



SUDLEY AREA RESIDENTS' ASSOCIATION

A charitable incorporated organisation, charity number: 1190529

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Internal Financial Controls Policy

1. Introduction

1.1 Financial records will be kept so that the Charity can:

(a) Meet its legal and other obligations, e.g. Charities Acts, Company Law, HMRC and common law.

(b) Enable the trustees to be in proper financial control of the Charity.

(c) Enable the Charity to meet the contractual obligations and requirements of funders.

1.2 The Charity will keep a proper accounting system, which will include:

(a) A cashbook analysing all the transactions in the Charity's bank account(s). This may be a computer package, excel or paper.

(b) A petty cash book if cash payments are being made.

(c) HMRC documentation where applicable.

1.3 The financial year will end on the 31st day of March each year.

1.4 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.

1.5 A financial report will be produced each month for trustees. The report will include:

- bank statement balances.
- cash in hand.
- monies held on account with utility companies.
- unrepresented cheques.
- notable payments.
- aged debtors list (28 days+).
- difference between the previous month's balance.

1.6 The Trustees will appoint an appropriately qualified independent examiner to examine the accounts for presentation to the next AGM, filing with the Charity Commission when the appropriate threshold is exceeded.

2. Banking

- 2.1 Sudley Area Residents' Association will bank with HSBC Bank plc. Accounts will be held in the name of Sudley Area Residents' Association. The following accounts will be maintained:

Sudley Area Residents' Association Current Account
Sudley Area Residents' Association Deposit Account

- 2.2 The bank mandate (list of people who can sign cheques or authorise electronic payments on the organisations behalf) will always be approved and minuted by the trustees as will all the changes to it.
- 2.3 The charity will require the bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system on a monthly basis and a second trustee will spot check that this reconciliation has been done at least twice a year. If only electronic statements are available, they will be downloaded and saved every month.
- 2.3 The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

3. Receipts (income)

- 3.1 All monies received will be recorded promptly in the bookkeeping system and banked without delay. The Charity will maintain files of documentation to back this up.
- 3.2 Money credited to the bank electronically.

The charity will issue references to customers for them to use when making electronic payments to ensure that receipts into the bank account can be traced to the customer easily.

The charity will set a limit of £10,000 for the maximum balance for the account whose details are publicised widely for the receipt of payments.

The Charity will keep a record of aged debtors and contact debtors every month.

4. Payments (expenditure)

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated.

- 4.1 The Chairperson will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 4.2 Blank cheques will NEVER be signed.
- 4.3 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 4.4 No cheques should be signed without original documentation.
- 4.5 Cheques require two signatories.
- 4.6 The charity does not issue credit or debit cards to trustees or staff. Where a card is required to purchase goods or services, trustees should use their own and submit relevant paperwork to reclaim the cost of said goods or services.
- 4.7 Electronic banking will use two-factor authentication to validate each user.
- 4.8 Each electronic payment other than pre-arranged direct debits and standing orders should be reviewed and signed off by a second trustee.
- 4.9 A daily limit to individual payees is set at £5,000 on electronic payments.
- 5. Payment documentation
 - 5.1 Payments will be evidenced by an original invoice or receipt. The original invoice or receipt will be retained by the Charity and filed/stored electronically.
 - 5.2 The only exceptions to cheques or electronic payments not being supported by an original invoice or receipt would be for small incidental items that can be evidenced in other ways e.g. reimbursement of the cost of milk/choc ices for the cinema evening.
 - 5.3 Wages and Salaries. There will be a clear trail to show the authority and reason for every such payment; e.g. a cheque requisition, asking for payment to an employee, HMRC etc. All employees will be paid within the HMRC regulations.
 - 5.4 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 by the trustees.
 - 5.5 Petty cash will always be maintained on the imprest system whereby an individual is entrusted with a float as agreed by the trustees. Petty cash will be supported by receipts.

6. Other undertakings

- 6.1 Sudley Area Residents' Association 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 £1,000 must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Officers' approval who will then provide full details to the next meeting of the trustees.
- 6.2 All fundraising, contract bids and grant applications made on behalf of the organisation will be done in the name of the Charity with the prior approval of the trustees or in urgent situations the approval of the Officers' who will provide full details to the next trustee's meeting.
- 6.3 Copies of grant application will be kept and be made available to trustees on request. When bids are made using internet portals electronic or paper copies of the bid will be kept.
- 6.4 Any funding contracts or grant acceptance documentation exceeding £1,000 will be brought to the trustee's attention for approval. In urgent situations this may be by e-mail to all trustees.

7. Other rules

- 7.1 Sudley Area Residents' Association 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. Additionally the Charity will maintain a property record of items of significant value, with an appropriate record of their use.
- 7.2 The charity will maintain up to date good quality antivirus and anti-phishing software on all computers that connect to the internet.

This policy was adopted by the trustees on: **04/05/2024**

This policy was last reviewed on: **02/05/2025**

The next review date is on or before: **02/05/2026**