

Cumbria Parent Carer Forum

Financial Controls Policy

Guidance notes for the forum on managing the finances of the organisation

Cumbria Parent Carer Forum has developed a financial controls policy so that it can:

- protect the parent carer forum and the individuals who run it
- ensure there is transparency and accountability in all financial dealings
- provides the members of the steering group with clarity of income and the purpose for which the grants have been provided
- supports you in monitoring your spend in line with the funders requirements
- ensures that you obtain value for money
- is good practise for any organisation in receipt of a grant
- ensures our host agency provides us with up to date and accurate financial information to allow us to manage our work effectively

It is important that the person with responsibility for finance, normally the Treasurer or the Support Co-ordinator has the relevant skills to carry out the requirements of the policy and to accurately report to the key funders of the forum

- Cumbria County Council
- DFES
- Other funders as they arise

Training can be provided for the Treasurer by the current host agency Cumbria Youth Alliance.

This person will liaise with Cumbria Youth Alliance who currently carryout the hosting of the finances, produce monthly accounts and annual accounts and who process all the payments and application undertaken in the name of Cumbria Parent Carer Forum

The financial control policy consists of:

- Management of financial records
- Banking arrangements
- Receipts
- Cheque payments
- Petty cash payments
- Expenses, payments and honorariums
- Payment documentation
- Staff
- Other rules

Management of financial records

The financial control policy is designed to ensure that all expenditure is on the forum's business; that it is properly authorised; and that this can be demonstrated through a clear and transparent audit trail

Currently the host agency for the Cumbria Parent Carer Forum has responsibility for the maintenance of the records pertaining to income and expenditure and for processing the payments on the instructions of the members of the steering group in line with their requirements. All cheques issued on behalf of the forum require two signatures from CYA and copies of all transactions are maintained in line with this policy and procedures.

All our financial activities are subject to both internal and external audit in line with our financial regulations and legal requirements and meet SORP requirements

2) Financial records (electronic records are maintained on sage) must be kept so that the forum:

- has proper financial control of the organisation
- meets its legal and other statutory obligations (if relevant), such as Charities Act, Inland Revenue, Customs & Excise and common law
- meets the contractual obligations and requirements of funders
- reports accurately to each of the funders on the income and expenditure in relation to the running and management of Cumbria Parent Carer Forum

The records of accounts must include:

- A full record maintained on sage showing all income and expenditure and transactions currently undertaken by CYA on a monthly basis
Electronic records of every payment coming in or every invoice being paid are maintained electronically by the host agency and show expenditure against the agreed budgets set with DFES, Cumbria County Council and any other funders that are pertinent
- a petty cash book if cash payments are being made currently held by the Co-ordinator and reconciled as required with the host agency

- receipts for all expenditure in line with the audit requirements of the grants including receipts for all petty cash expenditure
- Inland Revenue deduction cards P11 (if registered for PAYE) currently provided by CYA

Note no payments will be made without the correct receipts including expenditure on petty cash

4) Accounts must be drawn up at the end of each financial year within three months of the end of the year, and presented to the next Annual General Meeting (AGM). In the case of the Cumbria Parent Carer Forum currently these form part of the overall accounts for the host agency and are subject to external scrutiny by CVS who are our nominated external auditors in line with SORP and legal reporting requirements.

Currently the accounts of the Cumbria Parent Carer Forum are shown as a separate project within the overall accounts of the host agency. Detailed accounts for the project will be made available to the forum following external audit as per legal requirements. Each project has its own income and expenditure codes.

5) Prior to the start of each financial year, or when grants are agreed whichever is the sooner, the forum will approve a budgeted income and expenditure account for the following year in line with the funders requirements and grant conditions – this will be done by the steering committee assisted by the Co-ordinator and the Host Agency and accurately reflect the bids agreed with the various funders

6) A report comparing actual income and expenditure with the budget should be presented to the steering group/members at every steering group meeting

7) Spending can only be authorised in line with the agreed budget for the year and any variation to this must be referred to the steering group to agree variation

7) Current the host agency appoint an appropriate external auditor for the examination of the accounts in line with Sorp requirements

Banking arrangements

- 1) The forum will bank with HSBC at its Penrith and accounts will be held in the name of Cumbria Youth Alliance as a host agency for the forum
- 2) If independent a bank mandate (the list of people who can sign cheques on the forum's behalf) will be approved and minuted by the committee/steering group, as will any changes to it. In the case of Cumbria Youth Alliance the cheques are signed by two trustees or a senior staff member and a trustee after checking the appropriate request for payment.
- 3) The forum will require the host agency to provide sage accounts at every steering group. The host agency will maintain records to satisfy audit requirements by funders or interested third parties.
- 4) The forum/host agency will not use any other bank or financial institution, or use overdraft facilities or loan, without the previous agreement of the committee/steering group. One bank account being maintained for the organisation
- 5) The forum will develop a reserves policy in line with its financial requirements and steering group members/treasurer should if possible aim to maintain a reserve in its account equal to three months of running costs, or £2000, whichever is higher to allow for redundancy payments as the forum now employs a staff member

Receipts

- 1) All monies received by the forum will be recorded promptly in the cashbook and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc.).
- 2) All monies banked will be shown on the sage accounts for the Cumbria Parent Carer Forum which is updated monthly on sage and shared with the members of the forum
- 3) The forum will maintain files of documentation to back this up but can at any time ask to see the accounts maintained on the CYA internal server on Sage .

Cheque payments

- 1) Requests for payment will be passed to Cumbria Youth Alliance for payment after authorisation by a member of the steering group
- 2) Cumbria Youth Alliance aims to pay all requests for payment within 7 days and maintains records of all cheques paid on a daily basis
- 3) All cheque requests will be coded according to the Cumbria Parent Carer Project Code and show on the sage accounts which are updated monthly by the CYA accountant
- 4) Requests for payment for reimbursement of travel expenses must contain a signature or electronic signature of the recipient –without said signature the

host agency reserves the right to reject payment and return to the relevant person to have signatures etc

- 5) No cheques will be issued without the necessary paperwork/receipts to ensure a full and transparent audit trail is in place
- 2) If independent the Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept in a secure place.
- 3) Each cheque will be signed by at least two people within the host agency and full records made available to the steering group through the provision of detailed sage records
- 4) A cheque must **NOT** be signed by the person to whom it is payable.
- 5) Blank cheques will **NEVER** be signed.
 - 6) The relevant payee's name will always be inserted on the cheque before signature, and the cheque stub will always be properly completed.
 - 7) Computerised records of all cheques issued are maintained on a daily basis by Cumbria Youth Alliance and safe accounts updated to reflect these transactions on a monthly basis
- 7) No cheques should be signed without original documentation (see below).

Petty cash payments

- 1) If the forum wishes to maintain a petty cash float, the Co-ordinator of the forum/paid staff member should be entrusted with this with the prior agreement of the committee/ steering group.
- 2) When the float is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum provided there are receipts to back up petty cash expenditure

Expenses, payments and honorariums

- The forum will, if asked, reimburse expenditure paid for personally by volunteers or staff, providing it has been agreed and minuted to do so, and that:
- Relevant expenses sheets are completed signed or electronically signed and returned to Cumbria Youth Alliance for payment
 - Fares are evidenced by tickets
 - Other expenditure is evidenced by original receipts containing the items claimed against ONLY
 - Car mileage is based on agreed and reasonable mileage rates of 45p per mile
 - No cheque signatory signs for the payment of expenses to themselves
 - Honorarium claims should be accompanied by a record of what this is being paid for, and demonstrates the agreed activity has taken place.

Payment documentation

1. Every payment out of the forum's bank account must be evidenced by an original invoice and never against a supplier's statement or final demand. That original invoice will be retained by the host agency and filed.
2. The cheque signatory should ensure that it is referenced with:
cheque number
date cheque drawn
amount of cheque
3. The only exceptions to cheques not being supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a photocopy of the cheque will be kept.

Staff

- 1) If the forum has employed staff, there must be a clear trail to show the authority and reason for EVERY such payment to staff; e.g. a cheque requisition form asking for payment to an employee.
- 2) All formal employees will be paid within the PAYE, National Insurance and Pension regulations. No payments to staff will be made outside this payroll requirements in compliance with the inland revenue and PD11 requirements

- 3) All staff appointments or departures will be authorised by the committee/steering group, minuting the dates and salary level.

- 4) Similarly, all changes in hours and variable payments (eg overtime) will be authorised by the committee/steering group in line with the funders stipulations for use of their grants

Other rules

- 1) The forum does not accept liability for any financial commitment unless properly authorised by the steering group and in line with requirements of the funders expectations

Any orders placed or undertakings given which are likely to cost the forum in excess of £100 must be authorised and minuted by two members of the committee/steering group.

- 2) 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 committee/steering group.

- 3) The forum will adhere to good practice in relation to its finances at all times. This should include when relevant a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets. Additionally, the forum will maintain a property record of items of significant value, with an appropriate record of their use. Any assets should be returned to the forum if individual members stand down.

- 4) Purchases of goods or services over a value agreed by the committee/steering group will be subject to obtaining at least two quotes, and the subsequent decision based on value for money and minuted by the committee/ steering group.

- 5) Any member of the committee/steering group who has a personal interest in, or connection to, an organisation or individual who is already being paid by the forum (or intends to quote for work being commissioned by the forum) must declare this interest and have it minuted by the committee/ steering group.