

# Farnham Youth Choir (FYC) - Finance Policy

Date updated: 31 January 2023

## 1. Introduction

- a. Financial records will be kept so that FYC can:
  - i. Meet its legal and other obligations, for example, Charities Acts, Companies Acts, HMRC, contract and common law.
  - ii. Enable the management committee to be in proper financial control of FYC.
  - iii. Enable FYC to meet the contractual obligations and requirements of funders
- b. FYC will keep a proper accounting system, which will include:
  - i. A cashbook analysing all the transactions in FYC's bank account. This may be a computer package, Excel or similar spreadsheet or paper.
  - ii. Relevant HMRC taxation records in accordance with current legislation and reporting requirements.
- c. The financial year will end on the 31 August each year.
- d. Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting ('AGM').
- e. Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- f. A report comparing actual income and expenditure with the budget will be presented to the trustees every 4 months (at the end of each academic term).
- g. The AGM will appoint an appropriately qualified independent examiner to examine the accounts before presentation to the AGM and filing with the Charities Commission. The examiner will comply with the requirements of the Charities Acts.
- h. References in this policy to 'Chair' shall refer to either a sole 'Chair' or where relevant, co-Chairs, acting jointly and severally.

## 2. Banking

- a. FYC will bank with Lloyds Bank plc and accounts will be held in the name of Farnham Youth Choir. One current account only will be maintained.
- b. The bank mandate (the 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.
- c. All cheque and electronic payments require the approval of two authorised signatories. No signatory is able to approve a payment to themselves.
- d. FYC will require Lloyds Bank plc to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system at least every three months.

- e. FYC will not use any other bank or financial institution or use overdraft facilities, credit cards or loans without the agreement of the trustees.

### **3. Receipts / income**

- a. All monies received will be recorded promptly in the bookkeeping system and banked without delay. FYC will maintain files of documentation to back this up.
- b. FYC will issue payment references to members, donors and customers for them to use when making electronic payments, to ensure that receipts into the bank account can be traced to the customer easily.
- c. FYC will use third party payment systems (for example, Ticketsource, Stripe and GoCardless) and will ensure that these systems are reconciled to the bookkeeping system.
- d. FYC will keep a record of aged debtors and contact debtors every month.

### **4. Payments / expenditure**

- a. The aim is to ensure that all expenditure is on FYC's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the authorised signatories with approval to spend up to the budgeted expenditure, not beyond it.
- b. The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- c. Blank cheques will never be signed.
- d. The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- e. No cheques or electronic payments will be signed without original documentation (see section 7).
- f. When purchases are made over the internet, FYC 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. The supplier's star rating for customer satisfaction will be reviewed. Such purchases will be properly authorised in a similar way to other purchases. Purchases will not be made from unknown private individuals over the internet. Complex passwords (include lower and upper case letters, numbers and symbols) will be used and a copy given to the Treasurer.
- g. Payments by debit card. When FYC issues a debit card to an employee or trustee it will be administered in a similar way to petty cash (see section 7d). The card holder will be personally responsible for any undocumented expenditure.

### **5. Electronic banking**

- a. Each signatory will have a unique password which will be made up of lower and upper case letters, numbers and symbols.
- b. The Treasurer and Operations Manager will be able to access the electronic banking system for the purposes of putting transactions onto the system for authorisation by the approved signatories.
- c. The Treasurer will check that purchases have been properly authorised and when appropriate that there is evidence that goods in good condition or proper services have been received.
- d. The Treasurer or Operations Manager will scan and email invoices and evidence of authorisation to the approved signatories.
- e. The Treasurer or Operations Manager will check and enter the sort code, account number and account name into the system and provide these via email to the authorised signatories.
- f. The signatories will check the payment details, sort code, account number, invoice and amount. If these are accurate the signatory will authorise the payment.
- g. Authorisation from two signatories will be required for each payment.
- h. Following authorisation, the signatory will email the Treasurer to confirm their authorisation. This email will act as evidence for the Independent Examiner as to who authorised the payment.
- i. The Treasurer and Operations Manager may also be approved signatories.

## **6. PayPal**

- a. The Treasurer and Operations Manager will each hold the log-in details and password for PayPal and will authorise payments from PayPal. Details of payments and transfers will be emailed to the Treasurer immediately they have been made.
- b. Two signatories will be required for credits from FYC's bank account to PayPal.
- c. The balance in PayPal will not exceed £250. Appropriate transfers will be made to FYC's bank account to ensure that this amount is not exceeded.
- d. FYC acknowledges that there are greater risks of fraud via PayPal than bank accounts.

## **7. Payments documentation**

- a. Every payment out of FYC's bank account will be evidenced by an original invoice (never against a supplier's statement or final demand). The original invoice will be retained by FYC and filed. The Treasurer will ensure that it is referenced with the date of payment, cheque number (if appropriate) and who authorised the payment.
- b. The only exceptions to payments not being supported by an original invoice are items such as advance booking fees for a course, deposit for a venue etc. In

these cases, appropriate documentation will be retained to evidence the payment.

- c. Employees
  - i. There will be a clear trail to show the authority and the reason for every payment to an employee e.g. wages and salaries, pension, expenses etc. All employees will be paid within the PAYE, National Insurance and pension regulations.
  - ii. All staff appointments and 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.
- d. Petty cash
  - i. Petty cash will be maintained on an imprest system whereby an individual is entrusted with a float as agreed by the trustees. Petty cash is typically used for the FYC shop and any surplus funds over the agreed float will be banked within three days of receipt. If the petty cash is used for expenditure then a payment will be made to return the balance to the agreed sum, supported by relevant documentation.
- e. Expenses and allowances
  - i. FYC will, if asked, reimburse expenditure paid for personally by employees or volunteers providing:
    - 1. Fares are evidenced by tickets or if paid using contactless, a redacted bank statement.
    - 2. Other expenditure is evidenced by original receipts.
    - 3. Car mileage is based on local authority scales.
    - 4. A minute approving the expenditure.
    - 5. No authorised signatory approves the payment of expenses to themselves.

## **8. Cheque signatories, electronic payments and banking cards**

- a. Each cheque or electronic payment must be approved by at least two people.
- b. A cheque or electronic payment must not be signed or approved by the person to whom it is payable.
- c. ATM cash cards which access FYC's bank account will not be used and if issued by the bank they will be immediately destroyed.
- d. Debit cards may be issued to the Treasurer and Operations Manager. Expenditure records will be filed by the Treasurer.

## **9. Other undertakings**

- a. FYC does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be

made with the Chair's approval who will then provide full details to the next meeting of the trustees. (This covers such items as new service contracts, equipment, purchase and hire.)

- b. All fundraising, contract bids and grant applications made on behalf of the organisation will be done in the name of FYC with the prior approval of the trustees or in urgent situations the approval of the Chair who will provide full details to the next trustees' meeting.
- c. Copies of grant applications will be kept and be available to trustees on request. When bids are made using internet portals, electronic or paper copies of the bid will be kept.
- d. Any funding contracts or grant acceptance documentation exceeding £1,000 will be brought to the trustees' attention for approval. In urgent situations this may be via email to all trustees.
- e. FYC 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 FYC will maintain a property record of items of significant value, with an appropriate record of their use.
- f. The management committee will review the need for insurance each year.
- g. This policy and financial controls will be reviewed at least every year and with management committee approval revised if necessary. The committee will be shown the existing controls and the proposed revisions.

This policy was adopted by the trustees on: 31 January 2023

The next review date is on or before: 31 January 2023

Version Control: Minor edits M Hancox 6th January 2024