

# Little Bird SOS



## Financial Management and Controls Policy

### Introduction

Financial records will be kept so that Little Bird SOS can:

- Meet its legal and other obligations, e.g. Inland Revenue, .Companies Act, Common Law.
- Enable the Director to have control of the organisation's finances.
- Enable the organisation to meet contractual obligations and the requirements of funding bodies.

Little Bird SOS will keep proper books of account, which will include:

- A cash book analysing all the transactions in the organisation's bank account(s).
- A petty cash book if cash purchases are being made.
- Verification/reconciliation of Accounts

The financial year for the Little Bird SOS will end on 31 August.

Accounts will be drawn up after each financial year and presented to the Non-Executive Directors at the next quarterly meeting following submission to HMRC.

Before the start of each financial year, the management committee will approve a budgeted income and expenditure account for the following year documented on an excel spreadsheet with a Cash Flow Forecast

A paper comparing actual income, and expenditure with the budget will be presented to the management committee every three months and on a monthly basis to both the Non-Executive Directors

Little Bird SOS will engage Farrars Accountants to check the accounts HMRC/Companies House and prepare reports for presentation to the Non-Executive Directors at the next quarterly meeting following submission

Accounts will be drawn up after each financial year and presented to the Non-Executive Directors at the next quarterly meeting following submission to HMRC.

### Bank

Little Bird SOS will bank with the Cooperative bank where the account/s will be held in the name of Little Bird SOS Ltd. All accounts opened will be agreed, approved by the management committee and recorded in minutes.

The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the management committee, as will all changes to it.

Current approved signatories mandated by the Cooperative Bank as signatories:

- Lisa S Pidgeon
- Lindsey J Warnes-Carroll

Little Bird SOS will reconcile the cash book with the bank statements every month and the Director will check that this reconciliation has been done at least twice a year

Little Bird SOS will not use any other bank or financial institution or use overdraft facilities unless authorised, approved and minuted by the management committee.

### **Receipts (income)**

The aim is to demonstrate that Little Bird SOS has received all the income to which it is entitled and that it is all reasonably evidenced.

All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

### **Payments (expenditure)**

The Director will be responsible for holding the cheque book (unused and partly used cheque books), which should be kept under lock and key.

Blank cheques will **never** be signed.

the Director will ensure that permission is sought for ordering, processing signing cheques and payments when in excess of £100

The relevant payee's name will always be inscribed on the cheque before signature, the cheque stub will always be filled in and entered onto the relevant bookkeeping spreadsheet

No cheques will be signed without original documentation.

For grant funded activity/projects, money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.

Expenditure will be carefully documented on the relevant bookkeeping spreadsheet and paper receipts will be kept as auditable evidence.

All cheques will be countersigned by the designated person on the mandate.

### **Payment documentation**

Every payment out of the organisations bank amounts will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed requisition slip is fully completed. This includes the following:

- Cheque number
- Date cheque drawn
- Amount of cheque
- Name payable to
- Who signed the cheque.

The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. Where a cheque will be used a photocopy of the cheque must be made and kept.

Expenses/Allowances: out of pocket expenses will be paid to volunteers, providing:

- Fares are evidenced by tickets (where possible).
- Other expenditure is evidenced by original receipts.
- Car mileage

Petty cash will always be maintained on our bookkeeping spreadsheet where by the member of staff/volunteer is trusted with a float as agreed by the management committee. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum (currently agreed at £50.00), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash sheet.

### **Wages/salaries/freelance payments**

Wages/salaries/freelance payments: There will be a clear trail to show the authority and reason for payment. Payments made on receipt of an invoice. Freelance workers are required to confirm that they are responsible for their own HMRC payments. Employees of Little Bird SOS will have their PAYE managed by Farrars Accountants who will issue payslips on a monthly basis advising of Tax and National Insurance payments quarterly.

All staff appointments will be recorded with the dates and salary level. Similarly, all changes in hours and other payments such as overtime. e.t.c. will be, authorised by the management committee.

## **Cheque signatures and cash cards**

Each cheque will be signed by at least two people.

Debit cards issued by the bank will be managed by the Director of Little Bird SOS. Purchases in excess of £100 will need to be approved by the Non-Executive Directors beforehand.

## **Other undertakings**

All fund raising and grant applications undertaken on behalf of the Little Bird SOS will be done in the name of the organisation with prior approval of all Directors of the organisation or, in urgent situation the approval of the Director, who will provide full details to the next Directors quarterly meeting.

## **Confidentiality**

The confidentiality of employees' financial circumstances will be respected at all times.

Director, Non-Executive Directors, staff (employees) and volunteers will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information.

## **Other rules**

The Director and Non-Executive Directors will consider the level of reserves that is prudent for the Little Bird SOS to have at the first Directors meeting following submission of annual accounts to HMRC. Consideration will be given to redundancy liabilities and any other significant factors that should be taken into account were Little Bird SOS to close.

Little Bird SOS does not exist for private profit but for social purpose. The surplus of the social enterprise shall be applied as follows, in such proportion and in such a manner as determined by the members:

- First to a general reserve for the continuation and development of the social enterprise;

If on winding up or dissolution of the social enterprise any assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the members, but shall be transferred to another social enterprise with similar aims and objectives as decided by the members. In the event that no such social enterprises meets these criteria then the assets shall be given for charitable purposes.

Little Bird SOS will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed met register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods e.g. books etc, of significant value, it will maintain proper records.

These controls will be reviewed every 2 years.

Dated: 24th January 2019

Signed: 

Review Date: 24th January 2021