

YELVERTON COMMUNITY PROJECTS
Financial Management Policy
Last reviewed by the trustees on 16 September 2020

Accounting system: The Charity Commission does not require charities with income below £250,000 p.a. to prepare accrual accounts (allowing for income or expenditure not yet transacted). A simple receipts and payments system is therefore used, together with a statement of assets and liabilities at the end of the financial year. Transactions enter the accounts only when a payment is effected or a credit deposited into the bank. Cash in hand appears as a balance sheet item and the holding is kept to a minimum.

Banking System: There are two main bank accounts operated by the Treasurer, one for YelverCare (including the cinema) and the other for the Play Park. The Assistant Treasurer handles receipts from the operating arms and pays these into the bank. Donations from YelverCare clients are generally given directly to the Assistant Treasurer by YelverCare volunteers. Receipts from the Cinema together with explanatory notes are passed on to the Assistant Treasurer and Treasurer by a member of the Cinema Committee. The Play Park lottery is administered independently and has its own bank account. At half-yearly intervals, a payment is usually made to the Play Park, depending on their surplus at that time.

The Treasurer handles payments from the bank accounts on behalf of all the operating arms of the charity. Since on-line banking has been established most payments are now made by bank transfer. Invoices may be passed on to the Treasurer by any YCP volunteer; the Treasurer must be satisfied that the expenditure is valid or seek authorisation from a relevant Trustee.

On-line payments: There are three authorised signatories (all of whom are trustees) who can effect bank transfers. All such payments require 2 signatories, one to instigate the transfer and the second to release it. Bank payments to one of the authorised signatories cannot be instigated or released by that signatory. Transfers between Yelvercare bank accounts can be made by a single signatory.

Cheque payments: Four of the trustees are cheque signatories on the accounts. Cheques are now very rarely used but for a value up to £100 can be signed by one signatory after receiving email authorisation from a second signatory. Cheques for more than £100 require two signatures. Cheque payments to one of the authorised signatories cannot be signed by that signatory. Cheques payable on the lottery account require signatures from both the lottery administrators.

Authorisation of expenditure: The trustees responsible for each of the operating arms are required to submit a budget for each element of income and cost for the year ahead for approval by the trustees. Once approved, payment for expenditure that falls within that budget can be authorised by any two trustees who are signatories. It is recognised that unforeseen expenditure may sometimes be necessary during the year. The trustees responsible for each of the operating arms may commit to unforeseen expenditure up to £250 on any one item, subject to a maximum of £1,000 during any one financial year. They must seek prior approval from the trustees before committing to any expenditure over and above those amounts.

Reporting: Half-yearly accounts are presented to the trustees at the March meeting so that performance against prior years can be monitored. Draft end of year accounts are submitted to an independent examiner, who will inspect both the main account and the lottery account. These will then be presented to the trustees at the September meeting. After approval by the trustees, the Independent Examiner will complete the Charity Commission Independent Examiner's Report form. The accounts are then submitted to the Charity Commission together with the trustees' annual report as part of the online annual return.

Donations: Any income received that is for a specific purpose will be identified separately in the accounts until it has been spent on that purpose. Donors of all significant amounts will be asked if they are willing for Gift Aid to be claimed on that donation.

Expenses: Volunteers may reclaim legitimate expenses on production of a claim form, accompanied by receipts where relevant.

Policy on reserves: It is recognised that a charity should not hold unnecessary reserves. However, the Play Park will require substantial refurbishment costs in future years and it is the trustees' policy to hold sufficient reserves to cover those costs without having to depend on external sources of funding at that time. The bulk of the reserves is identified as a replacement fund and is ringfenced for this purpose. Funds are transferred to from the general fund to the replacement fund (and vice versa) from time to time if the outcome in any financial year requires this.

Investments: These will be reviewed from time to time to ensure that interest receivable is balanced against the need to access funds in time to meet commitments. All reserves are held in accounts which are protected by the Financial Services Compensation Scheme.