

FINANCIAL CONTROLS POLICY

INTRODUCTION

The purpose of the Financial Controls Policy is to ensure the survival and growth of the organisation, to ensure it has sufficient funds for day-to-day activities, unexpected contingencies and long-term investment. The Financial Controls Policy aims therefore to:

1. Control spending
2. To ensure value for money when money is spent
3. To ensure that Rotunda more than is necessary for goods and services
4. To build reserves within the organization
5. To avoid waste, duplication or unnecessary expense
6. To enable Rotunda to understand and report on its finances

GENERAL PRINCIPLES

BUDGETING

Prior to the start of each financial year, the various department heads or senior managers will agree a budget for income and expenditure for their area of operation with Finance Director and/or Chief Executive. These various budgets and forecasts will be compiled and presented to the Trustees for their approval at the first meeting of the Trustees in each financial year.

The department heads/senior managers will be required to draw up and manage financial control sheets (spreadsheets), recording income and expenditure as it occurs on at least a monthly basis and meeting with the Finance Director and/or Chief Executive to discuss performance and agree actions to be taken.

Expenditure may only be considered within agreed budget lines and headings. Proposals for expenditure outside budget headings or which will exceed agreed annual budget levels must be first agreed with the Finance Director and/or Chief Executive.

ORDERING GOODS AND SERVICES

Goods and services may not be either ordered or purchased [Exception: See Petty Cash below] without the prior production of a Purchase Order Request [POR]. The Purchase Order Request must clearly show a) the person requesting authority to make purchases or order goods and services; b) the authorization of their manager to do so; c) an itemized list of goods and services to be purchased, their quantity and value; d) which Item Codes and Budget Lines the expenditure falls under.

Purchase Order Requests with a value under £1000 may be authorized by the Finance Director or in her/his absence. The Chief Executive. PORs with a value over £1000 may only be authorized by the Chief Executive.

Goods and services may only be ordered or purchased following the POR being authorized by the Finance Director and/or Chief Executive.

Ordering and Purchase of Goods and Services Online

The purchase of goods and services online may only be done by the Finance Manager or in her/his absence, the Finance Director. On-line accounts are generally not to be set up or should not be set up without the prior approval of the Finance Director and/or Chief Executive. The management of these accounts is the responsibility of the Finance Manager only. To give or make use of any authority or authorizing instrument (e.g. corporate debit or credit cards, usernames or passwords) for the purchase of goods and services online except if authorized to do so by the Finance Director or Chief Executive is a disciplinary offence.

AUTHORIZING EXPENDITURE & OTHER UNDERTAKINGS

Any orders placed or undertakings given whose value does or is likely to exceed £5,000 in total must be authorized and minuted by the Trustees.

a) Authorizing Expenditure

Expenditure can only be authorized by a member of the Executive Team viz the Chief Executive, Finance Director, Venue Manager and the Education Programs Manager with the following exceptions:

i) The Nursery Manager has the power to authorize small items of expenditure up to an aggregate value of £50 for the purchase of supplies necessary for the day-to-day running of the Nursery;

ii) The Finance Manager is permitted to make ordinary regular payments for the running costs of the organization e.g. direct debits for the payment of electricity charges or standing orders for the payment of water rates but any new such payment or significant changes to regular payments must be approved first by the Finance Director or the Chief Executive in her/his absence.

iii) The Finance Manager may authorize staff to incur costs for good and services to be paid for or reimbursed from petty cash but must keep a record of such authorizations and an account of incomings and outgoings to the petty cash account.

b) Authorizing Undertakings

Rotunda does not accept liability for any financial commitment unless properly authorized. 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 trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).

All fundraising and grant applications will be done in the name of Rotunda and will be notified to trustees prior to being made. However the Chairperson may approve such applications so long as they are then reported with full details to the next Trustee's meeting.

CONTROLLING EXPENDITURE

FINANCIAL MONITORING AND REPORTING

a) **Financial Monitoring & Reports To The Trustees**

The financial year will end on the 31st August each year. Accounts will be drawn up within three months of the end of the financial year and presented to the next Annual General Meeting. The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the next AGM. A report comparing actual income and expenditure with the budget will be presented to the trustees at each of their meetings.

Prior to the start of each financial year or at the first trustees meeting in the new financial year, the trustees will approve a budgeted income and expenditure account for the following year.

The trustees will receive information relating to the cash position of the organization, levels of reserves and its current performance in terms of profitability, targets for fundraising and income-generation and costs incurred at each trustees meeting.

Rotunda will organize and support the work of the Finance Sub-Committee who undertake analysis of financial performance, exercise oversight and make recommendations to the Chief Executive and trustees of Rotunda.

b) **Financial Monitoring & Reporting To Staff**

The Finance Director or in her/his absence, the Finance Manager will report on financial performance of the charity at each Executive Team Meeting. S/he will also hold regular meetings with the Chief Executive and department heads to analyze financial performance, control costs and discuss future spending plans.

c) **Financial Reporting To Funders and Stakeholders**

Financial reporting to funders and commissioners will primarily be the responsibility of department heads in conjunction with the Financial Manager. In addition, the Finance Director and/or Chief Executive will draw up and publish financial information useful to commissioners and stakeholders as part of an annual report or prospectus.

RECORD-KEEPING

a) **Financial Records**

Financial records will be kept so that:

- The organization meets its legal and other obligations
- The trustees of the organization are in financial control
- The organization is able to meet the contractual obligations and requirements of funders

b) **Financial Accounts**

Rotunda will keep proper books of accounts, which will include:

- A cashbook analysing all the transactions in Rotundas bank account(s)
- A petty cash book if cash payments are being made, kept up to date and shared with the Finance Director or in her/his absence, the Chief Executive on request or a monthly basis.

- Inland Revenue deduction cards P11 and Schedule D numbers for freelance workers
 - A master cashflow spreadsheet recording all items of income and expenditure and departmental income and expenditure accounts measured against approved budgets.
- c) **Assets, Liabilities, Debts and Charges**
Rotunda will maintain a register of all Assets, Long-Term Debts or Liabilities and Charges upon its property detailing the type, term or duration and starting and current value of these items. Additionally Rotunda will maintain a register of equipment and other property of significant value, recording their date of purchase, value, serial number and usual location together with an appropriate record of their use.
- d) **Petty Cash**
The Finance Manager will keep an itemised record of all incomings and outgoings within the Petty Cash account together with supporting evidence (receipts, signed petty cash vouchers etc). Under normal circumstances, petty cash held by the Finance Manager should not be added to using Rotunda resources without the Petty Cash account being scrutinized and approved by the Finance Director and/or Chief Executive and permission to do so given.

BANKING

Rotunda will maintain accounts with bona fide banks or banking services as required. The bank mandate will always be approved and minuted by the trustees as will all the changes to it. Rotunda will regularly review statements provided by the bank and these will be reconciled with the cash book every month. The Finance Director and/or Chief Executive will audit this reconciliation at least twice a year, approving the accounts accordingly.

On-Line Banking

On-Line banking, the inspection of accounts, payments and transfers of monies, is the responsibility of the Finance Manager, overseen by the Finance Director and/or Chief Executive. No payments shall be made via on-line banking services without being authorized by the Finance Director and/or Chief Executive nor any transfer of monies between accounts over £1000 without prior approval.

Rotunda will not change banks or engage with other banks or financial institution or use overdraft facilities or apply for or take out loan agreements without the agreement of the trustees.

RECEIPTS (INCOME)

All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). Rotunda will maintain files of documentation to back this up.

PAYMENTS (EXPENDITURE)

It is the responsibility of the Finance Manager to ensure that all expenditure is only on charity business, is legal, represents value-for-money and is properly authorized. The Finance Manager will maintain information and records to demonstrate that expenditure has occurred legally and appropriately.

The Finance Manager 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 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 (see below).

PAYMENT DOCUMENTATION

Every payment out of Rotunda's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by Rotunda and filed. The cheque signatory should ensure that it is referenced with:

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

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc. A signed Purchase Order Request form and supporting evidence relating to cost must be supplied and copies of this information kept.

Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition, asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations.

All staff appointments/departures will be authorized by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorized by the trustees.

Petty cash will always be maintained on the imprest system whereby the Finance Manager is entrusted with a float agreed by the Chief Executive. When that is more or less expended, the Finance Manager will submit the Petty Cash account supported by details of expenditure and supporting evidence showing all payments made out of petty cash and a cheque will be drawn for sufficient funds to replenish the petty cash float.

Expenses / allowances. Rotunda will, if asked, reimburse expenditure paid for personally by staff, providing:-

- Fares are evidenced by tickets
 - Other expenditure is evidenced by original receipts
 - Car mileage is based on local authority scales
- No cheque signatory may sign a cheque for the payment of expenses to themselves.

CHEQUE SIGNATURES AND CASH CARDS

Each cheque will be signed by two signatories (M Ennis – CEO and J Eccleston – Finance Manager. A cheque must not be signed by the person to whom it is payable. No withdrawals of cash either at the bank or via an ATM machine using the charity's debit or credit cards is permitted. To do so except in emergency situations and when authorized to do so by the Chief Executive is a disciplinary offence.

DISCIPLINARY ACTION

Theft or false accounting is a disciplinary offence under Rotunda's terms and conditions of employment and will be treated as gross misconduct.

The ordering or purchase of goods without prior approval by an authorizing person is a disciplinary offence under Rotunda's terms and conditions of employment and will be treated as serious misconduct.

The misapplication of funds, false recording or reporting is a disciplinary offence under Rotunda's terms and conditions of employment and will be treated as serious misconduct.

REVIEW

This policy will be reviewed annually by the Chief Executive and approved by the Trustees.

Rotunda Policy Review Record

Reviewed by:	Approval date:	Review frequency:	Review date:	Signed:
Maxine Ennis	11 th May 2024	Annual	12 th May 2025	