



OPERATION FLORIAN LIMITED

FINANCIAL POLICY and PROCEDURE

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FINANCIAL POLICY and PROCEDURE

INTRODUCTION

1. This document outlines the Operation Florian Ltd policy for the effective management of its financial affairs and provides general guidance. The Policy applies to all Trustees/Directors and it revokes all previous approved policies and any dispensations made under them.
2. Operation Florian Ltd will keep financial records so that:
 - a. Operation Florian Ltd meets its legal and other statutory obligations, such as Charities Act 1993, Her Majesty's Revenue and Customs and common law;
 - b. The Trustees/Directors have proper financial control of Operation Florian Ltd; and
 - c. Operation Florian Ltd meets the contractual obligations and requirements of funders.
3. The books of accounts must include:
 - a. A cashbook (electronic) analysing all the transactions appearing on the bank accounts;
 - b. A petty cash book (if cash payments are being made);
 - c. HMRC deduction cards P11 (if registered for PAYE);
 - d. Accounts must be drawn up at the end of each financial year, within 4 months of the end of the year and presented to the next Trustees'/Directors meeting/AGM.
4. Prior to the start of each financial year, the Trustees/Directors will approve a budgeted income and expenditure account for the following year.
5. A report comparing actual income and expenditure with the budget should be presented to the Trustees/Directors every three months or whenever meetings take place.
6. The Trustees/Directors will appoint an appropriately qualified auditor/independent examiner to audit/examine the accounts for presentation to the annual AGM and Trustees'/Directors meeting.
7. The annual AGM will formally approve the charity's Annual Report and Accounts and will be provided with copies each year.

BANKING

8. Operation Florian Ltd will bank with the approved bank by the Board. (At present it is Barclays' Bank at Leyland Lancashire) A maintained current account and reserve account will be held in the name of Operation Florian Ltd.
9. The bank mandate will always be approved and minuted by the Trustees/Directors as will all the changes to it. The current bank mandate includes:
 - > Name of Accounts
 - > Account number details
 - > Approved Account holders (Chair and Treasurer)
10. The charity will require the bank to provide electronic statements every month and these will be reconciled with the electronic account package (Sage at present time) at least every three months by the Treasurer who will sign the printed bank statements accordingly.
11. The charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the Trustees/Directors.
12. The Treasurer will check that no unauthorised credit has been extended (e.g. through an overdraft).

RECEIPTS

13. All monies received will be recorded promptly in the electronic account package (EAP) and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc). The charity will maintain files to back this up.
14. Paying in books will be completed with details of dates, amounts banked, and payees.
15. Notes will be kept of any funds where the donor has placed a restriction on their use and the charity will ensure that the funds are only used in accordance with these restrictions.
16. Any incoming post will be opened at the earliest opportunity and in the presence of two responsible people (where practicable).

17. All incoming cheques and cash are to be recorded immediately and entries verified by someone other than the person who has made the entry (where practicable).
18. Any funds banked into the charity account should be recorded by an email sent to the charity treasurer with details and a scanned copy of the banking receipt.
19. Cash or cheques will be placed in a safe or locked cash box if they cannot be banked on the day of receipt.
20. The keys to the cash box should be held by nominated Trustees/Directors .
21. All incoming money is to be banked gross i.e. no amounts will be kept back for 'feeding' petty cash.
22. Money will be kept separate from any individual's money and no Trustee/Director should use his or her own bank account for the charity's finances.
23. If large amounts of money in cash are involved (i.e. over £500) then two people should be used to get the money safely to the bank.

PAYMENTS

24. The aim is to ensure that all expenditure is on the charity's business and is properly authorised and this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure and not beyond it.
25. The Treasurer will be responsible for holding the cheque book (unused and partly used chequebooks) which should be kept under lock and key.
26. Blank cheques will never be signed.
27. The relevant payee's name will always be inserted on the cheque before signature and the cheque will always be properly completed.
28. No cheques will be signed without the original documentation, such as an invoice.
29. Each cheque will be signed by one of the nominated account holders.
30. A cheque must not be signed by the person to whom it is payable.

PAYMENT DOCUMENTATION

31. Every payment out of the charity's bank account will be evidenced by an original /electronic invoice (never against a supplier's statement or final demand). That original /electronic invoice will be retained by the Treasurer and filed. The cheque signatory should ensure that it is referenced with:
- a. Cheque number;
 - b. Date cheque drawn;
 - c. Amount of the cheque.

only exception to cheques not supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, VAT etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

WAGES AND SALARIES

33. There will be a clear trail to show the authority and reason for every such payment e.g. a cheque requisition form asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations.
34. All staff appointments/departures will be authorised by the Trustees/Directors, minuting the dates and the salary levels. Similarly, all changes in hours and variable payments such as overtime etc will be authorised by the Trustees/Directors.
35. Petty cash will always be maintained on an electronic system whereby an administration worker is entrusted with a float as agreed by the Trustees. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required. (we don't currently have this system)

EXPENSES/ALLOWANCES

36. Operation Florian Ltd will, if asked, reimburse expenditure paid for members if approved by Trustees/Directors or Project Manager (subject to budget restraints) providing:
- a. Fares are evidenced by tickets (original/electronic);
 - b. Other expenditure is evidenced by original/electronic receipts;

- c. Car mileage is based on local authority scales.
 - d. Form A2 – Expenses Form is completed. This form can be scanned along with receipts and sent to the treasurer, once it has been approved by Project Manager subject to there being sufficient funds within their budget,
37. No cheque signatory signs for the payment of expenses to themselves.
38. Most expenses/allowances will be paid by BAC's transfer. Transactions will be recorded.
39. The quality and quantity of goods ordered should be inspected in order to ensure that they correspond with orders placed and those invoiced for.

ELECTRONIC TRANSACTIONS

39. Encrypted pages should be used for taking credit card donations and payments.
40. Supporters should be actively discouraged from sending any sensitive financial information via unencrypted emails or web pages.
41. Where donations are accepted over the internet, it should be made clear whether donations are restricted to UK citizens or can be accepted from overseas.
42. Donors and other supporters should receive a timely confirmation of any financial transaction over the internet.
43. Where possible, donors should be made aware of tax-efficient giving and Gift Aid.
44. Any problem arising from an on-line transaction and not caused by donor's own action should be rectified as soon as possible without the donor being financially disadvantaged.

OTHER FINANCIAL POLICIES

45. Operation Florian Ltd does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost the charity in excess of £500 must be authorised and minutes recorded by the Trustees/Directors.
46. In exceptional circumstances such undertakings can be made with the Chairperson's approval, who will then provide full details to the next meeting of the Trustees/Directors. This covers such items as office equipment, purchase and hire.

47. All fund raising and grant applications undertaken on behalf of the organisation will be done in the name of the charity with the prior approval of the Chairperson who will provide full details to the next Trustees' meeting.
48. Operation Florian Ltd 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 of assets. Additionally, the charity will maintain a property record of items of significant value, with an appropriate record of their use.
49. All donations and gifts will be acknowledged in writing where possible.
50. A fund raising database will be maintained of regular donors.

51. The treasurer will be responsible for ensuring checks are kept on incoming standing orders, credit card and internet donations together with direct debits and will be responsible for organising refunds in the event of errors or donor complaints.

PUBLIC COLLECTIONS AND FUNDRAISING EVENTS

52. See the separate OF Policy 18 on collection tins, raffles, public collections and authorising fundraisers.
53. Records will be maintained for each fund raising event in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.
54. In respect of ticket income or gate money:
 - a. The tickets will be pre-numbered;
 - b. A record will be kept of all persons who have been issued with tickets to sell and of which ticket numbers have been allocated to each;
 - c. A record be kept of which tickets have been sold; and
 - d. Reconciliation should be made of receipts against tickets sold.

GIFT AID

55. The Treasurer will keep accurate records of any gift aid. In particular:
- a. Regular checks will be made against expected amounts received from donors;
 - b. Regular checks will be made to ensure that all reclaimable tax has been obtained from HMRC.
 - c. Regular reports will be sent to the Trustees/Directors on Gift Aid.
56. Checks should ensure no tax is over claimed.