



Financial Policies

Contents

- 1 General**
 - a) Classification of funds
 - b) Level of reserves
 - c) Delegation of powers
 - d) Banking

 - 2 Control of Income**
 - a) Receipt of income
 - b) Cash and cheques
 - c) Acknowledgement of receipt

 - 3 Control of Expenditure**
 - a) Incurring expenditure
 - b) Receipt of goods and services
 - c) Authorisation of payment
 - d) Making payment

 - 4 Accounting Records**
 - a) Source documents
 - b) Books of prime entry
 - c) Annual accounts

 - 5 Reporting Irregularities**
- Annex 1 Assets**
- Annex 2 Cash (as needed)**

See separate policies for the following

- reserves

- investment

King Henry's Walk Garden

1 GENERAL

The Friends of King Henry's Walk Garden (the Garden) is a Charitable Incorporated Organisation

Charity Registration No: 1173019

Registered address: 11C King Henry's Walk, London N1 4NX

The Trustees are responsible for ensuring that the charity keeps accounting records and for the preparation of accounts to show

- the incoming and outgoing cash for the year
- the charity's assets and liabilities at the end of the year.

a) Classification of funds

As a charity the Garden holds three types of funds

- unreserved funds used for its general charitable activities
- reserved funds awarded by granting bodies for specific activities
- designated funds collected for particular one off purposes

b) Level of reserves

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level sufficient to enable normal activities to continue for a period of up to 12 months should a shortfall in income occur and also to take account of any contingencies that may arise.

The minimum level of reserves is equivalent to 10 months' general operating costs (£10,000) for the year. Additional reserves at the level of general maintenance costs for 2 years (£5,000) are retained to cover unforeseen needs in that period. In special circumstances the Trustees may decide to increase this level eg for special projects.

c) Delegation of powers

The Trustees may formally delegate authority for the exercise of specified powers to named individuals with specific responsibilities eg the site manager.

d) Banking

The Garden maintains a current account with the Cooperative Bank

Sort Code: 08-92-99

Account No: 65836785

IBAN: GB83CPBK08929965836785 BIC: CPBKGB22

Bank address: PO Box250, Skelmersdale, WN8 6WT

Plus a linked deposit account

Sort Code: 08-92-99

Account No: 65865138

2 CONTROL OF INCOME

The Garden receives income from three main sources

- membership subscriptions (renewable in March each year) and donations
- social and fund raising activities eg seasonal events, produce sales and educational workshops
- venue hire

Charges for activities and events will be set by the Trustees to cover the direct expenses and make a contribution towards ongoing maintenance and administrative costs. In some cases activities and events in furtherance of the charitable objectives

King Henry's Walk Garden

may be provided free of charge or at subsidised rates eg the annual general meeting and members' day.

a) Receipt of income

The monies are collected in four ways

- through direct transfer into the bank account
- via PayPal for online keyholder membership and workshop bookings, drawn down quarterly by the Treasurer
- by cheque made payable to The Friends of King Henry's Walk Garden
- in cash primarily at social and fund raising events

b) Cash and cheques

All cheques and cash must be recorded on receipt, held securely and banked without delay. The paying in slips must be retained and reconciled with the bank statements. Cash deposited through online banking should be clearly referenced with the purpose of the receipts.

Cash takings must be reconciled against attendance or other records as appropriate and signed off by an officer of the charity. The cash must be banked intact and any 'overs' or shortages recorded. Under no circumstances may retentions or deductions be made from the takings.

c) Acknowledgement of receipt

New membership or renewal will be acknowledged by email on receipt of the annual subscription.

Bookings for social and cultural events will be confirmed only when payment is received.

Note: Invoices will be issued for monies payable in advance eg venue hire and education sessions.

3 CONTROL OF EXPENDITURE

Expenditure by the Garden falls into two broad categories

- support costs eg insurance, internet services, repairs and maintenance
- charitable activities eg event publicity, catering and cleaning supplies

a) Incurring expenditure

Expenditure can only be incurred on activities to further the Garden's charitable objectives and with the prior approval of the officers. Where a project comprises a number of elements approval must be on the estimated total cost.

Once approved the goods are purchased / services are commissioned as follows

- by the responsible committee member for values up to £500
- by the responsible committee member plus the Chair or Treasurer for values from £500 on the basis of competitive quotations (or single quotations by preferred suppliers of specific goods or services)

Note: criteria for selection of suppliers include local businesses, sustainable practices, familiarity with the Garden and previous good service.

In special circumstances the Trustees may decide to vary these limits.

King Henry's Walk Garden

b) Receipt of goods and services

Purchase orders or contracts for services must be reconciled with supplier invoices to confirm that the requirements have been fulfilled before payment can be made.

c) Authorisation of payment

All payments must be authorised by at least two officers as follows

- supplier invoices on confirmation of satisfactory receipt of goods or services
- expenses claims when supported by receipts as proof of purchase

Note that no officer can authorise payment of their own expenses claim.

d) Making payment

In most cases payment will be made by online bank transfer with dual authority.

When this is not possible cheques signed by two authorised account signatories will be used. Cash will not normally be paid.

In a few cases regular payments will be made by direct debit for ongoing services eg telephone and broadband.

Nominated officers will hold bank debit cards to use for shop or online purchases with a maximum limit of £500.

[The Trustees may decide to implement a petty cash imprest (loan or advance) for payment of small ad hoc amounts eg volunteers' expenses, meeting refreshments, office supplies. The imprest amount and payment limit will be set according to the required level of usage. Separate procedures including authorisation of payments will be agreed.]

4 ACCOUNTING RECORDS

Proper accounting records must be kept and retained for the statutory period. Tables showing the minimum retention periods are noted below

a) Source documents

Transactions involving sales or purchases, receiving or paying money are recorded at source. Examples of documents include

- sales order – a client submits an order to the charity for the supply of goods or services eg membership application, venue booking, workshop registration
- purchase order – the charity places an order or signs a contract with a supplier eg capital works, general maintenance, garden supplies, workshop sessions
- sales invoice – the charity sends the client an invoice which matches the details on the sales order
- purchase invoice – the charity receives an invoice from the supplier which is matched with the details on the purchase order or contract
- credit note – a credit note is issued to the client or received from the supplier when goods are returned or a charge is refunded
- remittance advice – the client sends an advice with the payment of an invoice
- debit card payment – the card holder obtains a till receipt for goods or services purchased on behalf of the charity
- expenses claim – an individual submits a signed claim for reimbursement of expenses together with the supporting evidence

King Henry's Walk Garden

- cheque stub – the charity records a payment made by cheque
- paying in slip – the charity records monies paid into the bank account

b) Books of prime entry

Transactions are first recorded in the books of prime entry which are

- cashbook for all bank transactions
- petty cashbook for small cash transactions (if applicable)
- journal for movements between accounts eg correction of errors

c) Annual accounts

The annual accounts comprise the

- receipts and payments for the year
- statement of assets and liabilities at the year end

together with the trustees' report.

5 REPORTING IRREGULARITIES

Anyone who thinks there may have been a misappropriation of the charity's funds must inform the Treasurer immediately. Where it is suspected that the Treasurer may be involved then the Chair should be informed.

King Henry's Walk Garden

Retention periods for financial / accounting records

Expenditure / payments made

| Document | Retention period | Reason |
|-----------------------------------|--|---------------|
| Payments cash book | Six years from the end of the financial year in which the transaction was made | Charities Act |
| Invoice - revenue (running costs) | | |
| Petty cash records (imprest) | | |
| Invoice – capital (equipment) | 10 years | |

Income / monies received

| Document | Retention period | Reason |
|---------------------------------------|--|---------------------|
| Bank paying in counterfoils | Six years from the end of the financial year in which the transaction was made | Charities Act |
| Bank statements | | |
| Bank reconciliations | | |
| Remittance advices / invoices – sales | | |
| Correspondence re donations | | |
| Receipts cash book | | |
| Gift aid declarations (if applicable) | Six years after the last payment made | Data Protection Act |

Other

| Document | Retention period | Reason |
|--|---|---------------------|
| Annual accounts and directors' report | Permanently | Data Protection Act |
| Trustee decisions (minute of meetings) | | |
| Asset inventory | | Charities Act |
| Contracts / agreements (eg supplier contracts, licensing agreements, grants) | Six years after expiry or termination of contract / agreement | Limitations Act |