

# **PURPOSE OF LIFE (1165627) – Financial Management Process**

## **Financial Records and Accounts**

1) Financial records must be kept so that:

- Purpose of Life (POL) meets its legal and other statutory obligations, such as Charity Acts, Her Majesty's Revenue & Customs and common law.
- The trustees have proper financial control of the organisation.
- The organisation meets the contractual obligations and requirements of funders.

2) The books of accounts must include:

- A cashbook analysing all the transactions appearing on the bank accounts.
- A petty cash book if cash payments are being made.

3) Accounts must be drawn up at the end of each financial year within 3 months of the financial year end and presented to the Trustees for approval.

4) The Accounts and annual returns must be filed on time.

4) The Trustees appoint an appropriately qualified accountant to examine the accounts before presentation to the Trustees.

5) The Trustees will prepare and approve for the projected income and expenditure every year

## **Financial Performance**

The Trustees will meet regularly and no less frequently than every 3 months to discuss the financial position and performance of POL

## **Banking**

1) POL will bank with Lloyds Bank plc at its Batley Branch and a Business Account will be held and maintained in the name of 'Purpose of Life'.

2) The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by the trustees as will any changes to it. POL will always have two Trustees who will be on the bank mandate

3) POL will require the bank to provide statements every month and these will be reconciled with the cash book at least every three months and a trustee will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.

4) POL will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the Trustees.

## **Donations**

1) All donations made to POL must be made by bank transfer to POL's designated account via a direct bank transfer or through the website. POL will accept small amounts of donations in cash only at the Trustee's discretion after doing its due diligence and money laundering checks as required.

2) All monies received via cash will be recorded promptly in the cash analysis book and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc.). POL will maintain files of documentation to back this up.

## **Financial Crime**

1) The Trustees are to report any suspicious activities to the relevant authorities.

2) The Trustees will ensure that all volunteers and employees(s) are made aware of the risk of financial crime that POL may be exposed to.

## **Payments (expenditure)**

1) The aim is to ensure that all expenditure is on POL's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

2) The CEO and Trustee Sajad Hussain will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept under lock and key.

3) Blank cheques will NEVER be signed.

4) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

5) No cheques should be signed without original documentation (see below).

## **Payment documentation**

1) Every payment out of POL's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by POL and filed. The cheque signatory should ensure that it is referenced with:

- Cheque number

- Date cheque drawn
- Amount of cheque

2) The only exceptions to cheques not being 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.

3) Wages and Salaries. 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, HMRC etc. All employees will be paid within the PAYE and National Insurance regulations.

4) All staff appointments/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 either by the trustees.

5) Petty cash will always be maintained on the imprest system whereby the administrative 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.

6) Expenses / allowances. POL will, if asked, reimburse expenditure paid for personally by staff, providing:

- Fares are evidenced by tickets.
- Other expenditure is evidenced by original receipts.
- Car mileage is based on local authority scales.
- No cheque signatory signs for the payment of expenses to themselves.

### **Cheque Signatures**

Each cheque will be signed by at least two people. A cheque must not be signed by the person to whom it is payable (you will have to ensure that you have enough signatories on your bank mandate)

### **Review**

The trustees shall ensure a review is conducted of the effectiveness of the POL's internal financial controls every 12 months.

### **Gift Aid**

Full record of gift aid claimed shall be kept to ensure that amounts expected from committed donors have been received and appropriate checks to ensure tax repayments due have been received.

### **Public collections**

The process for any bucket collections will be as follows:

- 1) At least two people will be involved in handling and recording the money received;
- 2) All collection boxes will be individually numbered, and their issue and return is recorded;
- 3) All collecting boxes are sealed before use so that it is apparent if they have been opened before they are returned;
- 4) All collection boxes are regularly opened, and the contents counted;
- 5) General public collections are counted in the presence of a Trustee;
- 6) All cash collected is banked by POL as soon as possible without deduction of expenses

### **Other rules**

- 1) POL does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost POL in excess of £1000 must be authorised and minuted by the trustees.
- 2) 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. (This covers such items as the new service contracts, office equipment, purchase and hire).
- 3) All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of POL with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.
- 4) POL 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, POL will maintain a property record of items of significant value, with an appropriate record of their use.
- 5) No one other than the Trustees shall have access to the bank accounts or the spreadsheets containing the financial information relating to POL and all the financial information will be backed up regularly on a hard drive and all computers/laptops to the financial information will be password protected