



## Financial Policy and Procedures<sup>1</sup>

### Introduction

Financial records will be kept so that Kegworth Community Library (KCL) can:

- Meet its legal and other obligations, e.g. Charities Acts and HMRC.
- Enable the Trustees to have control of KCL's finances.
- Enable KCL to meet contractual obligations and requirements of funding bodies.

KCL will keep proper books of account, including:

- Using Xero online accounting package.
- A petty cashbook for cash purchases.
- An on-line record of bank transactions with 'Unity Bank' and Co-operative Bank accessible to key Trustees.

The financial year for KCL will end on 31 March of each year.

Accounts will be drawn up within five months of the end of each financial year and presented at the next annual meeting (ATM).

From 2017 onwards, the Trustees will approve a budgeted income and expenditure account for the following year and present at the ATM.

### Bank

The bank mandate (list of people who can sign cheques and authorise BACs payments on the organisation's behalf) will always be approved and minuted by the Trustees as will all changes to it.

KCL will require the bank to provide statements every month and these will be reconciled with the on-line cashbook every month. The Treasurer will provide feedback to Trustees at each Trustees Meeting on income, expenditure, planned expenditure and balance in the bank account(s). A minimum of one Trustee has the additional responsibility of maintaining the on-line accounting package, Xero. Trustees also have the responsibility to check regularly the balance of the bank account.

### Receipts (income)

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

All monies and income received, including the 'KCL Friends Lottery Club' receipts, will be recorded promptly in the cash analysis book and banked without delay. This includes sundry receipts such as payments for telephone calls, photocopying, etc. The organisation will maintain files of all documentation, for example letters from funding bodies.

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<sup>1</sup> March 2019

The claiming of Gift Aid and receipts will be kept for at least 6 years and comply with HMRC regulations.

#### Payments (expenditure)

The delegated Trustees will be responsible for holding the cheque book (unused and partly used cheque books), which will be kept securely. These should be kept in the locked filing cabinet in the Trustees Office and should only be removed by the Treasurer, or deputy, when necessary.

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 or BACs transfers and making payments.

Cheques and BACs payments will require the approval of at least one other Trustees.

The relevant payee's name will always be inscribed on the cheque before signature, and the cheque stub will always be filled in. BACs payments will require the recipient to give details of a UK bank account.

No cheques or other payments, including BACs 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.

Expenditure of more than £50.00 for a single item will require approval by a minimum of three Trustees.

#### Payment documentation

Every payment out of KCL's bank account will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed and kept for six years. The person who signs the cheque or BACs payment should ensure that the receipt and expenditure vouchers are handed to the Treasurer, or other Trustee, in her absence to ensure KCL Xero online accounting package is fully completed.

Petty cash will always be maintained by the Treasurer backed-up by Xero online accounting package. The Treasurer, or other trustee in her absence, is trusted with the petty cash and all use is shown on Xero. All receipt and expenditure vouchers will be given to the Treasurer, or other Trustee, who maintains Xero on a weekly basis

#### Expenses/Allowances

The Trustees of KCL will consider all out of pocket expenses. However, all volunteers must seek the approval of the Volunteer Co-ordinator / Trustees / Chair prior to committing themselves to the expense. Failure to do so may mean the expense is not reimbursed. Travelling expenses to and from the volunteer's home and place of work will not be reimbursed.

#### Cheque signatures & BACs payments

Each cheque will be signed by two people, whenever possible one should be the Treasurer.

Each BACs payment will be raised by one Trustee and authorised by one other, ideally this should be the Treasurer.

Other undertakings

KCL does not accept liability for any financial commitment unless properly authorised.

All fund raising and grant applications undertaken on behalf of KCL will be done in the name of the organisation and all documentation must be approved by the Trustees in advance of application.

Confidentiality

Trustees, 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. All associates of KCL will complete a "Declaration of Interest" form which will be reviewed annually.

Other rules

The Trustees will consider the level of reserves that is prudent for KCL to have at the first meeting after the ATM. Consideration will be given to all significant factors that should be taken into account were KCL to close. KCL will strive to have in reserve enough to cover all costs and out-goings for one year.

KCL 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. The fixed asset register will be filed in the locked filing cabinet in the Trustees Office and will be reviewed every three months.

This policy will be reviewed regularly.

Signed: ..... Dated: .....

Signed: ..... Dated: .....

Registered Charity No. 1162461