



Finance Policy



The Queen's Award
for Voluntary
Service

Interest Link Borders Finance Policy

1. Aims of the Policy

- To meet all legal requirements regarding the recording of financial activities.
- To provide information to funders.
- To give the Board of Directors control over their finances and enable them to monitor spending and regulate purchases.
- To ensure that Interest Link remains financially stable.
- This Policy is intended to be a living document, not only setting out general policy, but also documenting how the current systems and processes work.

2. Financial responsibilities

(a) The Board is responsible for the financial administration of the Company. Responsibilities include those to OSCR, Companies House, HMRC, funders and members.

(b) The Company's bank accounts, book-keeping, accounting and financial administration are under the day-to-day control of the Treasurer, assisted by the Project Co-ordinator and Project Administrator. The Treasurer submits a written financial report to bi-monthly Board meetings.

(c) Subsidiary responsibilities are borne by Branch Co-ordinators, for authorising volunteer and Branch Committee expense claims.

(d) In consideration of their work, the Treasurer is paid an annual honorarium to be fixed by the Board. This is expressly authorised by the Company's Memorandum & Articles and is currently £500. A written agreement has been made between the Company and the Treasurer for provision of services, as required by OSCR.

(e) An auditor or independent examiner is appointed by the organisation annually at the AGM. This is currently Douglas-Home & Co, 47-49 The Square, Kelso, Roxburghshire TD5 7HW

3. Application of the Policy

- Interest Link Borders will provide all employees with a copy of this policy and subsequent amendments.
- All employees should be familiar with the parts of the policy that involve them and adhere to the guidelines
- All financial records should be classed as confidential and stored in accordance with the Confidentiality Policy, breaches of which will be considered serious.
- The Company will adhere to good practice in relation to its finances at all times.

4. Bank accounts

All cheques and other payment instructions require authorisation by two signatories, one of which must be of a Director. Authorised signatories currently include the Project Convenor, Treasurer, Project Co-ordinator, Project Administrator and one other director.

- If there are more than one account, any transfer of money between accounts must be entered in the books as such.
- Accounts will not be overdrawn. No cheques will be drawn on cash income not yet banked.

- Account names will always be in the name of “Interest Link Borders”.
- All statements will be addressed to the Project Office, not, for example, to the home of the Treasurer.
- Branches will not have their own individual bank accounts.

5. Financial planning, reporting and monitoring

(a) A rolling three-year budget will be prepared by the Project Co-ordinator and Treasurer by the end of each January and submitted to the Board for approval. It will take into account the operational plans of the project.

(b) The Treasurer will prepare financial reports for consideration and acceptance at each bi-monthly Board meeting. These reports will include:

- Quarterly management accounts, including budget variance and restricted funds
- Details of the progress of fundraising appeals
- Current procedure is as follows:
 - ❖ The Project Co-ordinator produces draft management accounts each quarter, which he submits to the Treasurer for approval and onward submission to the Board for discussion at the next Board meeting. The management accounts show: budgeted and actual income and expenditure to date and variance; projected income and expenditure to year-end with variance from annual budget; previous year’s income and expenditure. They also show the split between restricted and unrestricted funds.
 - ❖ The Treasurer provides a financial report to each Board meeting, including the progress of funding applications, progress towards fundraising targets and any other aspects of financial administration that need to be discussed.

(c) All matters relating to finance which are discussed or agreed at Board meetings will be clearly minuted, in particular

- general and specific authorisations to incur expenditure,
- agreements as to honoraria for office bearers
- limits relating to volunteer, staff or committee expenses, petty cash and office supplies.
- Minutes will be provided to the auditor/independent examiner with the end of year accounts.

(d) The Treasurer will prepare annual accounts in the statutorily required format for submission to the independent examiner or auditor, approval by the Board and presentation at the Company’s AGM. Currently, the Project Co-ordinator drafts the accounts for Treasurer’s approval and submission.

(e) Reports will also be prepared to meet any specific monitoring requirements of funders. These are currently the responsibility of the Project Co-ordinator, who is responsible for grant management.

6. Financial recording and processing.

- The financial year is from 1st April to 31st March
- Interest Link operates its accounts on an accruals basis: all income and expenditure relating to a financial year is included in the annual accounts for that year irrespective of the date it was actually deposited or paid.
- Book-keeping systems must be able to classify each transaction by restricted fund, cost centre and head of expenditure.

- ❖ Currently, each grant is allocated a separate Sage Department and nominal codes identify both head of expenditure (e.g. postage) and cost centre (i.e. Branch or Project Office).
- ❖ Transactions are given an internal reference and a description.
- The current procedure for processing income and expenditure vouchers is as follows:
 - ❖ The Project Co-ordinator approves each item of income and expenditure and notes on the voucher the relevant restricted fund, nominal code and branch it relates to. He also signs and dates each voucher to show approval.
 - ❖ The Project Administrator enters the information in Sage and presents cheques and internet payments to the Treasurer weekly or fortnightly for her approval and signature. She notes the date of payment, cheque number (or details of direct debit or internet payment) and internal transaction number on the voucher.
 - ❖ Note: volunteers submit their expense claims to their Branch Co-ordinator for approval and forwarding to the Project Office. Some other local expenditure, such as taxi invoices are also first approved at Branch level, and any allocation between different projects is noted by Branch Co-ordinator.
- A secure system of password control and file back-up must be in place, with Project Co-ordinator, Project Administrator and Treasurer having their own logins.
- All records, including all vouchers such as despatch notes, claim forms, invoices and receipts will be kept securely for at least six years, after which they may be destroyed.
- Each branch will keep:
 - ❖ Copies of volunteer expense claims (to be kept in volunteer's files).
 - ❖ Copies of petty cash, credit card and personal expense claims

7. Grants and other income

(a) Fundraising appeals and applications will be carried out by the Project Co-ordinator in accordance with the funding strategy agreed by the Board.

(b) Grant management: Grants awarded and the type of expenditure and/or cost centre in respect of which they have been made will be recorded. The Project Co-ordinator is responsible for grant management and reporting. All income vouchers are marked in the same way as expenditure vouchers, including details of fund, nominal code and cost centre

(c) All grants and other funds raised will be paid directly into the project's bank account using the pay-in book. Where funders transfer monies direct to the Interest Link bank account there must still be documentation added to the file, such as a remittance advice or grant email.

(d) Cash received from, for example, fundraising events will be immediately paid into Interest Link's bank account by the staff or committee member who receives it and the pay-in slip and a note of the source of the cash sent to the Project Office. Cash must be deposited without any expenses incurred in the fundraising event being deducted: these expenses must be paid for from petty cash and claimed back in the usual way.

8. Expenditure

(a) General authority to incur expenditure

- The Board give the Treasurer general authority to incur the expenditure fixed in the annual budget. For items of a particular nature or over a certain size (both to be decided by the Board), specific authorisation may be required. Authorisation will be recorded in committee meeting minutes. Currently, the limit is £500 for items of regular expenditure and occasional items such as computers and furniture.

- Authorisation will also cover expenditure to be incurred at branch level, such as volunteer, committee and co-ordinator expenses, stationery purchases and petty cash expenditure. In each case, monthly and one-off limits will be set and volunteers, branch co-ordinators or branch committees as appropriate must obtain authorisation for these to be exceeded. Currently, the monthly limit is £200 for items of regular expenditure and occasional items.

(b) Methods of payment

Payment may be by cheque, petty cash, credit card, direct debit, BACS or internet transfer.

(c) Stationery and office supplies

Purchases will usually be made from a common supplier under a single online project account. The supplier will be reviewed periodically to ensure it is the best available. Delivery will be made to the relevant office but the purchase will be invoiced directly to the Project Office.

(d) Systems for approving and paying volunteer, staff and committee expense claims

(i) Volunteer and Branch Committee expenses:

- Claims will be made monthly on a standard form.
- Expense claim forms will be submitted to the relevant Branch Co-ordinator and checked and marked as authorised by them. A copy will be taken and the original sent to the Project Office for payment.
- A new claim form and an SAE will accompany the payment cheque.
- Expense claims will be supported by receipts such as cinema ticket stubs, activity and refreshment receipts and parking permits. Car mileage costs cannot usually be receipted but all journeys should be itemised and dated and the mileage calculated in accordance with the standard issue mileage chart. The amount claimed per mile for car costs is set by the Board (currently 35p).
- An upper limit will be set by the Board on the expenses that can be claimed for:
 - individual link outings (currently £50) or
 - in any one month (currently £200)
- If a volunteer wishes to do activities which involve either of these limits being exceeded, authorisation for the expense must be obtained from the branch co-ordinator (who may need to consult with the Project Co-ordinator on the matter before deciding if authorisation should be given).

(ii) Staff and Board member expense claims:

- Claims will be made monthly on a standard form.
- Claims will be submitted to Project Co-ordinator for authorisation.
- Project Co-ordinator expense claims will be authorised by the Treasurer.
- All claims must be supported by receipts and the Board will set a guide limit on monthly expense claims (currently £300, above which the Project Co-ordinator must provide authorisation).
- Also see Petty Cash and Credit Card sections below: a combined form is now in use which enables staff expenses, petty cash claims and credit card records to be submitted together.

9. Salaries and pensions

(a) Salaries will be set by reference to

- other voluntary projects with a similar profile and
- the historic Scottish Council for Voluntary Organisations SJC salary scales.

(b) Allowance will be made in budgets for cost of living increases. Incremental increases are not currently paid.

(c) Salary levels will be reviewed by the Board each February.

(d) An auto-enrolment pension scheme is in place with TPT, with members' net contributions matched by Interest Link.

(e) An external salary administrator will be contracted to administer the payment of salaries and National Insurance, the calculation of PAYE and preparation of year-end P60 forms. This is currently FBR Ltd of Kelso.

(f) The Treasurer, Project Co-ordinator and Project Administrator will provide the salary administrator with all the necessary information to ensure that salaries are calculated and paid correctly. This role is currently carried out by the Project Co-ordinator.

10. Petty cash

(a) The Project Office and each branch may each keep petty cash on an imprest (float) system. Currently the Central Borders, Roxburgh and Tweeddale offices have petty cash.

- For each cost centre, the Treasurer will issue an initial cheque of £200, made payable to the relevant member of staff.
- A record of petty cash expenditure will be kept by each branch.
- The float will be topped up to £200 with a further cheque on submission by a branch of an itemised and receipted statement.

(b) As with expense claims, guide limits on monthly petty cash expenditure will be set by the Board (currently £200).

(c) Petty cash will be kept in a locked cash box in secure premises.

(d) Interest Link's insurance will include cover for petty cash

11. Credit cards

The growth of branch staff expenditure on befriending group activities has greatly increased the use of Petty Cash and the size of staff expense claims. To avoid the need to carry petty cash constantly and minimise the sums staff members' outlay from their own pockets, staff credit cards have been introduced. There are credit limits of £750.

12. Reserves policy

The reserves policy (also noted in the Annual Accounts) is to retain unrestricted reserves that are adequate to sustain the charity for a period of 3 months if all other funding sources are terminated and pay any costs incurred if the charity were to cease operating (principally redundancy). This goal is currently met.

13. Insurance

- Public liability, fire & theft, petty cash insurance, trustee indemnity and staff & volunteer personal accident insurance shall be maintained.
- The current insurance brokers are WH McCartney & Co

14. Fixed Assets

- The threshold over which an item is regarded as capitalised is £1,000.
- A fixed assets register is established to record all such items and this will be updated with each purchase and disposal. This list will be checked annually and a current list of assets presented with the annual accounts to the auditor.
- Security arrangements will be made and checked in respect of items such as computers and furniture that are owned by the project.