



FAN – Friends and Neighbours

The FAN Charity – Policies

Financial Controls and Financial Sustainability

1. Introduction

1.1 Financial records will be kept so that the Charity can:

- (a) Meet its legal and other obligations, e.g. Charities Acts, Companies House requirements, Company Law, HMRC and common law.
- (b) Enable the trustees to be in proper financial control of the Charity.
- (c) Enable the Charity to meet the contractual obligations and requirements of funders.

1.2 The Charity will keep a proper accounting system, which will include:

- (a) A cashbook analysing all the transactions in the Charity's bank account(s). This may be a computer package, in excel or on paper.
- (b) A petty cash book if cash payments are being made.
- (c) HMRC and records which may be kept by a payroll bureau.

1.3 The financial year will end on the 31st March each year.

1.4 Accounts will be drawn up after each financial year within two months of the end of the year and presented to the next Annual General Meeting.

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

1.6 A report of actual income and expenditure will be prepared and circulated at the end of each month, and a comparison versus budget presented at each Trustees meeting.

1.7 A cash flow will be produced each month if the charity is in financial difficulties or reserves are less than three months expenditure.

1.8 An appropriately qualified independent examiner will be appointed to examine the accounts for approval at the AGM of a subsequent Trustees meeting.

1.9 The Treasurer will ensure that all reporting deadlines are met for the Charity Commission, Companies House, and HMRC.

2. Banking

2.1 The Charity will bank with HSBC Bank plc and accounts will be held in the name of **The FAN Charity**.

2.2 The bank mandate (list of people who can sign cheques or authorise electronic payments on the organisations behalf) will always be approved and minuted by the Trustees as will all the changes to it.

2.3 The charity will require the bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system every month end. If only electronic statements are available they will be printed off and filed every month.

2.3 The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

3. Receipts (income)

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

3.2 Money credited to the bank electronically.

The charity will keep accurate records of all monies credited to its bank including the source of the funds.

4. Internet Purchases

When purchases are made over the internet the charity will ensure that only well-known bona fide sites are used for purchasing and that they have appropriate security as illustrated by a lock padlock in the bottom right hand side of the screen when a payment is being made. Such purchases will be properly authorised in a similar way to other purchases.

5. Payments (expenditure)

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.

5.1 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.

5.2 Blank cheques will NEVER be signed.

5.3 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

5.4 No cheques should be signed without original documentation (see below).

5.5 Payments by debit card. When the charity issues a debit card to an employee or trustee it will be administered in a similar way to petty cash (see below). The cardholder will be personally responsible for any undocumented expenditure and this is detailed in their contract of employment.

5.5 Electronic banking.

Each signatory and the Treasurer will have a unique password which will be made up of lower and upper case letters, plus numbers.

The Treasurer will be able to access the electronic banking system for the purposes of putting transactions onto the system, including payment of invoices.

The Treasurer will ensure that all payments are approved and the invoices or expense reports are approved by the Manager or at least one other Trustee.

The Treasurer will check that purchases have been properly authorised and when appropriate there is evidence that goods in good condition or proper services have been received.

6.0 Pay Pal

The charity has a Paypal account which is currently intended for receipt of funds only.

7. Payment documentation

7.1 Every payment out of the Charity's bank accounts will be evidenced by an original invoice. That original invoice will be retained by the Treasurer and filed. The invoice will be approved by the Manager or Chair. The Treasurer will ensure that each transaction is referenced with:-

Cheque number or electronic authorisation reference

Date cheque drawn or paid electronically

Amount of payment

7.2 The only exceptions to cheques or electronic payments not being supported by an original invoice or expense report would be for regular items such as monthly insurance premiums (approved by Trustees annually) or monthly salary and pension payments (approved by Trustees at contract signing).

7.3 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, HMRC etc. All employees will be paid within the HMRC regulations.

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

7.5 The use of petty cash will be avoided where possible. Petty cash if used will always be maintained on the imprest system where by an Administration Worker is entrusted with a float as agreed by the trustees. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.

7.6 Expenses / allowances. The Charity 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 signs for the payment of expenses to themselves, authorise electronic payments to themselves.

All expense payments will be checked and countersigned by the Treasurer and a non- involved Trustee.

8. Cheque Signatures and cash cards

8.1 All cheques will be signed by the Treasurer or another authorised signatory.

8.2 All electronic payments will be made by the Treasurer or another authorised signatory.

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

8.4 Hole in the wall type cash cards access any of the charities bank accounts will not be used.

8.5 Top-up debit cards may be issued to [named post holders]. The top-up limit per card will be [£1,000]. The card will be administered in a similar way to a petty cash imprest system. The card will be topped up to a pre-set (float) amount by the amount of documented legitimate expenditure that has accorded. The expenditure records will be filed by the banking administrator.

9. Other undertakings

9.1 The FAN Charity does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are likely to exceed in total £100, must be authorised by the Treasurer and at least one trustee.

9.2 All fundraising, contract bids and grant applications made on behalf of the organisation will be done in the name of the Charity 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.

9.3 Copies of grant application will be kept and available to trustees on request. When bids are made using internet portals electronic or paper copies of the bid will be kept.

9.4 Any funding contracts or grant acceptance documentation exceeding £5,000 will be brought to the trustee's attention for approval. In urgent situations this may be by e-mail to all trustees.

9.5 Generally FAN seeks venues that are free to use. However time limited venue charges will be paid: to get a new group started; in exceptional circumstances eg following Covid lockdown. The Treasurer and at least one other Trustee will be consulted before this is implemented.

10. Reserves Policy

Promoting the development and support of volunteer led FAN Groups is core to our work at the FAN Charity. Our reserves policy aims to ensure we are able to deliver on our mission and ensure our work is protected from the risk of disruption at short notice due to a lack of funds, whilst at the same time ensuring we do not retain income for longer than required.

We therefore aim to ensure that there is no significant disruption to our charitable activities, and that holding appropriate reserves will enable the organisation to respond to any unforeseen reduction in income (for example when income does not reach expected levels); or additional expenditure (for example when projects overrun, or unplanned events occur). A review of the risks we face is undertaken regularly at Trustee meetings and in depth by the Treasurer and with the Core Finance Working Group. As part of our annual Trustees' Report and Accounts and as part of our commitment to transparency, we publish the principal risks and uncertainties facing our organisation; and the mitigations we have put in place to manage them as far as reasonably possible

The possible financial impact of those risks has been incorporated into the reserves range we have calculated. The FAN Charity aims to have a minimum of 3 months operating costs as its free reserves.

11. Financial Sustainability

The financial and operational sustainability of the FAN Charity in order to continue to deliver our mission, and recognise that our financial health is likely to be achieved through grants and our own fundraising.

FAN has been fortunate to have received a series of grants from major funding bodies to facilitate its objectives and activities for more than twenty years. However, we are aware that we need to continue to grow our own fund raising capabilities to show that it we take 'financial sustainability' seriously. Since 2020 there has been a Trustee Working Group dedicated to fund raising and funds raised through this activity have grown steadily but are still small compared to grant funding.

12. Other rules

11.1 The FAN 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. Additionally, the Charity will maintain a property record of items of significant value, with an appropriate record of their use.

11.2 The charity will maintain up-to-date good quality antivirus and anti-phishing software on all computers that connect to the internet.

Reviewed by FAN Charity: Working Group: Policies: Core Funding, November 2024

Adopted by Trustees: 26.11.24

Signed:



Ian Thomson

Role: Chairman

Dated: 26.11.24