HATHERN COMMUNITY LIBRARY FINANCIAL MANAGEMENT AND CONTROLS POLICY

Financial Records and Accounts

1) Financial records must be kept so that:
    a. The organisation meets its legal and other statutory obligations, such as Charity Acts, Her Majesty s Revenue & Customs and common law.
    b. The trustees have proper financial control of the organisation.
    c. The organisation meets the contractual obligations and requirements of funders.
2) The books of accounts must include:
    a. A cashbook analysing all the transactions appearing on the bank accounts
    b. A petty cash book if cash payments are being made.
3) Accounts must be drawn up at the end of each financial year within 3 months of the financial year end and presented to the next Annual General Meeting.
4) Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
5) A report comparing actual income and expenditure with the budget should be presented to the trustees every three months or whenever meetings take place.
6) The AGM will appoint an appropriately qualified auditor/ independent examiner to audit or examine the accounts before presentation to the next AGM.

Banking

1) HCL will bank with Barclays Bank plc at its Loughborough Branch and accounts will be held in the name of Hathern Community Library Registered Charity. The following accounts will be maintained:
    a. Charity Account No 1 - Current Account
2) The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by the trustees as will any changes to it.
3) The charity will require the bank to provide statements every month and these will be reconciled with the cash book at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
4) The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.
5) A savings account may be opened if appropriate and approved by Trustees.

Income

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

Payments (expenditure)

1) The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.
2) The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept under lock and key.
3) Blank cheques will NEVER be signed by more than one signatory (2 required)
4) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
5) No cheques should be signed without original documentation (see below).

Payment documentation

1) Every payment out of the Charity'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 the Charity and filed. The cheque signatory should ensure that it is referenced with:
    a. Cheque number
    b. Date cheque drawn
    c. Amount of cheque
2) The only exceptions to cheques not being supported by an original invoice are Items such as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.
3) Petty cash will always be maintained with a float as agreed by the trustees. The float will be kept under lock and key in the library premises and increased by payment of library charges and donations and accounted for monthly. Any cash used for small expenses (tea, coffee, cleaning items) will be accounted for by petty cash expense slips.
4) Expenses / allowances. HCL will, if asked, reimburse expenditure paid for personally by staff, providing:
    a. Fares are evidenced by tickets.
    b. Other expenditure is evidenced by original receipts.
    c. Car mileage is based on local authority scales.
    d. No cheque signatory signs for the payment of expenses to themselves.

Cheque Signatures

1) Each cheque will be signed by at least two people.
2) A cheque must not be signed by the person to whom it is payable (you will have to ensure that you have enough signatories on your bank mandate)
3) HCL does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost HCL in excess of £100 must be authorised and minuted by the trustees.
4) 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.
5) All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of HCL with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.
6) The Charity will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets. Additionally the Charity will maintain a property record of items of significant value, with an appropriate record of their use.