

## **Kentford and Kennett Village Hall**

### **FINANCIAL POLICIES AND PROCEDURES**

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#### **1. Purpose of this document**

To define the financial systems used by Kentford and Kennett Village Hall and how they relate to all areas of the organisations.

Relevant to the Committee and Trustees. All suggestions for amendments to the Chairman and Treasurer. Minor amendments/updates to be agreed by the Chairman and Treasurer and major amendments to be agreed by the Board of Trustees.

This document will be appraised and reviewed annually and appropriate updates approved by the trustees.

#### **2. Ordering goods and services**

All trustees must be aware that expenditure is committed when an order is placed on behalf of Kentford and Kennett Village Hall, not when the payment is made. Therefore, it is important that all orders are placed properly, and approved by the board if over the value of £150.00.

The treasurer must be informed of any orders placed with suppliers for over £500 and a quote (not an estimate) provided. In addition two quotes should be provided for expenditure over £2000. Suppliers must be requested to produce invoices. If payment is needed on or before delivery or no credit is given, a 'pro-forma' invoice should be provided.

While claims for small items of expenditure may be made via petty cash (see section 4), adequate supporting documentation, preferably receipts, must be obtained. Large items requiring cash payment must be checked with the treasurer before the arrangement is confirmed.

### **3. Bank payments and Cheque writing**

The signatories for the bank accounts are the Secretary, Chairman and Treasurer. Any new signatory must be approved by the Trustees before the bank is notified. All cheques require two signatures and all direct bank payments must be set up and authorised by two of the signatories. For all types of payment the signatories must check that the expenditure has been authorised by the appropriate person before signing the cheque.

Signatories will not sign cheques which are payable to themselves, or blank cheques. Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.

### **4. Handling of cash**

The petty cash balance will be reconciled monthly. All cash collected from the Treasurer will be signed for, and receipts will be issued for all cash returned. Specific extra cash floats (for tills at events etc.) should be arranged with the treasurer. The person signing for the float is responsible for ensuring cash and receipts are returned as soon as possible after the event.

Cash will be kept in a locked metal tin wherever possible. Appropriate arrangements will be made for till security.

### **5. Salaries, payroll and freelancers**

K&KVHA is required to operate the PAYE system, when appropriate, and make annual returns to the Inland Revenue. All people working directly for K&KVHA, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they can't. All payments will be made by cheque or direct bank credit.

Payments for additional work over and above standard hours must be approved by the Board of Trustees. Clear written authorisation must be given in adequate time for the Treasurer to process it for the relevant payroll. These claims are financial records, and should be treated in the same way as any other.

Payment will usually be made via the online bank service, direct to employees' bank accounts or by cash.

The Treasurer is responsible for:

- Paying each employee in accordance with the approved terms and conditions, and issuing payslips.
- Operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
- Making the correct deductions for Income Tax, NI, court orders and any other appropriate deduction authorised by staff; ensuring that deductions are paid to the correct body, and necessary returns made.

- Administering the Statutory Sick Pay and Statutory Maternity Pay schemes, alongside any additional related benefits provided by K&KVHA.

## **6. Income**

The majority of income received by KENTFORD AND KENNETT VILLAGE HALL is from hall rentals, donations, grants and events. Invoices will be issued from the treasurer or another committee member when necessary and appropriate.

All invoices should be raised on K&KVHA letterhead, or in a format agreed with the board of trustees, and be drawn up in accordance with K&KVHA's standard invoice requirements. K&KVHA is not presently VAT registered but if this changes in the future then VAT invoices need to meet HM Revenue and Customs requirements, and must include the VAT registration number, VAT rate and VAT amount.

Outstanding invoice payments will be followed up at least monthly by the treasurer.

All donations will be acknowledged by the treasurer and one other trustee. Donations are accepted on the understanding that no goods, services or favours shall be offered in return by the Trustees whether formally or informally. The trustees reserve the right to refuse any donations which it deems not to be in keeping with the aims, objectives and ethical practices of Kentford and Kennett Village Hall. Donations where the donor prefers to retain anonymity may be accepted subject to the above provisos at the discretion of the treasurer, who may consult the Chair in case of doubt. Where the Chair feels that wider consultation with the other trustees would be needed before the donation could be accepted, the matter should be brought in confidence before the remaining trustees for a decision on acceptability

Information about non-routine and all grant income must be passed to the Treasurer with the cheque or remittance advice. This will be filed by the Treasurer for reference, and used to ensure such income is correctly recorded in the accounts and grant conditions etc. Lack of documentation will lead to such items being 'held on suspense'. It is the responsibility of the person gaining the grant to ensure all non-routine or grant income is claimed as it becomes due or available, and that all trustees are aware of relevant grant conditions and exactly how the grant is to be expended.

## **7. Bank accounts**

Kentford and Kennett Village Hall's bankers are Barclays Bank

Sort Code: 20 60 38

Account No: 70544159

All income will be paid into the current accounts as soon as possible, and not less than once a week. The composition of each banking run will be clearly recorded onto the accounts.

The bank accounts will be reconciled on a monthly basis and any anomalies will be investigated immediately they are detected.

## **8. Books of account and records**

Proper accounting records will be kept. The accounts systems is based on a simple receipts and payments method maintained on a spreadsheet.

At a minimum, the following records will be kept:

- Appropriate control accounts (i.e. bank control, petty cash control).
- Monthly management accounts.

All documents entered into the accounts records will be signed by the authorising individual along with the date and accounts reference. All income/expenditure information will be recorded within five days. All corrections and adjustments will have clear narratives and supporting documentation where available.

Purchase Ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.

## **9. Financial monitoring and audit**

KENTFORD AND KENNETT VILLAGE HALL's financial years are from 1<sup>st</sup> April to 31<sup>st</sup> March. Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions, prepared per SORP for Charities and any other relevant accounting conventions. Final draft should be ready for, and passed by, the Board of Trustees by May of the following year, with the accounts approved at the first Trustees meeting thereafter.

## **10. Charities Commission Requirements**

There is a requirement to place the accounts on the website annually for broader exposure to the public. There may be changes to this requirement from time to time but this policy will be updated accordingly.

## **11. Role of Treasurer**

The Treasurer will ensure that adequate security precautions are taken to safeguard financial and other assets and:

- Prepare monthly management accounts to report to the board of trustees.
- Maintain good record keeping practices.
- Ensure all bookkeeping is up to date.
- Maintain credit control.
- Ensure the internal controls as described in this document are adhered to.

- Maintain the Payroll function and adherence to HMRC legislation.

## **12. Role of Board of Trustees**

The trustees are responsible for:

- Approving signatories to the bank accounts.
- Approving exceptional items of expenditure.
- Monitoring the financial position based on reports from the Treasurer.
- Approving the annual accounts.
- Reviewing and approving all grant applications

## **13. Position of Trustees and Committee members**

The trustees of K&KVHA have all the legal responsibilities and liabilities as defined by the Charity Commission and will sit on the committee. The committee members who are not trustees will contribute to the decision making of the committee without the legal responsibilities or liabilities of the trustees.