

Stratherrick & Foyers

Financial Management policy

RATIFIED BY SFCT BOARD IN JULY 2014
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Why do we need a Financial Management policy

Financial management is about ensuring funds are available when needed and that they are obtained and used in the most efficient and effective way to the benefit of the organisation. Used appropriately, financial management tools such as cashflow and budgeting etc. can help an organisation to better deliver its mission and to ensure the best use of resources. Time and again financial management ends up being divorced from wider organisational planning and management. This can lead to less effective use of resources. Worse still, failure to link financial management into wider organisational plans can lead to funding problems that, had they been planned for and effectively managed, could have been foreseen and avoided. This can often be the case in smaller or less well-resourced organisations where the finances are managed by a single, frequently part-time, staff member or volunteer. Pressures of time together with an organisational view of the finance worker as 'someone who comes in to do the books' can limit the potential effectiveness of an organisation's finance function to monitoring historical information rather than planning for the future.

At its most effective, financial management is a core element of an organisation's wider strategic planning. SFCT will act as just such an organisation.

Introduction

- The Trust will manage its finances in a professional manner as befits any well managed company.
- We will appoint an Accountancy firm to prepare quarterly and/or annual accounts.
- We will request our Accountancy firm to articulate any observations they may have of the accounts on a regular basis (probably quarterly).
- We will manage our paperwork such that the Accountant is able to produce the accounts as efficiently as possible.
- We will create clarity of responsibility
- We will ensure information is backed up as appropriate.
- We will provide financial information in appropriate ways for the Board, for our Funders, for our Accountants.
- We will seek to minimise the risk of losing money due to any future possible banking crises.

Responsibilities

Financial management is ultimately the responsibility of the Board. However, daily financial management may be devolved to the Financial Director or Bookkeeper or to any other Director as agreed by the Board.

We will request any observations from our Accountancy firm to ensure we learn from them if they feel they have something of value to put forward for consideration or wish to flag up some risks that have not been spotted.

For the purposes of this document, we will refer to the relevant responsible person as 'Finance person'.

Bank Accounts

Bank accounts will be opened as required. These will include Current and Deposit accounts as well as longer term Savings accounts and others as appropriate. The Finance person will make recommendations to the Board on which banks and types of accounts we might use and the Board will make the decision.

The number and type of banks being used will be assessed alongside the amounts of money being held and the use to which said money is being put.

We will pay due regard to the standard bank guarantee of £85,000 and ensure we have enough variability in the number of banks being used to minimise any losses should a banking crisis similar to that in 2008/9 be experienced in the future.

Signatories

All Trust bank accounts will require more than one signatory to operate an account. All signatories must be Directors (i.e. not the self-employed Bookkeeper or Administrator). Ex Directors, who are signatories to any account will be removed as soon as possible after they leave the Trust.

Named signatories will be agreed by the Board and the Board will take into account the practicalities required when deciding who may be signatories. The Finance person's role will include getting cheques signed by at least two Directors so said Directors' availability and geographical position will be taken into account to allow the Finance person to perform their role as efficiently as possible.

Income & Expenditure and cheque management

All income and expenditure will be recorded in a cashbook, the design of which will be acceptable to the Accountants who will be using this information to produce whichever sets of Accounts Directors require (including end of year accounts).....see 'Regular Reporting' below.

Cheques, once received, will be banked without delay.

Cheque books will be held by the relevant Finance person under lock and key.

Blank cheques will NEVER be signed.

Cheque stubs will always be properly completed

No cheques will be signed without the relevant supporting paperwork (i.e. invoices, relevant grant forms etc.)

Each cheque will be signed by at least two Directors

A cheque must not be signed by the person to whom it is payable

Reserves policy

The Board may decide to implement a Reserves policy which will entail maintaining a level of available funds below which reserves will not be allowed to fall.

Digital Banking

All bank accounts, where possible, will have 'viewing only' access as a minimum. This enables us to check balances and transactions at any time.

To set up online transaction abilities will mean only one person will have access. There are some banks that may enable a complex set up of two signatories being online and

undertaking transactions at the same time, but this is complex and not very practical to use. Our preference therefore is to use 'view only' for checking balances etc. and cheques for making transactions.

With a suitably qualified Financial Director in position, we will still consider allowing one person access should we agree, as a Board, that the person is suitably qualified and stable enough in the position. If we do set up such a system then it will be one where if one person can press the button on online transactions, then first they must seek email approval to do so from another member of the Finance team, who must themselves be a Director. Only Directors should be able to authorise such online payments, not the Bookkeeper.

Where an SFCT business bank account allows money only to be digitally transferred to a designated account and where that designated account is already approved as a known SFCT account by Directors, the digital transfer may be undertaken by the Finance person as part of their regular financial management work. The Finance person must communicate by email such proposed digital transfers to the Chair before any transfer takes place. Any transfers will be shown within the Cashflow system and ultimately monitored by our independent Accountancy firm on an annual basis.

Payment of Suppliers

Any supplier should first provide a written quote for the product or service requested. The Chair and Team Leader will then decide if this is acceptable and the relevant person (most likely the Administrator or Team Leader) will then be free to go ahead with the purchase and the Finance person will be free to pay the relevant invoice.

However, for low value products or services up to an invoice value of £500, we will allow the Finance person to pay any such invoices on the approval of the Chair alone.

Should the Chair have expenses for reimbursement, the Finance person may approve the expenses claim.

All invoices approved and paid under the provisions of the previous three paragraphs should be available for inspection by the whole Board before the next following Board Meeting.

For the benefit of future Directors, a record will be maintained of any suppliers or contractors with whom there have been problems. The nature of the problem and the actions taken by SFCT would both be recorded.

Payment of Grants

Grants will be paid by cheque or by BACS and only once the full paperwork has been received. The 'Grant scheme' documents detail exactly what paperwork is required for each type of Grant.

Recording of financial information

All income and expenditure will be recorded within a digital Cashbook. Details will include:

Income

Income from Energy companies
Interest from Bank accounts
Membership fees

Any other income

Expenditure

The list of expenditure will be split into whichever headings the Finance person, the Chair, the Accountant and our Funders decide is appropriate. The Board may propose headings of course but the Finance person and Chair will likely have a wider view because of their exposure to the Company's Accountant and to Funders needs. The aim of the list is to ensure all parties are informed enough to be able to make whatever decisions are appropriate to their responsibilities.

Accurate records of any major financial decisions or changes to financial control will be made within Minutes and Action points. These points will be reviewed and followed through on a regular basis by the Board.

Regular Reporting

For the Board.

The Board will decide whether they wish to receive the following reports:

Monthly:	Cashflow, Cashbook, Bank Reconciliation
Quarterly:	Grants paid
Annual:	Annual accounts (this of course is required by law) plus a report on the efficiency of internal control from the Accountants.)

In addition.....the Finance person will provide the Board with any other financial information as requested or will organise others to do so as appropriate. However, because of the possible large costs involved in making unusual or complex requests (i.e. Accountants fees etc.), then such requests will first be costed, then discussed and decided upon by the Board before being carried out. The Finance person will decide whether a request is unusually burdensome and inform the Board as appropriate.

For the Accountant

The Finance person will liaise with the Accountant as required to enable them to produce monthly, quarterly, annual and any other accounts/reports as efficiently as possible. Paperwork will be maintained by the Finance person in a manner that allows for a full audit trail.

For the Funders

Different Funders may require different information and financial information will likely centre on what grants have been provided into the community. Full details of exactly what reports are required are listed in the various Memorandum of Offers and/or Terms of Business relevant to each Funder. The Finance person will work closely with the Funding team so that they are ready with whatever report is required in good time.

End of year reporting

At the end of the year we will look back and write a basic review. Ideally, this will link performance to what we planned to achieve at the start of the year. It is a chance to critically evaluate performance and, if anything was not achieved, then we can assess what went wrong or needs altering and make plans to improve things during the following year.

This must not be a 'blame' process but simply an honest evaluation of how successful we are being in achieving our aims. No organisation gets everything right all the time.

A simple report might include the following:

- SFCT's aims.
- Achievements this year against those aims.
- Objectives for the year ahead.
- Strategies and activities.
- Success indicators.
- Measurement methods.
- End of year accounts.

Or, we might choose to produce a **more detailed report** including the following:

Administrative details

Names of Directors plus any advisors, banks, accountant, solicitor etc.

Structure, governance and management

To enable the reader to understand how the company is constituted, its organisational structure and to explain how Directors are recruited and new ones inducted.

Objectives and activities

An explanation of what our aims and objectives are and what strategies we have in place to achieve the stated objectives. Significant activities during the year could be reported here including our grant making policies.

Achievements and performance

What have we achieved during the year and how does that compare against our Objects.

Financial review

As well as describing our financial management policy this section could also include details on our main funding sources and any investments.

Plans for the future

Here we would set out key objectives for the future and what plans we need to put in place to achieve them.

Financial documents

Financial documents related to the Management Accounts, bank reconciliation and cashflow may be held by the Financial person. In the absence of this person, the documents will be held by the Administrator and/or the Chair. The Financial person is responsible for managing these documents in good order such that they can be delivered to the Accountant for preparation of quarterly and/or annual accounts as appropriate.

For full details of document management, see our Document Management policy.

Back up

All documents will be backed up either using a 'live drive' type of system or a disc/memory stick system as the Finance person prefers.

Back-up discs or memory sticks must be delivered to an agreed Director's property so that they are kept separate from the Finance person's home.

Public documents

Financial documents are to be confidential and shared only by Directors, Administrator, Bookkeeper and our appointed Accountancy firm. The firm exceptions to this rule will include the Financial Control document itself and the end of Year report including the Annual Accounts, both of which will be shared with members and the wider community.

Directors may also choose to share further financial information as they see fit. Decisions on exactly what additional information to release will be decided at Board meetings and minuted accordingly.

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