

# **Ford Community Land Trust - Financial Control Policy**

## **1. Introduction**

Ford Community Land Trust (FCLT) will ensure that financial records are kept so that the trust can

- a. meet its legal and other obligations;
- b. be in proper financial control;
- c. meet its contractual obligations and the requirements of funders.

This policy should be read in conjunction with the Standing Orders.

## **2. Records of Accounts**

The Trust will maintain proper books of accounts which will include:

- a. Purchase and Sales Ledgers and other ledgers analysing all the transactions in the Trust's bank accounts;
- b. A petty cash book if cash payments are being made;
- c. Inland Revenue deduction records at such time as staff are employed and Schedule numbers for freelance workers;
- d. Management accounts on a three monthly basis.

## **3. Financial Year**

- a. The Financial Year will end on 31st March each year
- b. Accounts will be drawn up after each financial year, within the statutory period prescribed by the Financial Conduct Authority, and presented to the next Annual General Meeting;
- c. Within two months of the end of the preceding financial year the trustees will approve a budget of income and expenditure for the following financial year;
- d. A report comparing actual income and expenditure with the budget will be presented to the trustees every three months;
- e. The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts prior to presentation to the next AGM.

## **4. Banking**

- a. Bank accounts will be held in the name of Ford Community Land Trust.
- b. A resolution of the board will nominate at least three members to be authorised by FCLT to sign cheques and authorise online payments.
- c. All transactions will require two board signatories.
- d. The Trust will require bank statements every month. These will be reconciled with the ledgers at least every three months and the Finance Director will spot check that this reconciliation has been done at least twice a year, signing accordingly.
- e. The Trust will not use any other bank or financial institution or use the overdraft facilities of loan without the agreement of the trustees.

## **5. Receipts**

All monies received will be recorded promptly in the ledgers and banked without delay. This will include sundry receipts such as payments for photocopying etc. which will be backed up by filed documentation.

## **6. Payments**

The aim is to ensure that all expenditure is related to the business of the Trust and properly authorised.

- a. A nominated director will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept securely.
- b. Blank cheques will never be signed.
- c. The relevant payee's name will always be inserted on the cheque prior to signature and the cheque stub will always be properly completed.
- d. All cheques will be supported with appropriate documentation.

## 7. Payment documentation

- a. Every payment out of the Trust's accounts will be evidenced by an invoice as appropriate. That invoice will be retained and filed. The cheque signatory should ensure that it is referenced with:
  - Cheque number
  - Date cheque drawn
  - Amount of cheque
  - Names of cheque signatories
- b. The only exceptions to cheques not being supported by an appropriate invoice would be for such items as advanced bookings, deposits, VAT etc. Here a cheque requisition will be used and a photocopy of the cheque kept.
- c. **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 employee, HMRC etc.. All employees will be paid within the PAYE, National Insurance regulations.
- d. **All staff appointments/departures** will be authorised by the trustees, minuting dates and salary level. Similarly all changes in hours and variable payments such as overtime, etc. will be authorised by the trustees.
- e. **Expenditure and Expenses**
  - i. Trustees and other authorised persons may incur expenses that are incurred in the legitimate pursuit of the Trust's business.
  - ii. Permission to commit expenditure must be sought prior to its commitment as per the guidelines below.
    - a. An official order or letter will be issued for all work or service paid for by FCLT.
    - b. All items of expenditure will be authorised by the Board and the payments approved.
    - c. Orders for values £500 to £2000 require a minimum of two quotations; for values above £2000 three quotations are required if practicable
  - iii. In respect of ii) above, an exception is provided for in the case of Emergency Repairs whereby the managing agent be allowed a limit of £200 to spend on breakdowns which in their judgement qualify as genuine emergencies
  - iv. Expenses will be reimbursable upon production of valid receipts together with a written justification of the expense. Expenses will be evidenced as follows:
    - Fares by tickets
    - Other expenses by valid receipts
    - Car mileage based on local authority scales
  - v. No cheque signatory signs for the payment of expenses to themselves.
  - vi. Any utility bill may be paid by Direct Debit provided that the instructions are signed by two authorised board members.

## 8. Cheque signatures and cash

- a. Each cheque requires two signatures
- b. A cheque must not be signed by the person to whom it is payable.
- c. Bank/credit/debit cards will not be used (and should be destroyed if issued).

## **9. Other undertakings**

- a. FCLT does not accept liability for any financial commitment unless properly authorised.
- b. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5,000, must have been or be authorised and minuted by the trustees.
- c. Final acceptance of estimates and tenders will need to be approved by the trustees and minuted.
- d. All fundraising and grant applications undertaken on behalf of FCLT will be done in the name of the Trust with the prior approval of the trustees or, in time constrained situations, the approval of the Chairman/Vice Chairman who will provide full details at the next trustees' meeting.

## **10. Other rules**

- a. When relevant the Trust will set up and maintain an asset register stating the date of purchase, cost, serial numbers and normal location. This is to include computer equipment, software and data.
- b. The Trust will maintain a property record of items of significant value, with an appropriate record of their use.