

# Ambleside Action for a Future (AAFAF)

A Charitable Incorporated Organisation  
Charity number 1188921



## Financial Control Policy

### Financial Records and Accounts

- 1) AAFAF's financial year is the calendar year: January to December.
- 2) Financial records must be kept so that:
  - a) AAFAF meets its statutory obligations.
  - b) The trustees have proper financial oversight and control.
  - c) AAFAF meets the contractual obligations and requirements of funders.
- 3) Financial records must include:
  - a) A record of all the transactions appearing on the bank accounts.
  - b) A record of all cash transactions.
- 4) Prior to the start of each financial year, the trustees must approve a budgeted income and expenditure account for the following year.
- 5) A quarterly financial report comparing actual income and expenditure with the budget should be made available to the trustees every three months.
- 6) Annual accounts, on a receipts and payments basis, must be drawn up and made available to trustees within three months of the end of the financial year.
- 7) If the gross income is more than £25,000, the trustees will appoint an appropriately qualified auditor/ independent examiner to audit or examine the annual accounts.
- 8) Following approval by trustees, the annual accounts must be submitted to the Charity Commission, along with the annual report, within ten months of the end of the financial year.

### Banking

- 1) AAFAF must not open an account at any bank or other financial institution, or use overdraft facilities or take out loans, without prior agreement of the trustees.
- 2) Any changes to a bank mandate (a list of people who are authorised to sign cheques or make bank transactions on behalf of AAFAF), must be approved by the trustees.
- 3) The trustees must exercise due diligence, similar to that required by the Charity Commission for the appointment of a new trustee, before approving any person to be added to a bank mandate.
- 4) Bank statements must be obtained at least every three months. These should be reconciled with the financial records for the quarterly financial report.

### Income

- 1) Receipts must be issued for cash received, if requested by the payer.
- 2) Cash and cheques received must be recorded promptly and banked without delay.
- 3) Payments made by BACS or cheque must be made to Ambleside Action for a Future.
- 4) Wherever possible, donations should be processed to take advantage of Gift Aid.

### Expenditure

- 1) All expenditure must be on AAFAF'S business, and must be properly authorised and recorded.
- 2) Every payment must be evidenced by an invoice, receipt or authorised expenses claim, which must be retained.
- 3) Payment should be made by bank transfer whenever possible.

- 4) Online banking payments evidence must be stored as part of the accounting records. These must include the name of the payee, the payment date, and a reference to the invoice or other payment authorisation.
- 5) Passwords and PIN codes must be kept safely and never be shared with other people.

### **Petty cash**

- 1) When necessary, the Treasurer may entrust a nominated person with a cash float for an agreed period of time.
- 2) All income to and expenditure from the float must be recorded and reconciled at the end of the time period, or every three months if this is sooner.

### **Expenses / allowances.**

- 1) Expenses to be incurred by anyone acting on behalf of AAFAF must be approved in advance by the Treasurer.
  - a) Expenses by trustees must be approved by the Chair.
  - b) Expenses by the Chair must be approved by the Treasurer.
- 2) Expense claims must be made in writing (including electronically) using a method agreed by the Treasurer.
- 3) Expenses must be evidenced by tickets or receipts.
- 4) Travel should be by cycle or public transport when practicable, using the lowest available fare.
- 5) Essential mileage may be claimed at 25p per mile for cars and 20p per mile for cycles.

### **Payment Authorisation**

- 1) All orders or undertakings must be approved by the Treasurer.
- 2) Any orders or undertakings which could cost in excess of £300 must be authorised by the trustees. When this is not reasonably practicable these may be made with the approval of the Chair, who should then provide full details to the next meeting of trustees.
- 3) Payments or cash withdrawals from the bank account, by any method, may be made only by those people named on the bank mandate.
- 4) If practicable, all bank payments should be authorised by two of the people named on the bank mandate.
- 5) Any bank signatories who make payments must supply all required documentation to the Treasurer promptly.
- 6) Any payment must not be authorised or made by a person to whom it is payable.
- 7) AAFAF does not accept liability for any financial commitment unless properly authorised. Any irregularities or issues identified must be reported to the trustees, who must take any action necessary to resolve the matter.

### **Fundraising and Projects**

- 1) Any fundraising or grant applications undertaken on behalf of AAFAF must have the prior approval of the trustees or, in urgent situations, the approval of the Chair who should provide full details to the next trustees' meeting.
- 2) When finances are allocated to a project, a named person must be designated to manage the budget for the specific project, to document all transactions and to liaise with the Treasurer to oversee and operate in accordance with any funding criteria and following the procedures stated in this policy.

### **Assets**

- 1) Any capital assets or items of significant value must be recorded by the Treasurer in a register, stating the date of purchase, cost, serial numbers and normal location.

- 2) Where practicable, assets must be marked to indicate that they are owned by AAFAF.
- 3) The writing-off or disposal of any assets must be agreed by the Trustees.

### Reserves

- 1) Reserves are the unrestricted funds held in AAFAF's bank account(s) that are not designated to meet essential future expenditure, nor required to fund other commitments or plans.
- 2) AAFAF will aim to maintain the following level of reserves, to meet the needs described.

Reason for holding a reserve	Rationale for the target reserve	Current target
To meet the costs of essential routine items (e.g. insurance, ICT), in the event of a failure to raise sufficient funds to cover them	The current annual cost of these items	£400
A contingency fund for unexpected essential costs	50% of current annual expenditure on essential items	£200
Urgent small projects not anticipated in the annual budget	An estimate of what could be useful	£700
A cushion for cash flow, in case of a need to incur planned expenditure before receiving the income to cover it	An estimate of what might be needed	£500
	<b>TOTAL</b>	<b>£1800</b>

- 3) The trustees will review this reserves policy annually in the light of experience, any risks identified, and the annual budget, and make any necessary changes to the target level of reserves and the reasons for which they are held.

### Document Management

Version	Date	Status / Notes	Authors
v1	20/12/20	Trustee approved version for publication	Mary Wyburn, Steve Lenartowicz
v2	26/01/21	Update to remove references to GroupSpaces	Caroline Caple
v3	17/04/21	Reserves targets corrected to align with trustees' decision in December 2020	Steve Lenartowicz
v4	27/04/22	Addition of requirement for due diligence for bank mandate, and dual authorisation of payments	Steve Lenartowicz
v5		Removal of the requirement to bank only with a specific NatWest account. Addition of the requirement for assets to be marked, and for trustees to approve the writing-off of assets. Removal of references to bank cards and cheque books. Some other minor wording changes	Steve Lenartowicz

The latest approved versions of any policy documents should be available for members to access on AAFAF Google Drive and for public access at [aafaf.uk](http://aafaf.uk).