



South Brent Old School Community Centre Financial Policy

Introduction

The Board of Trustees is responsible for:

- Safeguarding the assets of the company charity,
- Preventing fraud,
- Avoiding mistakes,
- Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc.),
- Preparing annual accounts in accordance with the governing document and relevant legislation,
- Ensuring procurement of goods and services is appropriately undertaken.

To enable the Board of Trustees to carry out these responsibilities, the financial procedures detailed below must be followed at all times by all Trustees, staff and volunteers.

A copy of these procedures will be made available to all Trustees on their election/appointment to the Board, and to all relevant staff and volunteers.

The procedures will be reviewed annually by the Board of Trustees and revised as necessary.

Financial Procedures

1. Organisational Information

- a. Financial year runs from: 1st September.
- b. Bankers: Lloyds Bank.
- c. Auditor/Independent Examiner of annual accounts: Lee Accounting South West Ltd.
- d. Accounting package: QuickBooks online. Manager is responsible for recording all transactions.
- e. Accountant: Beechtree Bookkeeping.

2. Bank Accounts and Payment Authorisation

- a. All bank accounts must be in the name of the organisation.
- b. No account may ever be opened in the name of an individual or individuals.
- c. New accounts may only be opened by a decision of the Board of Trustees, which must be minuted.
- d. Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted.
- e. Two people should be involved in counting cash receipts. Cash shall be kept securely and banked promptly.
- f. Trustees have agreed that cheques are no longer used to make payments.
- g. Payments are delegated to the Manager subject to the payment limits established in the delegated procedures in section 5.b. below.

- h. The signatories/Manager are responsible for examining the payment documentation (purchase invoice etc.) prior to authorising any payment.
- i. Any credit or payment cards shall be held by the Manager and a nominated trustee if deemed necessary. A limit of £1000 monthly expenditure shall be set for the card.
- j. All invoices, receipts, paying in books and similar shall be available for inspection by the trustees at all times.

The following Bank Accounts are held by the Charity:

- **Current Account:** to hold funds to cover regular and management payments.
- **Reserve Account:** to hold a reserve to supplement the current account as necessary.
- **Reserve Savings Instant Access Account:** to hold part of the Charity's reserves in an instant access account.
- **Restricted Savings FIT Account:** to hold funds restricted to the Feed In Tariff and other occasional restricted projects.
- **RtC SBOSCC Restricted Savings Account:** to hold instant access funds restricted to the Rejuvenating the Centre project.
- **Reserve Savings Account:** a 95-day-notice savings account for the Charity's reserves.
- **RtC Savings Account:** a 95-day-notice savings account for holding the funds restricted to the Rejuvenating the Centre project.
- **Petty Cash:** to hold limited cash from honesty boxes in the Centre.

Transfers between accounts can be undertaken by the Manager subject to instructions from trustees and/or at Manager's discretion and subsequent report to Trustees.

3. Signatories to the accounts:

- Name: Ross Kennerley Role/Job Title: Trustee
- Name: Michael Baines Role/Job Title: Trustee
- Name: David Kinross Role/Job Title: Trustee
- Name: Jane Wellens Role/Job Title: Trustee
- Name: Dave MacDiarmid Role/Job Title: Trustee
- Name: Michelle Parton Role/Job Title: Centre Manager

4. Annual Budget

- a. An annual budget, setting out the organisation's financial plan for the year, will be prepared so that the Board of Trustees can approve it before the start of each financial year. This will normally be presented at the August Trustees meeting, or earlier if available.
- b. The draft budget will be prepared by the Manager, Chair, or other trustee as nominated.

5. Financial Reports

- a. Payments can be made by the Manager for items so far as they accord with the approved annual budget or, in the case of specific projects, within the identified project budget in the appropriate restricted account.
- b. In line with the delegated responsibilities, the Manager can spend up to £500 if necessary subject to subsequent reporting to the Trustees. This also applies to the Chair and Vice Chair.

- c. Income and expenditure for the month against budget will be reported to Trustees monthly.
 - d. Each financial report will be circulated to all Trustees for information. Matters can be raised at the following Trustee meeting.
 - e. At trustee meetings the Manager or delegated trustee shall draw attention to:
 - account balances,
 - income and expenditure,
 - any emergency expenditure,
 - any transfer of funds,
 - any expenditure proposed outside of the annual or project budgets that is likely, in the view of the Manager, to lead to a divergence from the budget of greater than 10%.
- a) The financial reports will normally be prepared by the Manager.

6. Accounting and other financial records

- a. The Charity maintains an online accounting system, managed by the Manager and reviewed monthly by a trustee who is a bank account signatory, which records all income and expenditure.
- b. Every transaction will be entered into the appropriate data record and will include:
 - the date of the transaction,
 - the name of the person money was received from or paid to and the full amount,
 - a brief description of why the money was received or paid,
 - an analysis of each amount under its relevant budget heading, where applicable.
- c. All documents relating to receipts and payments will be filed electronically in the month during which they are entered into the system.

7. Payroll

- a. All employees (including sessional and part time employees) must be asked to complete the relevant PAYE form/s before they receive any payment.
- b. All staff changes and changes to terms and conditions of employment must be authorised and minuted by the Board of Trustees.
- c. Payroll and all calculations will be made by the accountant contracted to process payroll.

8. Insurance

Appropriate insurance policies will be maintained to cover:

- Employer's Liability
- Public Liability
- Trustees' Liability
- Building and Contents
- Fidelity Guarantee

9. Assets

An inventory of all physical assets of the organisation with a value of £200 and over will be kept and regularly updated.

10. Tenders and Contracts

It is important to make good purchasing choices however small the amount being spent. There are two elements to decision making:

- a. For spend beneath £1,000 we would ideally seek up to 3 estimates or quotations, but this is not an absolute requirement. The decision to seek estimates/quotes lies with the Manager in consultation with the Chair or Vice Chair as necessary.
- b. For spend above £1,000, it is mandated that 3 estimates or quotations are sought, unless otherwise agreed by the Trustees. Quotations shall be against a fixed specification. Opening and review of the quotations shall be made by the Manager and Chair/Vice Chair, to be tabled, discussed and approved by the Trustees before procurement commences.

Framework for decision making

The following framework should be deployed by the Trustees when making a spend decision. The framework should be used to assist:

- deciding whether to make a direct purchase, or use estimates or quotations,
- making the purchasing decision.

The following framework guides those responsible towards making the best decision for the charity based on practical considerations, the Charity's objectives and reputation.

| Criteria | Description |
|--|---|
| Quality | Describe the quality required to the supplier and compare the quality to the requirement i.e. don't just choose the best quality if this is at the detriment of other criteria. |
| After sales support and repair | If this is important to you check reviews, guarantee period and level of cover. |
| Sustainability and life-cycle carbon footprint | This should be an important consideration; figures may not always be available but if a supplier can provide them then they are at least thinking along the right lines. |
| Locally sourced | Important to the Charity but not always available. |
| Charity's reputation | This is particularly important when choosing service contracts especially if it is a public facing role. The Charity also needs to be seen to be giving fair opportunity to all so this might require a period of advertising a service contract. |
| Price | This should in the first instance be compared with budget not simply versus other quotes. |
| Additionality | Where there are additional benefits or value in only seeking one or two quotes, this is allowed for. This might be where a supplier is offering a specific service unavailable elsewhere or where there is a defined offer of assistance in kind or value as part of the procurement process. |
| Appropriate delivery timescale | This might force a decision where there is a deadline. Ideally good planning should avoid deadlines that limit your choice. |

11. Invoicing and Billing of Others

The Manager is responsible for all invoicing and billing of service users and licensees. Invoices will be drawn up and sent out monthly, usually at the end of the month. Anyone invoiced will be encouraged to pay via direct bank transfer to minimise card machine fees and admin time.

12. Payments Made by the Charity

Wherever reasonable all payments will be made by direct debit or bank transfer.

13. Gift Aid

The Charity will reclaim Gift Aid where appropriate.

14. Fees and Charges

The Charity will set room hire fees and other charges (photocopying and equipment hire) annually in time for ratification no later than the July Trustees meeting. Where a licence exists for use of a room/space in the Centre or School House, the charges will be set and licensees advised in line with the terms of their licence.

15. Reserves

The Charity Commission advises all charities to have a reserves policy and to hold reserve funds. This is to help charities secure their viability beyond the immediate future and provide reliable services over the longer term.

In creating a reserve, the Charity is interested in creating an emergency 'pot of money' that is available to cover gaps in funding, cash flow and meeting costs like redundancy payments to staff if the Centre were to close. These types of items are called contingency liabilities - they are liabilities that occur if specific events like closure happen in the future.

When looking at the level of reserves that it will be prudent for the Charity to hold, considerations should include:

- How secure is the present funding?
- How long would it take to find alternative sources of funding?
- What risks and opportunities might arise which could not be met out of current income? Consider staff sickness, staff leaving and recruitment costs and significant emergency building maintenance requirements etc.
- If the Charity had to close, how long would it take to wind up in an orderly manner causing least hardship to users?
- What costs could be involved in winding up?

We need to consider:

- redundancy costs,
- legal and accountancy costs,
- the time to the expiry of leases on property and office equipment.

Typically, a charity might hold 25% to 50% of forecast annual expenditure in a contingency reserve. So with a forecast expenditure of £40,000 a year we would aim for a reserve of £20,000.

In order to balance continued activity with the need for a prudent reserve the Trustees consider that a reserve of £15,000 is prudent and reasonable. This allows for a reasonable buffer to be established for unexpected and urgent circumstances. Any reserve funds in excess of £15,000 to be transferred to the reserve savings account (referred to in Section 2 above) until such time as they are required by the Charity for a project(s) or expenditure on an activity in accordance with the charitable aims as set out in the Articles of Association.

This guidance will allow the Trustees to draw on the reserve in emergencies and to take advantage of unexpected opportunities. The Trustees will then seek to rebuild the reserve.

Policy Review / Update Procedure

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| This Version Approved by Trustees: | May 2025 |
| Next Review Due: This document should be reviewed annually or: <ul style="list-style-type: none">• following any changes in relevant legislation or regulations, or;• when any incident has occurred or feedback reported relating to this policy. | May 2026 |
| Version | 1.0 |
| Person(s) responsible for updating | Rik Meek, Sheila Alexander and Michelle Parton |