

# Financial Control

The trustees of Millington's recognise that internal financial controls are essential checks and procedures that allow the Trustees to:

- meet their legal duties to the protection of the charity's assets;
- administer the charity's finances and assets in a way that identifies and manages risk, including the risk of conflict of interest, loss, waste, bribery, theft or fraud;
- ensure the quality of financial reporting by keeping adequate accounting records, and that suitable accounting policies are selected and applied consistently;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles of *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities;
- ensure that Charity law is complied with;
- prepare timely and relevant financial information.

This policy covers all the charity's financial affairs including:

- financial records and accounts
- banking
- income
- expenditure
- delegation of financial responsibility
- asset register.

## 1 Financial Records and Accounts

### 1.1 The accounting records must include:

- a cashbook, or electronic equivalent, analysing all the transactions appearing on the bank accounts
- a petty cash record if cash payments are being made
- HMRC compliant payroll records (if registered for PAYE)
- A record of monthly maintenance contributions paid by each resident.

1.2 Accounts will be drawn up to the end of each financial year preferably within 3 months of the financial year-end and submitted to the Charity Commission within 10 months of the financial year-end. If the accounts are also required to be filed at Companies House, then the accounts should be filed within 9 months of the financial year-end.

1.3 The Trustees will approve a budget at the full meeting of Trustees in November.

1.4 A report comparing actual income and expenditure with the budget will be presented at every full trustee meeting or when requested by the trustees.

## Millingtons Charity

- 1.5 Current requirements for the preparation of accounts and their independent accountants' examination/audit will be obtained from the Charity Commission website and when applicable, the Companies House website.

## **2 Banking**

- 2.1 Bank accounts will be held in the name of Millington's Charity. The following account(s) will be maintained:

- Millington's Charity

- 2.2 The Chairman, Vice-Chairman and Clerk can sign cheques or authorise electronic payments on Millington's behalf which will always be approved and minuted by the trustees as will any changes to it.

- 2.3 The Clerk will reconcile bank statements with the Charity's records regularly and report to trustee meetings on the status of accounts.

## **3 Income**

- 3.1 Monthly Maintenance Contributions (MMC) for each resident will be recorded separately in the accounting records and updated monthly. Any non-payment of WMC/MMC will be reported directly to the Clerk who will investigate promptly and report to trustees.

- 3.2 All other monies received will be recorded in the accounting records and banked without delay. Millington's will keep records of all transactions.

## **4 Expenditure**

- 4.1 All expenditures incurred will be following the objectives of the Charity. The latest approved budget indicates the limits of expenditure for authorised signatories.

- 4.2 The Clerk will keep cheque books (including unused and partly used cheque books) and these will be securely stored. Blank cheques will never be signed. The relevant payee's name and the amount in words and figures will always be inserted on the cheque before signature and the cheque stub will always be properly completed. No cheques will be signed without original documentation (see below).

- 4.3 In respect of online banking, no payments will be paid without original documentation; passwords should not be written down or disclosed, and IT controls should be maintained to minimise cyber security risks.

## **5 Payment documentation**

- 5.1 Every payment (including BACS, Direct Debit and Standing Order) out of the Millington's Charity bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). The original invoice will be retained by the charity and filed. The signatory should ensure that a record of the payment made is noted on the invoice, including the cheque number or BACS reference.

- 5.2 Wages and Salaries. There will be a clear trail to show the authority and reason for every such payment. All employees will be paid within the PAYE, National Insurance and Pension regulations.

## Millingtons Charity

- 5.3 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 by the trustees.
- 5.4 Petty cash will always be maintained by the Clerk who will have a float as agreed by the trustees. When the float needs to be replenished, sufficient funds will be added to return the float to the agreed amount. All payments made from Petty Cash will be supported by receipts.
- 5.5 Expenses/allowances. Millington's will, if asked, reimburse expenditure paid for personally by staff, providing:
- fares are evidenced by tickets
  - mileage allowance as agreed by the trustees
  - no signatory signs for the payment of expenses to themselves
  - any other expenditure is evidenced by original receipts.

## 6 Cheque/BACS Signatures

- 6.1 The Clerk is authorised to sign cheques and authorise BACS payments up to a limit agreed in the annual budget.
- 6.2 A cheque/BACS must not be authorised by the person to whom it is payable.

## 7 Delegation

Once the budget has been agreed, the Clerk has full delegated powers to spend within the limit on agreed projects and maintenance

## 8 Fundraising

- 8.1 All fundraising will be done following the Millington's fundraising policy which complies with the Code of Fundraising Practice issued by the Fundraising Regulator.

## 9 Fixed Assets

Millington's will maintain a fixed asset register.

## Resources, further help and information

All of the links that follow are up to date and functioning at the time of publication.

**NCVO** - <https://knowhownonprofit.org/organisation/operations/financial-management/procedures>

**Charity Commission** - <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8/internal-financial-controls-for-charities>

**CASH-ONLINE (Policy Adapted from)** - <http://www.cash-online.org.uk/>

Millingtons Charity

This policy has been approved for issue by the board of trustees of Millington's Hospital

Signature:.....*Daphne Capps*.....

Name:.....*DAPHNE CAPPS*.....

Date:.....*24<sup>th</sup> AUGUST 2023*.....