

# Finance

## 4.8.1 Financial Controls Policy

### Statement of Intent

At St Joseph's Nympsfield Out Of School Club (OOSC) we aim to ensure that that we evaluate the Club's performance against legal requirements and good practice recommendations set out in the Charity Commission's guidance (CC8) on [internal financial controls of charities](#).

### Aim of Policy

This document sets out OOSC's policy with regards to financial controls in all aspects associated with the operation of the Club. This policy will be reviewed annually by the Committee.

Internal financial controls reduce, but do not eliminate the risk of losses through theft and fraud, bad decisions, human error, breaches of controls, management override of controls and unforeseeable circumstances. If any of these things do happen then internal financial controls should also help the Committee members (i.e. trustees) to find out sooner and take necessary action.

The aims of internal financial controls are:

- to protect the charity's assets;
- to identify and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud;
- to ensure that financial reporting is robust and of sufficient quality; and
- to ensure that the Committee comply with charity law and regulation relating to finance.

No system of controls, however elaborate, can guarantee that a charity will be totally protected against loss, waste, bribery, theft or fraud, or mistakes or mismanaged conflicts of interest. Having sufficiently rigorous controls does provide protection for the charity's assets and is the best defense for the Committee members against the charge of failing to protect the charity's assets and funds.

The Deputy Treasurer (if and when there is one) has the same authority as the Treasurer and can carry out any of the activities/authorisations listed within this policy in order to facilitate coverage and also succession planning.

### Financial records and accounting

St Joseph's Nympsfield Out Of School Club keeps financial records so that:

- the OOSC meets its legal and other statutory obligations, such as Charity Acts, HM Revenue & Customs (HMRC) and common law; and
- the Committee, acting as trustees, have proper financial control of the OOSC.

The books of accounts which the OOSC hold include:

- a cashbook analysing all the transactions appearing on the bank account, and petty cash accounts (held electronically);
- an annual cash flow forecast is not currently produced, but will be should there be lower pupil numbers and/or bookings;
- complete annual accounts, which have been independently examined and submitted to the Charities Commission within reporting deadlines;

- complete payroll files (including timesheets) and all HMRC submission files.

Codex Absolute Accountants (the Accountant) are subcontracted to complete the book keeping on behalf of St Joseph's Nympsfield Out of School Club. They allocate income to parent accounts on the HQ System, prepare the monthly accounts and transaction analysis and liaise with PATA regarding our payroll. The accounting firm offer good value for money, and will continue to be used, until the committee decide otherwise.

### **Banking**

St Joseph's Nympsfield Out Of School Club will bank with NatWest Bank plc at its Thornbury Branch. Accounts will be held in the name of St Josephs Nympsfield Out Of School Club. The following accounts will be maintained:

- Account 1 : current account
- Account 2 : deposit account

There are usually at least two account signatories; the Treasurer and Chair. Cheques must be signed by two signatories, the Chair and Treasurer. Online payments can be approved by either the Treasurer/Deputy Treasurer or the Accountant. Any changes to the bank mandate (list of people who can sign cheques on the OOSC's behalf) will always be approved and minuted by the Committee.

St Joseph's Nympsfield Out Of School Club will require the bank to provide a statement every month. The bank account is reconciled by the Codex Absolute Accountants

St Joseph's Nympsfield Out Of School Club will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the Committee.

### **Account controls and procedures**

#### *Annual accounts*

The financial year runs from 1st September – 31st August. All receipts and payment information for the year is finalised within 1 month of the end of the financial year by Codex Absolute Accountants and then reviewed by the Treasurer.

The Treasurer will appoint an appropriately qualified independent examiner to examine the end of year accounts. If the Treasurer is unable to appoint someone to complete this on a voluntary basis, they will obtain at least two quotes and the Committee will approve the appointment and subsequent expenditure.

The Independent Examiner's report, the final accounts and the Trustees' Annual Report are presented at the AGM in the following Summer Term. They will then be submitted to the Charity Commission via the Annual Return online portal within the 10 month deadline, ie. by 30 June the following year.

#### *Monthly accounts*

Monthly accounts are prepared at the end of each month and reports include a bank reconciliation, monthly payments and receipts, a monthly summary by category and a year-to-date summary versus the budget. This work is done by Codex Absolute Accountants. The Treasurer reviews these (along with the bank statement, when possible, to make sure all payments and receipts agree with the bank statement). A copy of the monthly management information pack is reviewed by the Treasurer.

The latest complete set of monthly accounts are presented by the Treasurer at each Committee Meeting.

#### *Cash flow forecast*

An annual cash flow budget (split by month and income and expenditure categories) for the next financial year is prepared in the Summer term by Codex Absolute Accountants as and when requested by the Treasurer. Actual income and expenditure is compared against this throughout the year (both for the current month and year to date), with variances explained.

The cash flow forecast for the current year, if and when produced, is reviewed in December of each year to provide the latest view of the expected financial position for the OOSC. This will require the Treasurer reviewing planned income and expenditure and updating income based on the latest registers. This review of the forecast will provide the backdrop to financial discussions taking place in January/February with regards to the annual pay review (effective April).

Each forecast, if and when produced, will be presented to the next Committee meeting and the Treasurer will identify any significant deviations from the original budget. Any decisions resulting from these discussions will be recorded in the minutes.

#### **Income**

All monies received will be recorded promptly in the cash analysis book (by the Accountants)

The Treasurer/Finance and Admin Assistant is responsible for the chasing outstanding debts the monthly invoice sent to parents/carers of children who are on contract or have booked ad hoc sessions. Information in this regards is gained from the Kids Club HQ system and/or via the accountants.

- Parents are requested to pay childcare fees via a bank transfer, childcare vouchers or via their child's tax-free account.
- The bank account is checked regularly for receipts and the accounting firm runs a reconciliation against the Kids Club HQ system at least once a month by the Accountants.

The Accountants are responsible for ensuring:

- that if any cheque and cash receipts are promptly recorded in the accounts and banked regularly;
- Records of direct receipts into the bank account are checked against the bank statement on a weekly basis.

#### *Debts*

- The Kids Club HQ system automatically sends out reminder emails at the 20<sup>th</sup> of the month to those parents/carers where payment has not been received.
- This is followed up by the Treasurer/Finance and Admin Assistant prior to the month end.

If payment remains outstanding the then access to the OOSC will be suspended until the debt has been paid.

#### **Payments (expenditure)**

The Treasurer is responsible for settling all bills and expenses promptly as well as for paying the staff wages. This is facilitated by the Codex Absolute Accountants.

### *Payments by cheque*

Where payment by cheque is required, cheques must be signed by two bank signatories, the Chair and the Treasurer. A cheque must not be signed by the person to whom it is payable (you will have to ensure that you have enough signatories on your bank mandate).

The Treasurer is responsible for holding the cheque book(s), including unused and partly used cheque books) which should be kept under lock and key.

- Blank 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.
- No cheques should be signed without original documentation, the only exception being advanced bookings fees for training courses for staff.

### *Payments by bank transfer*

See section entitled "internet banking controls and procedures".

### *Payments by Direct Debit*

Direct Debits are only set up after written authorisation from the Treasurer, with the original direct debit mandate signed by two signatories. A list of direct debits is signed annually in September by the Treasurer and Chair to authorise their continuation.

### *Payments by Credit/Debit Card*

[Section to be written once facility has been organised].

### *Expenses/allowances*

St Joseph's Nympsfield Out Of School Club will reimburse expenditure paid for personally by

- (a) staff – providing:
  - any cheque and cash receipts are promptly recorded in the accounts and banked regularly;
  - expenditure is evidenced by receipts (scanned copies accepted);
  - car mileage is based on [HMRC](#) scales and claims are authorised prior to journeys;
- (b) Committee – providing:
  - expenditure is evidenced by receipts (scanned copies accepted);
  - car mileage is based on HMRC sales and claims are authorized prior to journeys.

Expenses will be repaid to members of staff and committee members on a-Wednesday by Codex Absolute Accountants. If there are exceptional circumstances and payment is required sooner, then the member of staff/committee member should make this clear to the Treasurer when the expense is submitted.

### *Wages and Salaries*

There will be clear trail to show the authority and reason for EVERY such payment, ie. completion of PATA payroll paperwork, PATA payroll monthly email detailing payments to HMRC and NEST. All employees will be paid within the PAYE and National Insurance regulations. Staff wages are paid by a

BACS transfer on the last working day of the month for their regular hours worked in the month and any overtime submitted by payroll cut off.

Approval of additional hours for existing members of staff (including Bank staff), can be authorised by the Chair, Treasurer and Secretary without requiring full Committee approval. This will be reported and minuted at the next Committee meeting.

Approval of recruitment or additional hours for existing members of staff (including Bank staff) where the costs are not fully covered, must be obtained from the Committee. If timing precludes this being discussed and agreed at a Committee meeting this can be agreed via email following a disclosure of the rationale and the cost implications. This will then be minuted at the next Committee meeting.

For all staff appointments/departures, PATA Payroll paperwork will be completed and submitted accordingly. Similarly, all changes in hours and variable payments such as overtime, etc, will be recorded on the monthly payroll paperwork (as necessary) and authorised by the Treasurer prior to submission to PATA payroll. Electronic copies of these documents will be kept for a period of 6 years as per Policy 5.6<sup>1</sup>.

The Treasurer is responsible for

- creating annual salary calculations for all staff prior to the start of the OOSC year, and for amending these due to
  - permanent increases/decreases in staff hours; and
  - changes in staff hourly rates, eg. in response to annual national minimum and living wage rates;
- preparing the monthly payroll paperwork and forwarding to the Treasurer in a timely manner, for submission to PATA by the required deadline.

#### *Petty Cash (Floats for Events)*

The Petty Cash is reconciled on an annual basis as part of the year end process

#### **Internet banking controls and procedures**

Electronic payments are used for staff wages and other business purchases as it is a convenient and efficient way of managing transactions. The Treasurer, Finance and Admin Assistant and Codex Absolute Accountants have access to online banking in order to monitor the bank account. The Accountants have the authority to set-up and authorise payments.

- the Treasurer has a payment authorisation limit of £10,000;
- the Accountants has a payment authorisation limit of £2,000;
- all electronic payments have to be authorised by two signatories, generally the ~~Chair~~ (Treasurer, but likely to need to be the Chair, or Finance and Admin Assistant) authorises the expenditure in advance by email, the Accountants authorise it by setting up the payment on receipt of the invoice;
- all computers with access to online banking facilities are secure and up to date with anti-virus, spyware and firewall software;
- passwords and PIN's are kept confidential;
- evidence of each electronic banking transaction is stored in the relevant month accounts file (i.e. copies of invoices etc);

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<sup>1</sup> Policy 5.6: Retention periods for records

- monthly accounts are prepared at the end of each month and reports include a bank reconciliation, monthly payments and receipts, a monthly summary by category and a year to date summary against budget, by the Accountants. The Treasurer periodically reviews these along with the bank statement to make sure all payments and receipts agree
- all transactions shown on the monthly bank statement are reviewed and checked by the Accountants.

The Finance and Admin Assistant has view only access to the bank account. That way they can check who they need to chase as late payers after 20<sup>th</sup> automated reminder

### **Banking Details Checks**

When a new supplier is used for the first time a bank details check will need to be carried out in order to add their details to the banking system. On receipt of an invoice with payment details, the Accountants will call the supplier and ask for someone to confirm the bank details. Their name and the date are recorded in a bank details check record

### **Other rules**

St Joseph's Nympsfield Out Of School Club does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost the Charity in excess of £1,000 per single item must be authorised and minuted by the Committee. If this is authorised outside of a Committee meeting (i.e. by email) then it should be minuted at the next Committee meeting.

In exceptional circumstances such undertakings can be made with the Chair's approval who will then provide full details to the next meeting of the Committee. (This covers such items as the new service contracts, office equipment etc).

All grant applications undertaken on behalf of St Joseph's Nympsfield Out Of School Club will be done in the name of the OOSC with the prior approval of the Committee or in urgent situations the approval of the Chair who will provide full details to the next Committee meeting.

All fundraising undertaken by St Joseph's Nympsfield Out Of School Club will be done either in the name of the OOSC or in conjunction with St Joseph's Catholic Primary School's PTA or St Joseph's Pre-School. Prior approval of the Committee to fundraising activities is required and recorded in the termly minutes.

St Joseph's Nympsfield Out Of School Club will adhere to good practice in relation to its finances at all times, eg. it will maintain a fixed asset register with regards to Club's equipment (ie. early years educational items etc which will be reviewed annually by staff). Additionally the Club will maintain a property record of items of significant value (eg. laptop(s), ipads, photocopier etc), with an appropriate record of their use.

St Joseph's Nympsfield Out Of School Club will maintain a stringent reserves policy and review this annually in April (following the annual pay review) to ensure the reserves held remain sufficient for the level of redundancy costs payable as well as 3 months running costs (based on September to December expenditure in the last year).

### Associated policies and procedures

- 4.7: Reserves Policy
- 4.9: Petty Cash
- 5.6: Retention Periods for Records

<b>Version Number</b>	<b>Author</b>	<b>Purpose of change</b>	<b>Date</b>
1.0	HKC & LBr	New policy in line with requirements/recommendations of the Charity Commission's Financial Controls Checklist. Amended to reflect current practice	14.07.2024 Committee Treasurer (L Britton)