Financial Management Policy: Tandem Trekkers

(Reviewed 08/03/2020)

Overview

The risk framework for Tandem Trekkers recognises financial issues as an area of concern. The purpose of this policy is to set out guidelines to ensure that the funds of the charity are handled legally, prudently and responsibly. It will establish processes that minimise the risk of fraud and reckless spending. More importantly it will ensure that money is handled in an accountable and planned manner.

Limits of the policy

This policy has been produced at a time when Tandem Trekkers is a small organisation operating on a cash basis. If the charity develops to a point that it is considering:

* taking on loans or other forms of finance;
* employing several workers, or;
* operating multiple projects;

this policy must be reviewed and/ or replaced by one more appropriate to an organisation of that scale and ambition. The charity will seek appropriate advice before undertaking loans, etc or changing the scale of operation.

Inclusivity

Tandem Trekkers is a user led organisation supporting visually impaired people. All financial systems must consider the implications of visual impairment. The main problem will be that all primary records will be held on excel spreadsheets [not accessible]. In the interests of accessibility all financial reports will be as far as practicable submitted in word format. Procedures will demonstrate that VIs can manage, approve and monitor finances with inclusive policies in place.

Budgeting decisions

All financial decisions are the responsibility of the board. They must at all times be confident that the organisation is managing its finances in line with charity policy and decisions. However, it is not practical or reasonable to expect the board to approve every instance of expenditure. Many financial transactions will need to have approval delegated to named persons. There will be clear guidance on the limits and uses of delegated powers. Delegated powers may include the authorisation of:

* Out of pocket expenses, such as travel.
* Equipment, tools and spare parts.
* Any other budget headings that the board decides.

Spending will be planned by producing an annual budget forecast. The budget will consider likely areas of spending and attempt to predict these by reference to previous years’ spending and projects identified for the coming year. It will also include corresponding plans on how to raise the income to meet planned outgoings. There will be a cash flow forecast to anticipate points in the year when there may not be enough cash to meet outgoings. The board will avoid spending that may place the charity in debt.

Responsibility for financial reporting

In the first instance the treasurer is responsible for all financial reporting. The administrative tasks may be delegated to a worker by the board.

Delegation of powers

Spending powers can be delegated by either a decision of an AGM, SGM or majority vote at a board meeting.

Authorisation

Authorisation is the process by which funds are released, it is not the process of deciding how money can be spent. There are two classes of payments, payments to volunteers as a reimbursement for expenses incurred whilst engaged in the business of the charity, and direct payments to traders for goods and services.

Payments for expenses incurred will only be released with the combined authority of two delegated persons. This is set out in the expenses policy.

Payments to traders may be made by the person responsible for managing the bank accounts when:

* They have been explicitly approved by the board.
* They refer to a budget heading with devolved administration by a specific individual. In this case they will require authorisation by the two counter signatories.

Payment

Apart from special cases, and only when directed by the board, expenses payments will be in arrears. In the first instance the expectation will be that payments will be electronic by BACS. There will be a commitment to avoid holding cash and making cash payments. This has the double benefit of reinforcing the audit trail and avoids placing the treasurer in the position of having to hold cash.

Trade payments may be made by invoice or in advance using the internet but only by the bank account manager.

Trade Accounts

The board may decide to hold trade accounts with preferred suppliers. Notable examples are cycle industry accounts to purchase specific parts for repairs and maintenance; taxi firms where regular journeys are made by individuals on TT business. This would have the advantage of allowing members and volunteers to travel without cash. This facility should only be extended to named individuals at the discretion of the board and reviewed on a regular basis.

Any supplier will be expected to provide invoices and regular statements of accounts. All transactions should be verified, especially where invoices are paid in arrears for specific time periods.

Records

The primary record will be the income expenditure account. This will use the template and systems devised by West Yorkshire Community Accounting Service. The accounts will examine income and spending against a number of categories variously determined by the board and funders. The board will be provided with monthly reports of:

* Itemised authorised payments for the month.
* Progress against the cashflow forecast and budget.
* Spend against the terms of any current grants.
* Bank balance.

A record of all receipts and countersignatures will be kept.

Raising concerns

Any person with concerns about financial mismanagement, fraud, money laundering or the security of the accounts should discuss the matter with key officers at the earliest opportunity. If, after consultation, there is reasonable doubt that there are threats to the financial wellbeing of the organisation from criminal activity the appropriate authorities should be informed.