

# NNLS DESTITUTE ASYLUM SEEKERS DROP IN

Registered charity no 1177599

## FINANCIAL MANAGEMENT AND CONTROLS POLICY AND PROCEDURES

NNLS Destitute Asylum Seekers Drop in (DAS) has this policy so that all who receive support, funders, referrers, other agencies and organisations that we work with, volunteers and other stakeholders are aware of the procedures we follow to minimise the risk of fraud and protect the assets of the Charity. The trustees will select a suitably qualified person as "Finance Trustee".

The Charity Commission states that: "Internal financial controls are just one part of a charity's overall control framework. The wider framework should cover all the charity's systems and activities".

The aims of internal financial controls are:

- To protect the charity's assets;
- To identify and manage the risk of loss, waste, theft or fraud;
- To ensure the financial reporting is robust and of sufficient quality; and
- To ensure that the trustees comply with charity law and regulation relating to finance.

### 1. Introduction

Financial records will be kept by the Charity so that it can:

- Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act, Common Law
- Enable Trustees to exercise control over DAS finances
- Enable DAS to meet contractual obligations and the requirements of funding bodies
- Correctly allocate any restricted funds in the appropriate manner

DAS will keep records of account, which will include:

- Utilising appropriate and effective finance and accounting software to manage the day-to-day running of the finance function
- Cash book (currently within Excel), analysing all the transactions in DAS's bank accounts
- Full records of monies received and paid out in respect thereof.
- HMRC Gift Aid claims

The financial year for DAS is to 31st March.

- Accounts are to be drawn up after each financial year and presented by the Finance Trustee, to the trustees within seven months of the year end. The Accounts and Annual Report are required to be filed within ten months of the end of the year with the Charity Commission
- Within three months of the start of each financial year, the Trustees will approve a proposed budgeted income and expenditure account for that year, prepared by the Finance Trustee
- The Finance Trustee will present regular financial reports through the year to the Trustees that include the presentation management accounts identifying performance against targets if appropriate, as well as identifying any potential areas requiring additional consideration
- The trustees will appoint a qualified Independent Lay Examiner to review the annual Accounts as required by statute, for presentation to the Trustees and to be filed with the Charities Commission
- Where appropriate and in collaboration with the Finance Trustee and approved by the Trustees, it will consult with external advisers (i.e. qualified Independent Lay Examiner) to perform any special review or investigations into matters of financial interest and

concern to the continuing wellbeing of DAS e.g. tax; Gift Aid; finance function improvements etc.

- The accounts should where appropriate include Designated and Restricted Funds together with a description of each designated or restricted fund receipt and the requirement requested for any such restricted donation
- No payment will be made in the form of remuneration to any Trustee
- There should also be note of which fund or funds to which any bank interest received has been allocated.

## **2. Banking and Investment Policy**

- The Finance Trustee will continually review and make recommendations to the Trustees regarding the conduct of the bank account to manage concentration of all risk and potential risk exposure to any one bank
- Such recommendations will be made on the basis of appropriate due diligence as to the financial standing and ethical suitability of the institution, balanced with the practical processes involved in being able to open any such new account
- Approval will always be sought from the Trustees to proceed with opening of any such new bank account(s), and the accounts will be held only in the name of DAS
- The following different types of account will be maintained at any given time: current, deposit/savings accounts.

In the interests of risk management, and having in mind the caps set within the Financial Compensation Scheme, a range of different accounts may be held open at any given time in order to spread surplus funds appropriately; in addition, the Trustees will, following appropriate financial advice, consider applying surplus cash funds to other low risk investments. Should a major financial risk assessment be necessary DAS would seek expert advice from appointed advisors.

- DAS will continue to update financial policy and procedure in line with reviews and guidance.
- DAS will strive to deliver good practice in its financial management systems.
- DAS shall continuously maintain adequate and legal insurance cover.
- All bank mandates and bank transactions will always require one authorised/approved Trustee signatory, i.e. the Finance Trustee, for any sums up to £10,000
- All bank transactions in excess of £10,000 shall require authorisation of a second approved signatory to be one of the other authorised Trustee signatories
- DAS will require its bank for the current and deposit accounts, to provide statements monthly and these will be reconciled monthly with the accounting records
- DAS will not use any previously unused banks or financial institutions or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board of Trustees.

## **3. Receipts (income)**

- Through the above-mentioned record keeping and reporting, all received income will always be fully evidenced and be banked as appropriate
- Records of receipts will be monitored from the database on a regular basis to ensure any existing direct debits or invoices issued that are not being settled promptly are followed up
- All monies received will be recorded in the records as appropriate; all cash is locked away safely upon receipt.

#### **4. Payments (expenditure)**

- Money will be spent only to meet conditions and requirements of DAS and in pursuance of the objectives of the constitution.
- All expenditure should only be incurred in line with approved budgets
- Expenditure not explicitly budgeted up to £1,000 should obtain prior approval from the Finance Trustee and where considered necessary with other Trustees
- Any unbudgeted expenditure greater than the value of £1,000 will require the approval and authorisation of the Finance Trustee and the Chair of the Trustees (see above for signatory approval requirements for expenditure in excess of £10,000)
- For any unbudgeted expenditure proposed in excess of £1,000, the Finance Trustee should, if urgent, seek the approval of the Chair of Trustees or, if not urgent, it should be brought to the next meeting of Trustees for consideration/approval
- The Finance Trustee will be responsible for holding cheque books and bank debit cards, which must be kept safe at all times
- Blank cheques will not be left signed and will always require evidence of expenditure incurred. The relevant payee name will always be inscribed on the cheque/online payment before signature, and the cheque stub will always be filled in
- If possible, the same person should not be responsible for; ordering, processing and checking invoices as well as raising payment requisitions, making online payments and signing cheques and payments, above the appropriate approval level defined above
- All expenditure should be evidenced by invoice, receipts or other relevant documentation, which are to be approved and signed by the relevant budget holder, and then checked, logged and filed as appropriate by the Finance Trustee.

#### **5. Payment documentation**

- Subject to minor exceptions, each payment from the DAS bank accounts should be supported by an original invoice or document. That document will be filed and kept for seven years. The Finance Trustee who signs/authorises the payment should ensure that an online payment is fully completed. This includes the following:
  - Date online payment made
  - Amount of online payment
  - Who signed/email approval on the online payment
- The only exceptions to payments not being supported by an original invoice would be for those which one would not normally expect to receive an invoice or, at the discretion of the Finance Trustee, minor expense items or where a receipt is difficult in practice to obtain (for example, payments to clients)
- Every payment will have documentation in support, showing who has authorised the payment and what it was for, i.e. suppliers, volunteers, etc.
- No petty cash as such will be maintained
- All cash receipts are to be banked
- Any expense claims will usually be paid to the recipient by bank transfer rather than cash; such reimbursements can be made with the same documentary evidence as noted above being required for any such claims
- Expenses/Allowances: DAS will reimburse all reasonable out-of-pocket expenditure paid for personally by volunteers and will have documentation in support of such expense
- DAS does not accept liability for any financial commitment unless properly authorised
- All fundraising and grant applications undertaken on behalf of DAS will be done in the name of DAS with approval of the Trustees or in urgent situations the approval of the Finance Trustee or another Trustee(s), who will provide full details to the next Trustees meeting.

## **6. Other rules**

- Reserves: the Finance Trustee and Board of Trustees will from time to time consider the level of reserves that it is prudent for DAS to provide. Consideration will be given to any liabilities, lease agreements and any other significant factors that should be taken into account were DAS to close or see a significant reduced level of activity.
- DAS will adhere to good practice in relation to its finances at all times.

This Financial Policies and Procedures document will be reviewed at the Trustees' meeting and updated in line with reviews, guidance and requirements of the Charity Commission and Inland Revenue legislation and in consultation with the auditors where necessary.

Reviewed and approved by the Trustees: March 2021

Date of next review: March 2022