



FINANCIAL MANAGEMENT INCLUDING PAYMENT PROCEDURES

I) AIMS OF THIS POLICY

- To ensure accurate records are maintained, monitored, and evaluated in relation to income, expenditure, reserves and financial decisions.
- To develop procedures that will promote the long-term security and financial stability of the organisation.
- To enable accurate reporting of financial accounts to the necessary organisations e.g., Charity Commissioners, Companies House and providers of funding.

II) POLICY STATEMENT

The Trustees are responsible for the overall financial management of the Charity.

Authority is delegated by the Trustees to the Centre Manager and staff as detailed below or as recorded in subsequent Board minutes.

The Trust is financially accountable to the Charity Commission, Companies House and any relevant funding bodies.

III) IMPLEMENTATION

General and Administration

General

- The financial year is aligned to the public sector i.e., beginning on the 1st of April each year.
- The Trustees should review the financial well being of the Trust at each Board meeting. Such reviews shall be undertaken at least 4 times a year.
- In addition, the Trustees should regularly review the key risks and risk management process. Such reviews should be undertaken at least once during the financial year.

Role of the Treasurer

- The Treasurer will prepare an annual budget for approval by the Trustees.
- The Treasurer, in conjunction with the Centre Manager, will review monthly expenditure against the agreed budget and report to the Trustees as requested.

- The Treasurer will audit the bank accounts, invoice records and project funding from time to time, but not less than once every 2 months.
- The Treasurer will advise the Trustees, Fund Raising Committee and Centre Manager when it is necessary to raise additional funds. The Treasurer will also review the financial information included in any fundraising application as required by the Fund Raising Committee.

Budgets and Management Accounts

- Accurate budgeting is a difficult exercise but should be undertaken at least on an annual basis. The budget should be refined periodically through the year as circumstances become clearer. Such reviews will take place at least quarterly.
- In agreeing the budget, the Trustees need to be aware of the implications of their decision on staffing levels.
- Non essential expenditure should only be approved by the Board where sufficient funds are already held.
- The budget needs to make adequate provision for routine maintenance of the premises and equipment.
- A record of actual monthly expenditure against each budget line should be maintained by the Centre Manager and a summary of expenditure against budget should be reviewed at each Board meeting.

Financial Accountability and Authorisation Levels

- The Trustees have ultimate financial accountability for the Trust.
- The Centre Manager is responsible for the day-to-day financial management of the Trust, while the Treasurer will ensure that the following are appropriately maintained and monitored:
 1. Annual and monthly budget
 2. Bank statements
 3. Monthly income and expenditure sheets
 4. Periodic balance sheets
 5. Accounts payable
 6. Accounts receivable
 7. Salary and leave entitlement
 8. Invoice register
 9. Asset register and inventory of equipment and furniture (see below under 'Asset Register and Controls')

- The Centre Manager will implement financial policies and procedures including the management of collection of debts.
- A Trustee or the Centre Manager may incur debts up to but not exceeding £500 for expenditure in accordance with the Budget agreed by the Trustees. Receipts will be obtained for such debts. These sums may be reclaimed as expenses. Any sums wrongfully incurred will not be reimbursed.
- Debts above £500 must have the approval of 2 Trustees or 1 Trustee and the Centre Manager and must be within the Budget agreed by all Trustees.
- Bank transfers used to make payments are reviewed every month as part of the Treasurer's monthly checks. Two people, namely a Trustee (not the Treasurer) and the Centre Manager will be authorised to make payments.
- The Treasurer will monitor the implementation of policies and procedures.
- Copies of financial statements will be forwarded to the Charity Commission and Companies House. Every year once these accounts are prepared and the independent examination of the accounts has taken place The Company secretary will confirm such submissions have been made.
- Copies of the financial statements will be sent by the Centre Manager to funding bodies in accordance with their requirements.
- An independent examiner or auditor will be appointed annually by the Trustees.

Room Hire and Crèche Fees

- The rate charged for the use of rooms and the crèche facilities will be set to reflect the local market and competitive pressures.
- Preferential terms may be agreed to partner organisations and charitable organisations.
- The Centre Manager will advise suitable rates and the Trustees will agree the final rates to be charged. The Centre Manager will periodically check the rates charged against those charged by similar organisations and advise the Trustees if the rates charged by the Centre require review
- Rates will be advised to the person or organisation using the room at the start of a contract and after each review by the Trustees.

Tax and VAT Issues

- The Centre Manger will deal with HMRC correspondence in relation to PAYE Tax payments and registering online donations
- HMRC advised that no return was required for the year 2008/9 and that a return should only be filed if requested. As of, July 2022 no such request has been received. If a request is received in the future, the Centre Manager and Treasurer, in conjunction with other experts as required, RCLC will arrange for an appropriate return to be submitted.
- RCLC is grant funded and therefore not required to be VAT registered. This means that VAT cannot be reclaimed or charged.

- VAT payments may be avoided or paid at reduced levels in certain limited circumstances in accordance with the Inland Revenue notices as amended from time to time.

Independent Examination Requirements

- The main day to day relationship between the independent examiners and the Trust will normally be with the Centre Manager.
- The independent examiner, Centre Manager and Treasurer should meet at least once during each financial year to discuss the examination timeline and procedures.
- The Treasurer has historically prepared draft accounts annually for review by the independent examiner, however, if the Treasurer is not able to produce these draft accounts, then this can be done by the firm providing the independent examination.
- When the accounts are agreed at the Annual General Meeting, the Treasurer and/or Centre Manager will submit the accounts to Companies House and the Charity Commission.

Insurance

- The Centre Manager will obtain quotes for public liability and contents insurance on an annual basis. Such cover should be obtained on a competitive basis.
- The Trustees will agree the level of cover to be obtained and review the level required on an annual basis.
- Buildings insurance is arranged by the landlords. The cost of such cover is charged on an annual basis.

Fundraising

- Funds will be raised from time to time as required to cover anticipated expenditure in the annual budget.
- The Trustees and Centre Manager will review potential providers of finance on a periodic basis, depending on the financial needs of the Charity at any time.
- A Fundraising Subcommittee will agree which sources of finance are to be pursued. The Centre Manager and one or more Trustees will prepare the applications for funds. The Treasurer will review the accounting information provided in such applications if required.
- The Trustees should review the applications made and ongoing need for further funds at each Board meeting.
- The Treasurer should review the terms and conditions on which funds are provided and ensure all Trustees are aware of any unusual requirements, as well as ongoing reporting requirements.
- The Centre Manager is responsible for providing reports to any providers of funding in accordance with their stated requirements. The Centre Manager will update the Trustees on such matters at regular Board meetings when the Centre Manager's report is discussed and presented, given their ultimate responsibility for financial matters.

Issuing of Licences to Users of our Premises

- Such licences will only be issued with agreement of the landlords and with full legal documentation.
- Rental income will be set at a level to cover the rental, building insurance, utility and other related costs appropriate for the area to be occupied.
- RCLC will not look to make a profit from such licensees but will seek to cover all running costs.

Cash Procedures

Payment of Invoices

- The Centre Manager is responsible for ensuring that an invoice or appropriate documentation is obtained for all accounts.
- BACS payments should only be made when invoices have been received. The Centre Manager may arrange such payments and these will be reviewed by the Treasurer when the bank account audit takes place
- The Centre Manager is responsible for ensuring that the correct amounts are advised to the Bank when authorising BACS payments.
- On the rare occasion that a cheque is used to make a payment, this should be signed by two authorised signatories (see below under 'Cheque Signatories'), at least one of whom should be a Trustee.
- Cheque signatories are responsible for ensuring that the information on invoices reconciles with the information on cheques before signing. Blank cheques will not be signed.
- All invoices will be marked with the following information:
 - who authorised the payment
 - date paid
 - payment method
 - date entered into the cash book
 - Invoice/ bank entry audited by Treasurer
- All payments through the bank account will be audited by the Treasurer from time to time.

Payroll Authorisation, Payment and Checking

- The Centre Manager will advise the payroll service provider of the hours worked by the staff.

- Records of the courses taught by each tutor will be maintained.
- The payroll calculations are prepared by an independent body.
- On receipt of the payroll breakdown, the Centre Manager will advise the bank of the amounts to be paid to each member of staff, and arrange to pay the National Insurance and PAYE Tax elements to the Inland Revenue. Such payments will be made in accordance with the procedures referred to above under 'Payment of Invoices'.
- The Treasurer will audit such payments from time to time, but not less than once every two months

Salaries

- Salaries are likely to be influenced by the annual pay awards in the Public Sector. All employees will be paid at least the Living Wage as defined by the Government from time to time.
- However, any increases awarded should reflect the financial standing of the Trust at that time.
- The level of salaries will be agreed by the Board of Trustees.
- Funds may be raised to specifically cover the operation of one or more positions.
- Salaries will be paid on the 1st working day of the month following that in which the work was completed wherever possible.

Payment of Expenses (to Trustees, Staff, Volunteers and Tutors)

- Requests for payments of expenses will be made on the appropriate Expenses Claim Form.
- Tutors may claim car parking expenses. Car parking spaces on the premises should be used whenever possible.
- Tutors may also claim course expense above under 'Payment of Invoices'.
- The Treasurer will audit such payments from time to time, but not less than once every two months.
- Bank accounts shall be reconciled by the Centre Manager or a delegated member of staff on a monthly basis.
- The Treasurer will audit such reconciliations from time to time.
- It is not anticipated that any overdraft or loan facilities are to be incurred, unless a source of repayment is known. The Board of Trustees may agree to request overdraft or loan facilities if a repayment source has been identified.

Cash payments, accounting, authorisation, checking and cash limits

- Cash payments received by RCLC for learner and creche fees is kept secure and locked in a filing cabinet. A receipt is given to payee for the payment and the amount is logged in

the learner enrolment fee spreadsheet by the administrator. Enrolment fee spreadsheets (including BACS and cash payments) are to be checked by the Centre Manager and audited by the Treasurer as part of the regular checks.

- Small purchases such as postage stamps, stationery, Board lunches where immediate payment is required is to be reimbursed to the RCLC Staff member making the purchase. Receipts will be obtained for all such purchases.
- The person receiving the cash will sign a receipt for the monies.
- A record of all such purchases will be maintained.
- The Treasurer will audit these records from time to time.

Raising of Invoices

- Invoices will be raised by the Centre Manager, following preparation or receipt of appropriate documentation.
- All invoices will have a unique sequential number and be recorded in the invoice log.
- Where appropriate, invoices raised will be supported by any applicable documentation available.

Purchasing

Planned Purchases and Capital Expenditure

- Where the Trustees decide to invest in new equipment or other major expenditure, there will either be sufficient funds already held over and beyond the agreed level of reserves or a fund raising exercise will be undertaken before such expenditure is incurred.
- If funds are not already available or cannot be raised, no capital expenditure or new equipment will be purchased.

Assets

Asset Register and Controls

- All major purchases (items over £1,000) should go out to competitive tender in order to achieve the best value for money. At least three written quotes should be obtained. Tenders should take account of the future support costs as these may offset any gains made in the purchase price. If competitive tender is not appropriate, e.g., when buying assets such as IT equipment, then thorough research will be conducted in order to achieve the best value for money.
- For purchases up to £1,000 it is sufficient to obtain one oral or telephone quotation, but these should include the future support or running costs where appropriate.
- All major purchases (items over £500) must be agreed by the Trustees. This will usually be part of the annual budget process.

- Assets will be depreciated in accordance with the latest requirements of the Charities Commission and the Companies Acts.
- A list of all assets held will be updated annually at the time of the annual report.

Investment Policy, Reserves Policy and Contingency Sums

- It is expected that an annual budget will include a contingency of around 2.5% of total expenditure.
- Funds held will either be on an unrestricted (general) basis and available for general income and expenditure; unrestricted on a designated basis and available for designated purposes; or on a restricted basis having been received for a specific purpose. Restricted funds may only be spent in discharging the specified purpose for which they were given. The annual accounts will reflect such differences in the monies held.
- The Board has examined the charity's requirements for reserves in the light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets are held for 3 months running costs. **This figure was set at £55,000 (as of July 2022).** The Trustees aim to ensure that there is at least sufficient monies to cover commitments if the Company had to cease trading. The reserve set is needed to meet the working capital of the charity and the Trustees are confident that at this level the charity would be able to sustain its outgoing for the set period. This policy is in line with the Charity Commission requirements under their paper CC19.

IV) DEBT MANAGEMENT

Background

The ongoing financial health of the Charity is closely linked with the quality of service that it provides.

Aims

- To promote payment systems and financial management strategies aimed at avoiding bad debts and which are supported by the implementation of other key financial policies and procedures.
- To encourage clarity in regard to roles and responsibilities of all persons involved in financial management.

Policy Statement

If organisations fail to pay raised Invoices within a reasonable period it is necessary to implement the steps in the debt management policy in order to avoid or limit potential financial losses.

The following are practical steps that enable the Trust to be proactive in the collection of overdue monies.

Implementation

- The steps in this policy will be considered as authorised by the Board of Trustees and not the actions of individuals who are delegated the authority to implement the steps.
- Each case of bad debt will be considered individually, with a degree of flexibility in response where legitimate obstacles are identified e.g. hardship. Decisions to defer or write off debts will be discussed and agreed at Trustee meetings and recorded in the minutes.
- The Centre Manager will keep the Treasurer and Trustees informed at all times of the implementation of any of the following steps.

1. Steps

1. Verbal Reminder

Invoice has not been paid within 30 days of issue.

- The Centre Manager will telephone the organisation to request payment, with a commitment from the organisation as to when the payment might be expected.
- A written record of this action will be taken and provided to the Treasurer for review.

2. First Written Reminder

Where a verbal commitment has not been honoured within 14 days of the agreed date:

- A polite written reminder will be sent to the organisation detailing the amount outstanding and the date the Invoice was raised. Payment will be requested within 7 days of the date of the reminder.
- A written record of this action will be taken and provided to the Treasurer for review.

3. Second Written Reminder

Payment has still not been received after 14 days of the date of the first written reminder:

- A second written reminder will be sent to the organisation requesting again payment within 7 days of the date of issue of the reminder.
- A written record of this action will be taken and provided to the Treasurer for review.
- The Trustees will be advised of the situation.

4. Final Written Reminder

Payment has still not been received after 14 days of the date of the second written reminder:

- A final written reminder will be sent requesting payment within 7 days, stating that if no payment is received we will hand the matter to our Solicitor for collection, with the possibility of legal action and further costs for which the debtor will be liable.

- A written record of this action will be taken and provided to the Treasurer for review.
- The Trustees will be advised of the situation.

5. Legal Action

No payment is received after 14 days of the date of the final written warning:

- The Trustees would have to agree that Legal Action was necessary in preference to writing off the debt.
- If agreement was reached to continue with Legal Action, the case with supporting documentation and copies of letters issued should be passed to a Solicitor for action.

STORING PERSONAL INFORMATION:

The table below outlines how RCLC complies with General Data Protection Regulations (“GDPR”) in the context of this policy. Greater details on how the Centre complies with GDPR can be found in our Data Protection Policy, Confidentiality Policy and Privacy Notice.

Holding your personal information	RCLC needs to store certain people’s personal information in order to carry out its day to day business. RCLC’s use of any personal data will be grounded in a legal basis. If there is no clear legal basis, then RCLC will make ask the data subject to consent to their information being used.
How your personal information will be stored	All of the personal information that we hold will be stored in a locked cupboard or on a password protected computer.
How long we will store your information for	Personal information will be kept for as long as it is required. Reasonable steps will be taken to make sure that information is kept up to date and data subjects have the right to ask RCLC to delete their data if it is no longer needed.
The type of information that we will store	RCLC needs to store data in relation to staff administration, fundraising, student databases, advice and information work. These types of information are explained in more detail in the Data Protection Policy.
Why we will keep your information	Certain people’s personal information is needed in order for RCLC to conduct its day to day business and it will be kept to the extent that it is relevant to this.
The legitimate reason (or “lawful basis”) for us storing your information	The basis for storing a person’s information will be made clear to the person whose information is being collected and stored. If there is no clear legitimate reason, then the person will need to give their consent for their information to be stored by RCLC.

Date Approved by Board

July 2022

Review Date

July 2025

Signed on behalf of the Board of
Trustees

Dated
