Finance Officer.

- The treasurer has specific responsibility for overseeing the financial management of the Charity and ensuring that the information is presented in a clear and understandable way to the board.
- Any specific duties undertaken by the Treasurer and the Finance Committee do not reduce the board's collective responsibility to make sure that the financial affairs are being managed in a professional and prudent manner and that risks are minimal.

### **3. Accounts**

- The Charity will maintain its accounts using a QuickBooks financial software package supported by a clear audit trail of hard copy papers and/or soft copy where appropriate stored according to the relevant data storage and retention policy.
- Accounts must be drawn up at the end of each financial year within 3 months of the end of the year and presented to the next Annual General Meeting (AGM).
- The Board of Trustees appoint an appropriately qualified auditor/independent examiner to audit/examine the accounts for presentation to the next AGM.
- The appointment of auditors is reviewed annually.

### **4. Financial Reports for the Board**

The following reports will be provided to Treasurer monthly and copied to the Centre Manager and the remainder of the board quarterly. They will be provided by the Finance Officer: -

- Profit & Loss Account for the Quarter ended
- Balance Sheet as at the end of the Quarter
- Aged Debtor Analysis as at the end of the Quarter
- List of Trade Creditors as at the last working day of the Quarter
- Cashflow Statement

### **5. Budget Setting and Monitoring**

- The Trustees, as required by SORP, will before the commencement of any given financial year authorise an annual budget for that year and set appropriate expenditure and income levels. Each project will require a separate budget head which

is set at the same time. The core running costs of the Charity will be appropriately considered and accounted for.

- The Trustees will receive quarterly statements of accounts showing actual income and expenditure compared to budget. The Trustees will ensure that money given for a specific purpose is restricted to that purpose and that all restricted funds are used appropriately.
- The Trustees are responsible for ensuring adequate internal audit arrangements.

## 6. Banking

- The Charity will bank with Metro Bank (NatWest Account is being phased out as approved by the Board by end of June 2025) and accounts will be held in the name of the Charity.
- The bank mandate will list at least 3 people who sign cheques and/or operate online banking on the organisation's behalf. These individuals will always be approved and minuted by the board as well as all changes.
- Each cheque must be signed, or online payment must be approved by at least two people.
- A cheque must not be signed by the person to whom it is payable. An online payment must not be made by the person it payable.
- The Charity will require the bank to provide statements every month and these must be reconciled with the QuickBooks system by the Finance Officer and the treasure/centre manager will spot check that this reconciliation has been done at least twice a year.
- The Charity will not use any other bank or financial institution or use overdraft facilities of loan without the agreement of the board.
- At the end of each month the Finance Officer ensures that a bank statement has been received for each account held in the name of BMECP during that month.
- All bank statement balances are reconciled to QuickBooks and any items shown in the QuickBooks Bank register which cannot be matched to bank statement entries are investigated. These will only be carried forward if appropriate. Similarly, any bank account entries not matched to the QuickBooks bank register will also be investigated. These will be reported to the Centre Manager if the Finance Officer does not hold paperwork authorising their payment from the bank account.

- The auditors check all Bank Reconciliations at their annual visits.

## **7. Procedures on receipt of payments - Cheques, Cash, POS or BACS**

- All monies received by cash or cheque will be recorded promptly in the receipt book and banked without delay (this includes all receipts such as payment for room bookings, donations, etc). The Charity will maintain files of documentation to back this up.
- On receipt of a cheque by hand or post, this is recorded in the receipt book immediately and initialled by the member of staff receiving the cheque. A credit slip from the paying in book is filled in with the amount to be banked.
- A photocopy of the cheque to be banked is made and filed in the income section of the invoice file.
- The above photocopy is then used as the source document for posting to the accounts and the stamped counter foils and receipt book used as a check.
- On receipt of cash, the person receiving it, either Centre Manager, Finance Officer or Administrator should count it and agree the amount with the person handing it over and then issue a receipt, a copy of which is kept on file. This is then double checked by one of the above and then recorded in the receipt book immediately.
- Whenever cash is counted and recorded in the receipt book it must be initialled by the receiving member of staff and that member of staff must ensure that if the cash is passed on to another member of staffs control, that the receiving member of staff initials the receipt book to maintain an audit trail.
- The cash is then stored in the locked box, which is kept in a locked filing cabinet, to await paying into the bank which is done once a week.
- The photocopy of the receipt is then used as the source document for posting to the accounts and the receipt book used as a check.
- Most receipts are received by BACS, so banking of cheques is made on a weekly basis. The BACS remittance advices are filed in the invoice file income section and as with cheques, are posted to the accounts from there. The bank statements are used as a check
- Some receipts are received via the POS, so a record must be kept including the payee and code that will be used for matching on the accounting system.

## 8. Procedure for petty cash

- Petty cash will always be maintained on the impress system where the Finance Officer is entrusted with a float as agreed by the trustees. A cheque will be drawn, or card withdrawal will be made for sufficient funds to bring up the float to the agreed sum, the cheque or cash withdrawal being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.
- Expenses/allowances. The Charity will, if asked, reimburse out-of-pocket expenditure paid for personally by board members, volunteers and staff, who will be required to provide:
  - Fares are evidenced by tickets
  - Other expenditure is evidenced by original receipts
  - Car mileage is based on local authority scales
  - No cheque signatory signs or makes online payment for the payment of expenses to themselves.
- The float is £400
- Those with authorised access to the main petty cash tin are the Centre Manager, The Finance Officer and Administrator. The Treasurer and The Company Secretary are authorised to access the main petty cash tin in the absence of the staff or for audit purposes.
- The Development Officers will be allowed a £100 petty cash float which will be kept in a separate tin. This will be reimbursed on submission of receipts and a schedule detailing how the money has been spent. This will then be reconciled with the main petty cash float.
- For payments - cash receipts are numbered, entered as outgoings on the petty cash sheet and the person responsible for the expense then initials the entry.
- For reimbursing the float, a cheque is drawn up by the Finance Officer and cashed by the Centre Manager, the cash is then counted by the Finance Officer or Administrator as a check. Where possible those authorised for online banking can use the available bank card to withdraw the cash from the ATM. An entry is made under incoming by the Centre Manager for the amount, on the petty cash sheet, and initialled by the Centre Manager, Finance Officer or Administrator.
- Once a month the petty cash is analysed by the Finance Officer and checked by the Centre Manager after which it is posted to the accounts using the petty cash sheet as the source document.

## 9. Procedure for monitoring cash flow

- We monitor cash flow using a spreadsheet which covers a six-monthly period, starting with the trial balance for the current period.
- This spreadsheet is updated once a month as a matter of routine and whenever a cash report is required.
- The Finance Officer, Treasurer and Centre Manager review the cash position once a month.
- The Trustees are given a cash flow report as a matter of routine at their monthly meetings.

## 10. Procedure for payment of expenses

### Payments

- All expenditures will be on the Charity business only and will be properly authorised so that that this can be demonstrated. All expenditure must be in line with the latest approved project budgets.
- The Centre Manager will be responsible for holding the cheque book (unused and partly used cheque books) and bank card/s which should be kept under lock and key.
- Bank cheques will NEVER be signed.
- The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- For online payments, the payee's details must be entered on the online banking system and approved before any payments are made.
- No payment whether by cheque, online or via physically in the bank should have signed documentation (see below).
- Every payment from the Charity's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand).
- A cheque or payment requisition/authorisation form and the original invoice will be retained by the Charity and filed. One of the cheque signatories or online payment signatories should ensure that the invoice is referenced with
  - Authorisation of payment
  - Cheque number or online/bank payment slip

- Date cheque drawn or date online/bank payment made
- Amount of the cheque or online payment
  
- Where an original invoice is not available payment can be made subject to the provision of a valid receipt.
  
- On receipt of an invoice for payment by the Centre Manager, a payment/cheque requisition is raised to which the payable invoice is attached. There will be occasions when payment can be made by online banking.
  
- The payment/cheque requisition is authorised by the Centre Manager, subject to an authorised amount of (£5,000), who signs and dates it for payment in the first instance and signs the cheque and this is then passed with the cheque to a Trustee signatory for a second signature, who also signs and dates the requisition and signs the cheque.
  
- Finally, a photocopy of the signed cheque is also attached to the requisition before being filed in the invoice file.
  
- The invoice file is used to post up the accounts.

## **11. Procedure for paying wages**

- There will be clear trail to show the authority and reason for EVERY such payment e.g. a BACS or cheque requisition from asking for payment to an employee, Inland Revenue, etc. All employees/seasonal workers will be paid within the PAYE, National Insurance regulations.
  
- All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in in hours and variable payment such as overtime, etc, will be authorised either by the Centre Manager or trustees.
  
- An arrangement has been made with the Payroll Processor who process the payroll and issue payslips for staff.
  
- The Centre Manager confirms any changes to the wages with the Treasurer who checks the timesheets. Once checked and verified, the Centre Manager submits them to the Payroll Processor who generates payslips monthly in time for the payment date of 25th of the month.
  
- The Centre Manager on receipt of the payslips checks the information for accuracy and passes the information to the Treasurer for double checking before the Treasurer makes the payments electronically.
  
- When the salaries have been processed for payment by BACS the Centre Manager then



hands over the payslips to the staff.

- The Finance Officer then enters the information into QuickBooks and processes the pension payments directly with NEST.

## **12. Debtor Management**

- All invoices for services supplied by BMECP to clients will be entered into the QuickBooks System
- Payments received in respect of invoices issued will be received against the relevant invoice in the Customers & Receivables Ledger in QuickBooks by the Finance Officer.
- At the end of each month the Finance Officer will produce an Aged Debtor Analysis from the QuickBooks. Any debts more than 30 days old will be reviewed and a statement sent to the client. A letter will be sent after 60 days, together with a phone call to the client if the Manager considers this appropriate. Debt recovery action may be commenced after 90 days at the Manager's discretion. The Aged Debtor Analysis will be handed to the manager each month, annotated with notes of actions taken or recommended by the Finance Manager. The Manager will review this in line with the above guidelines.

## **13. Creditors**

- The Finance Officer will print out a list of Trade creditors at the end of each month. This will be provided to the Centre Manager, and the Finance officer will highlight any creditors who are overdue for payment.

## **14. Other Rules**

1. The Charity will not accept liability for any financial commitment unless properly authorised.
2. Any orders placed or undertakings given which are likely to cost the Charity more than £1,000 must be authorised and minuted by the board.
3. In exceptional circumstances such undertakings can be made by two or three positions, Chair, Treasurer and Secretary. When this rule is exercised, full details will be provided to the next meeting of the board.
4. All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the Charity with approval of trustees or in urgent situations the

approval of the Chair who will provide full details to the next board meeting.

5. The Charity will always adhere to good practice in relation to its finances, 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 of assets.
6. The Trust will maintain a property record of items of significant value., with an appropriate record of their use.
7. Funding Monitoring - The Charity has/will have various funders requiring varying monitoring information. The Centre Manager is expected to meet the monitoring requirements. If deadlines for monitoring returns are unable to be met, the Board should be informed, and the Centre Manager will approach the funder with explanatory letter and negotiate new deadline.
8. Insurance - The Charity will comply with employers and public liability insurance as necessary. In addition, contents of any offices and those contents of the group homes which are the responsibility of charity should be covered by insurance. The Charity will ensure adequate cover is in place for business activities with a recognised insurer that has clear claims procedures.