**Ability Shetland Model financial management and controls policy**

**1. Scope and Purpose**

Financial records will be kept so that **Ability Shetland** can:

1. Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act
2. Enable the Board of Trustees have control of the organisation’s finances.
3. Enable the organisation to meet contractual obligations and the requirements of funding bodies.

The organisation will keep proper accounts, which will include:

1. Records of all the transactions in the organisation's bank account(s).
2. A petty cash book if cash purchases are being made.
3. HMRC deductions by **Ability Shetland.**

The financial year for **Ability Shetland** will end on 31 March. 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).

Before the start of each financial year, the Board of Trustees will approve a budgeted income and expenditure account for the following year. A paper comparing actual income and expenditure with the budget will be presented to the Board of Trustees every three months and on a monthly basis to both the Chair and the Treasurer. The AGM will appoint an appropriately qualified auditor to audit the accounts for presentation to the next AGM.

**2. Bank**

**Ability Shetland** will bank with the Bank of Scotland at its Lerwick branch where the accounts will be held in the name of **Ability Shetland.** The following accounts will be maintained: current and business, reserve, and any other project accounts as agreed and approved by the **Ability Shetland** Board of Trustees.

The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and recorded in the minutes of the relevant Trustee meeting as will all changes to it. **Ability Shetland** will require the bank to provide statements every month and these will be reconciled with the cash banked at every month. The Treasurer will spot check that this reconciliation has been done at least twice a year.

**Ability Shetland** will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board of Trustees.

**3. Receipts (income)**

The aim is to demonstrate that **Ability Shetland** has received all the income to which it is entitled and that it is all reasonably evidenced.

All monies received will be recorded and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, etc.) The organisation will maintain files of documentation i.e. letters from funding bodies to back this up.

**4. Payments (expenditure)**

**INTERNET BANKING**

All Supplier Invoices, Travel and Subsistence forms or items requiring to be paid are to be passed to the designated employee of VAS, for entry on SAGE System.

Once the Invoices have been entered they will then be processed on SAGE ready for payment from the Bank of Scotland Account.

Once entered on the Internet Payment system TWO people are required to authorise the payments from the Team Leader, Chair and Treasurer who will then approve the items for payment. A print out will be provided to show which invoices are to be authorised.

Once the payment has been approved the designated employee of VAS will be informed that the payments are authorised and the remittance can be emailed or posted out to the Supplier.

If an invoice needs to be paid quickly then the Team Leader can create the invoice on the Bank ready to be authorised for payment. Two people will still be required to authorise this payment. Any invoice that has been created on the Bank still needs to be processed on SAGE. The paperwork for the payment made must be passed to the designated employee of VAS to be added to our Sage Accounts.

All payments will be passed for entry on the SAGE System.

Once entered on the SAGE System there will be a check to see the payment matches the payment entry in the Bank Account.

Any Sales invoices which need to be raised the information is to be passed to designated employee of VAS and the invoice created on SAGE and posted to the Customer.

When payment is made this will then be entered on the SAGE system.

**Cheques**

The designated employee of VAS will be responsible for cheque book (including unused and partly used cheque books) which should be kept under lock and key. Blank cheques will **never** be signed.

Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, signing cheques and payments.

The relevant payee's name will always be inscribed on the cheque before signature and the cheque stub will always be filled in. No cheques will be signed without original documentation.

Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution. The Chair and/or the Treasurer with (in either case) one other committee member shall not approve expenditure of more than £1000.00 nor an overspend on a particular budget heading of more than 10 per cent unless this approval should be written down, signed by both people approving it, and reported to and minuted at the next full Board of Trustees committee meeting.

**5.Payment documentation**

Every payment out of the organisations bank accounts will be supported by an original invoice (never against a supplier‘s statement or final demand). That original will be filed and kept for seven years.

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

* 1. **Wages and salaries**:

All employees will be paid within the PAYE, National Insurance rules. The Team Leader will process **Ability Shetland** salaries and invoices for self-employed Session Leaders.

All staff appointments will be authorised by the Board of Trustees, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime. etc., will be, authorised by the Board.

Petty cash will always be maintained whereby the Team Leader is trusted with a float as agreed by the Board of Trustees. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book.

Expenses/Allowances: **Ability Shetland** will, if asked, reimburse expenditure paid for personally by staff or volunteers, providing:

* Fares are evidenced by tickets (where possible).
* Other expenditure is evidenced by original receipts.
* Car mileage is based on the agreed level

**6. Cheque signatures and cash cards**

Each cheque will be signed by at least two people

**7. Other undertakings**

**Ability Shetland** does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, *prima facie*, likely to exceed in total £1000.00 must be authorised and minuted by the Board of Trustees. (This covers such items as the new service contracts, office equipment purchase and hire).

All fund raising and grant applications undertaken on behalf of **Ability Shetland** will be done in the name of the organisation with prior approval of the Board of Trustees or in urgent situations the approval of the Chair, who will provide full details to the next Trustees’ meeting.

**8. Confidentiality**

The confidentiality of employees’ financial circumstances will be respected at all times. Committee members, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest, they will not divulge sensitive information.

**9. Other rules**

The Board of Trustees will consider the level of reserves that is prudent for **Ability Shetland** to have at its first meeting after the AGM. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were **Ability Shetland** to close.

**Ability Shetland** 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 the asset(s). If it holds stocks of goods eg books etc, of significant value, it will maintain proper records. These controls will be reviewed at the first Board meeting after the AGM.