

# Financial policy and procedures

This policy aims to:

- Ensure that the financial transactions of the CLT are fully recorded, payments only made within approved guidelines and that monies put aside for specific purposes are used for that purpose.
- Ensure that all calculations and returns for taxation are made.
- Ensure that accounts are prepared and presented in the appropriate form to members on an annual basis.
- Safeguard the assets of the CLT.

## A Banking arrangements, borrowing and investments

1. The Board will agree upon the opening and closing of bank accounts, and processes for maintaining bank account records and undertaking periodic bank reconciliations.
2. Variations to banking arrangements can only be made or varied by the Board, and the Treasurer is responsible for ensuring any changes to terms and conditions are reflected in our systems.
3. The Board shall agree an annual core operating budget, and project budgets. Expenditure made in line with these budgets must be authorised by two unrelated Board members.
4. Expenditure that varies from the budget by more than 5% or £500 (whichever is greater) must be reported to the Board.
5. Expenditure that varies from the budget by more than 10% or £1,000 (whichever is greater) must be agreed by the whole Board before it can be authorised by two unrelated Board members.
6. Payment authorisation and delegation limits; how much is an individual authorised to spend, how much requires multiple people to authorise and how much must be presented to a meeting for authorisation.
7. Borrowing and investments must always be discussed and approved by the full Board at an ordinary meeting.
8. Grants with onerous or significant terms and conditions must be discussed and approved by the full Board at an ordinary meeting, or approved by a duly delegated subcommittee. The Board should always be made aware of grants received and their terms and conditions.

## B Budgetary control

1. An annual budget should be agreed by the Board and periodic reports presented to the Board and members regarding actual performance against agreed budgets, key variances and recommended corrective actions.
2. When undertaking business on behalf of the CLT, members should be entitled to claim reasonable expenses for travel, subsistence, accommodation and other items; a clear procedure for making claim must be established and all claims should be supported with receipts.
3. Payments should be made against an invoice from a supplier/ contractor/consultant and supported by a delivery note or completion form where appropriate and payments should only be made in accordance with the CLT's agreed payment approval processes. Invoices and receipts should be kept by the Treasurer and/or Secretary.
4. Where the CLT directly employs its own staff members it will establish systems for ensuring that all staff members are paid in accordance with their contracts of employment and that all appropriate deductions for taxation, national insurance, union subscriptions, pensions and other agreed amounts are made. All payments should only be made in accordance with the CLT's agreed payment approval processes and each pay period must be submitted to HMRC in accordance with Real Time requirements.
5. A fixed float for petty cash may be agreed and all payments from the petty cash account made only with supporting receipts and against a completed request form; payments of petty cash should never be made by the person making the claim.
6. Income should be banked in a timely manner. The CLT will protect itself against loss of income by taking swift action against debtors and maintain comprehensive accounting procedures and internal controls.
7. At least annually the Board should review the CLT's insurance cover and ensure that it is maintaining adequate cover for issues such as employer liability, public liability, buildings and contents cover and directors' indemnity.
8. While the Board shall endeavour to appoint a Treasurer, this does not reduce the fiduciary responsibilities of all Board members. The following should be ensured:
  - a. all financial records will be kept for a minimum of seven years;
  - b. all accounts must be completed according to the appropriate Financial Reporting Standards;
  - c. all financial transactions must be accounted for in accordance with the requirements of relevant legislation relating Community Benefit Societies;
  - d. accounts should be maintained on an accrual basis;
  - e. accounts must be audited where required by legislation or the governing documents of the CLT.

9. An accurate register of the assets of the organisation and its liabilities (particularly those that are fixed against assets) should be maintained and kept updated. The Board should develop a long term financial plan and asset management plan which draws on the information contained in the Assets and Liabilities Register, cashflow projections and future plans.
  
10. Decisions will be made on how reserves and surpluses within the CLT are to be used; these decisions should be made by the Board in line with the organisation's governing documents. This process will link with the CLT's forward planning in its Business Plan and must support the objects of the organisation. Our reserves policy is that we will aim to maintain between 3-6 months of operating costs in unrestricted reserves.