

Financial Procedures Policy

1. Purpose

- a. To set out the financial systems and controls used at Wishing Well Music for Health (WWMFH), that support staff and trustees to:
 - Meet their legal duties to safeguard WWMFH's assets.
 - Administer the charity's finances and assets in a way that identifies and manages risk.
 - Ensure the quality of financial reporting, by keeping accurate accounting records and preparing them on a timely basis.
- b. These procedures are relevant to trustees and staff. Minor amendments/updates are to be agreed by the CEO and Treasurer; major amendments by all trustees
- c. In any case, these procedures shall be reviewed by the CEO and Treasurer, and approved by the Board quarterly.

2. Accounts and Records

- a. Appropriate accounting records must be kept. WWMFH use an on-line programme called 'Xero', with additional records held digitally as needed. WWMFH is a small organisation and has one day per month (on the 8th of the month) when payments are made.
- b. The following records will be kept:
 - Invoices (owed and issued)
 - Fixed asset register (for items valued at over £2500; we currently hold none)
 - Bank statements
 - Receipts
- c. Each month:
 - the CEO will file invoices and receipts in Google Drive
 - the CEO will set up payments which are then checked and authorised by the Treasurer
 - the bookkeeper will complete the required data entry and accompanying

documentation onto XERO.

-the CEO will carry out the bank reconciliation and will take necessary action in case it does not reconcile to XERO.

-the CEO/programme manager will update additional online spreadsheets as necessary

- d. Invoices and receipts are retained for audit and for statutory purposes for a minimum period of six years.

3. Income

- a. All income from grants or donations will be uploaded to and reconciled in XERO. Accompanying documentation (like grant agreements) will be kept on Google Drive in the Funding folder.
- b. Key information and correspondence relating to grants and sponsorship must in addition be kept for reference for a minimum of 6 years after the funding comes to an end. This will be used to ensure such income is correctly recorded in the accounts and grant conditions are noted and abided by.

ii. Cheques and cash

- a. All cheques and cash should be banked promptly or within at least five working days of receipt. It will be kept securely until it can be banked.
- b. All donations are recorded and reconciled in XERO.
- c. It is best practice to make a photocopy of the cheque before paying in, to enable tracking should it be mislaid if paying in remotely, by post or via a third party (ie. Post Office). These copies can be deleted once the cheque has cleared into our account.

iii. Bank transfers

- a. Transfers and direct payments are identified and verified against supporting paperwork by the CEO and bookkeeper on a monthly basis.

iv. Gift aid

- a. The CEO is responsible for ensuring individual donors are encouraged to complete and submit a Gift Aid Declaration form, where applicable.
- b. The CEO is responsible for submitting Gift Aid claims on all applicable individual donations and small cash donations (GASDS) received. Claims will be made on a quarterly basis as per the official process set out by HMRC.

vii. Cash collections and fundraising events

- a. Cash collected by WWMFH in public or at fundraising events must be done so using a branded WWMFH collection bucket with a sealable lid, and officially recorded on the Fundraising Bucket List document. Digital copies of completed forms will be kept IN Google Drive within our fundraising folder..
- a. All cash collected must be counted and recorded by two people, and verified by the CEO if it is WWMFH raising money itself (ie, not being raised by a separate fundraising group).
- b. Expenditure incurred and gross income from WWMFH fundraising events should be recorded on Xero.
- c. WWMFH will exercise due diligence when accepting donations to ensure that our reputation is not compromised.

4. Expenditure

- a. Expenditure is incurred when an order or service request is placed on behalf of WWMFH, not when the funds are requested. Therefore, it is important that all orders are placed properly, and are within agreed budgets and delegated powers as set out below.
- b. The CEO is responsible for managing budgets, detailing projected expenditure in the programme schedules and cash flow projection

i. Payment authorisation

- a. Any unbudgeted payments under £500 can be made by the CEO
- b. any unbudgeted payments above £500 need authorisation from the Treasurer and Chair
- c. No staff or freelancer is able to authorise payments of any size or accrue expenses for the organisation without the written consent of the CEO.

ii. Cheque writing and signing and internet banking

- a. The CEO and Treasurer check bank statements monthly to look for anomalies in payments made out of the online bank account.
- b. Signatories will only be drawn from the CEO and Trustees. At present these are:
 - Jo White (CEO)

- Marie Benton (Chair)
 - Eleanor Carson (Treasurer)
 - Janet Lee (Trustee)
- c. Any new signatory must be approved by the trustees before the bank is notified. All cheques require two signatures. Cheque signatories should ensure that the expenditure has been authorised by the appropriate budget holder before signing the cheque.
 - d. Signatories must 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.

iii. Debit card payments

- a. Only the CEO has a WWMFH debit card. The card is the property of the WWMFH. Hence, the CEO must surrender the card immediately upon termination of employment for cancellation and destruction.
- b. The debit card is to be used solely for the purpose of conducting the expense affairs of WWMFH. The card must not be used for private expenditure, and any breach of this condition will be treated as gross misconduct.
- c. All direct debit payments are strictly for the purchase of goods/services for WWMFH
- d. Pin codes must not be written down. Lost or stolen cards must be reported immediately.
- e. The named card holder must provide an invoice/proof of purchase for all expenditure and enter the details into Xero, where it will be reconciled against bank statements every month.

iv. Direct Debit, Standing Order and BACS

- a. The CEO has responsibility for setting up and carrying out Direct Debit, Standing Order and BACS transactions which must be authorised by the treasurer.
- b. Documents recording the setup of Direct Debits and Standing Orders must be kept and uploaded to XERO/G drive where appropriate

v. Salaries

- a. The CEO is the only salaried employee and the payroll provider is WWMFH's Accountant, West and Berry. Minor changes to the CEO monthly salary such

as overtime can be made by the CEO and approved by the Treasurer. Any other changes must be suggested by and approved by the Trustees. All wages are paid by BACS. It is the payroll providers responsibility to make correct payments to HMRC.

- b. CEO salary and pension amounts are set and approved by trustees during the annual budget review.

vii. Expenses and reimbursement

- a. WWMFH will pay expenses to trustees, staff and volunteers for necessary travel and accommodation undertaken in the course of WWMFH duties. They will also be reimbursed for out-of-pocket payments for purchases on behalf of WWMFH. All expenses must be agreed in writing, prior to payment with the CEO
- b. All trustees, staff and volunteers are required to make purchases with due diligence to ensure the best value.
- c. Travel:
 - On public transport expenses can only be claimed for economy travel, and advance booking is requested wherever possible.
 - Mileage for cars/vans will be paid at HMRC rates.
- d. Procedure for claiming expenses and reimbursement:
 - All expenses must be agreed prior to payment with the CEO
 - Receipts must be submitted, or mileage for car travel
 - The amount will be paid by bank transfer.
 - Expenses must be claimed within 3 months of being incurred, else they will they not be payable (unless under extenuating circumstances).
- e. The Treasurer will review guidance on HMRC expenses annually to ensure compliance on reporting is adhered to.

5. Fixed Assets

The CEO must maintain a register of WWMFH's tangible fixed assets if they can be used for more than one year and cost at least £2,500. They are valued at cost, or if gifted, at the value to the charity on receipt, and depreciated over their useful economic life on a straight line basis. The CEO has overall responsibility for the maintenance and adequate insurance of these assets which will be reviewed annually. WWMFH currently does not have assets at or above £2500

6. Bank Accounts

- a. Trustees will approve the opening or closing of bank accounts and review annually to ensure the bank has an acceptable credit rating and its charges/rates of interest are competitive.
- b. Bank account statement will be kept on record in G Drive, with transactions verified by the CEO and Treasurer on a monthly basis.
- c. Banking passwords (including secure keycards) must be kept secure and only used by the CEO and authorised Trustees
- d. Please refer to WWMFH's Data Protection Policy for more information on IT security and data protection.

7. Budget Setting

- a. WWMFH's annual income and expenditure budget will be prepared at least 4 months before the start of the financial year under consideration. The budget is prepared by the CEO, supported by the Treasurer and approved by the trustees.
- b. The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated monthly by the CEO.

8. Financial Monitoring and Auditing

- a. The Trustees will receive:
 - a quarterly finance and risk dashboard that shows a snapshot of cash flow, and performance against budget, with prescient financial risks clearly highlighted prepared by the CEO and Treasurer
 - quarterly management accounts, including reports of income and expenditure versus budget, a year-end projection and a balance sheet prepared by the Treasurer
 - a quarterly funds statement detailing our restricted funds and expenditure against them prepared by the Treasurer
- b. WWMFH's financial year is from 1st October to 31st September. Annual accounts will be submitted for independent examination, as required under charity regulations , prepared as per SORP for Charities and any other relevant accounting conventions. The final draft should be approved by the trustee board, with audited or independently examined accounts complete prior to submission deadlines for the Charity Commission.

9. Trustee and Staff Responsibilities

- a. The Board of Trustees have responsibility for ensuring that these procedures are kept in place. Day-to-day management of financial affairs is delegated to the CEO.

- b. The Board of Trustees is responsible for:
- Approving the budget for the year.
 - Approving signatories to the bank accounts.
 - Appointments of staff where not delegated to the CEO.
 - Receiving reports from the CEO on areas of concern.
 - Approving exceptional items of expenditure.
 - Monitoring the financial position based on quarterly reports, with advice from the staff team.
 - Approving the annual accounts, auditors/independent examiner's report and appointment.
 - Adhere to the Charities Act, section 41 (see Appendix 2)
- c. The Treasurer works in close co-operation with, and provides support and advice to the CEO. Specific responsibilities are outlined below:
- Guide and advise the Board in the approval of budgets, accounts and financial statements, within a relevant policy framework.
 - Keep the Board informed about its financial duties and responsibilities.
 - Advise the Board on the financial implications of WWMFH's strategic plans and key assumptions included in the management's operational plan and annual budget.
 - Assess whether the financial resources of WWMFH meet present and future needs.
 - Understand the accounting procedures and key internal controls, so as to be able assure the WWMFH's financial integrity.
 - Ensure that the accounts are properly independently examined, that accepted recommendations of the examiners are implemented, and review/recommend the appointment or reappointment of the examiner annually.

Appendix 1

Charities Act - Sections 130/131/132

130 Accounting records

(1)The charity trustees of a charity must ensure that accounting records are kept in respect of the charity which are sufficient to show and explain all the charity's transactions, and which are such as to—

(a) disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and

(b) enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) below, those statements of accounts comply with the requirements of regulations under section 132(1).

(2)The accounting records must in particular contain—

(a) entries showing from day to day all sums of money received and expended by the charity, and the matters in respect of which the receipt and expenditure takes place, and

(b) a record of the assets and liabilities of the charity.

131 Preservation of accounting records

(1) The charity trustees of a charity must preserve any accounting records made for the purposes of section 130 in respect of the charity for at least 6 years from the end of the financial year of the charity in which they are made.

132 Preparation of statement of accounts

(1) The charity trustees of a charity must (subject to section 133) prepare in respect of each financial year of the charity a statement of accounts complying with such requirements as to its form and contents as may be prescribed by regulations made by the Secretary of State.

This policy was adopted by Trustees on: 4th July 2022

This policy is reviewed quarterly at our Board meetings.