



**Every Drop Counts**  
United Kingdom Association for Milk Banking

**UKAMB**

## ***Financial Management Policy***

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# Every Drop Counts

United Kingdom Association for Milk Banking

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### Introduction

If a charity is to achieve its aims then the trustees need to ensure that assets are properly used, that it's Internal financial controls are just one part of a charity's overall control framework.

The aims of internal financial controls are:

- to protect the charity's assets;
- to identify and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud;
- to ensure that financial reporting is robust and of sufficient quality; and to ensure that the trustees comply with charity law and regulation relating to finance.
- funds are spent effectively and its financial affairs are well managed

### Trustee Responsibility

Trustees have a number of legal duties that must be met in relation to accounting and financial reporting. These include:

- keeping 'sufficient' accounting records to explain all transactions and show the charity's financial position
- preparing an annual report and statutory accounts meeting legal requirements
- formally approving the Trustees' Annual Report and accounts
- ensuring that accounts are subjected to any external scrutiny required by law or by the charity's governing document
- ensuring that the Trustees' Annual Report, accounts and annual return are filed on time with the Charity Commission where filing is required by law and, if the charity is a company, also filed with Companies House
- meeting requests from the public for copies of the charity's most recent trustees' annual report and accounts
- safeguarding the assets of the charity and ensuring proper application of resources
- taking steps for the prevention and detection of bribery, fraud, financial abuse and other irregularities



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### Public collections

Charities that undertake public collections and fundraising events should ensure that they have as much control as possible over what could be a widespread network of fundraising efforts. Charities must comply with the legal requirements on public collections and working with external fundraisers.

### Postal Donations

The controls should provide assurance that the income received in the post is kept secure, is accurately recorded in the accounting records and is banked as quickly as possible.

### Gift Aid

Donations made under Gift Aid are treated as if the donor had already deducted basic rate tax from them. The charity can then reclaim this tax to increase the value of a donation. Internal controls help ensure complete and accurate returns are made maximizing the value of donations to the charity.

### Cheques

Controls should ensure that the cheques and cash received are kept securely, banked promptly and recorded in the accounting records.

It is important that trustees make regular checks to ensure that the accounting records of income are being accurately maintained

Controls help ensure that purchases have been authorised, and that the goods or services ordered have actually been received.

Expenditure controls help ensure that only necessary and authorised purchases are made and that funds exist within approved budgets to meet the expenditure. Controls also ensure that payments are made only for the goods and services actually received and at the agreed prices. The commission recommends that controls over purchases should include:

- establishing authority levels for placing orders and approving payments which are clear and preferably documented
- ensuring that orders placed are within an agreed spending plan or budget - additional spending outside agreed budgets should be authorised



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- ensuring invoices received are checked against orders confirming the price paid and the receipt of the goods or services ordered

The use of cheques to make payments is diminishing with the use of electronic payment. However, cheques continue to be used and it remains important that payments are only made for expenditure properly authorised and incurred by the charity.

### Debit Cards

Debit cards charge bank accounts directly and payments therefore have an immediate impact on bank balances; their misuse or loss can be extremely serious for the charity. Credit and charge card payments are invoiced monthly and there is some ability to intervene in the case of misuse, but controls still need to be in place over their use.

- Bank accounts to be checked on a regular basis a minimum of monthly to identify unusual activity
- Only Chair and Treasurer have access to debit card , all transactions require backing information for audit purposes and recorded in accounts
- Payments cards are cancelled and destroyed, if the individual ceases to work for the charity or if the authorisation of the card's use is withdrawn
- periodic review of card use to ensure consistency of use

### BACS

Payments by direct debit, standing order and BACS direct credit are all safe ways of making payments provided that appropriate backing information is recorded in the accounting records and kept for audit purposes. Direct payments are only made for expenditure properly authorised and incurred by the charity.

### CASH

Payments in cash should be kept to a minimum due to the greater risk that handling cash presents and difficulties that can arise in establishing correctness and control over significant cash transactions.

Where payments are made in cash the commission recommends that:

- cash payments are for small amounts only
- cash should be paid out of a petty cash float specifically kept for such payments, and not from incoming cash or by way of direct withdrawal from the bank account
- details of payments should be entered in a petty cash book
- supporting documentation for the cash payment should be authorised by someone other than the person who maintains the petty cash or the person making the payment
- the balance of petty cash in hand, and the records, should be kept securely



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- regular spot checks of the petty cash float should be made by an authorised person independent of the person who maintains the petty cash

### **Wages and Salaries**

The main purpose of the internal financial controls is to provide assurance that the charity makes payments at the correct rate to genuine employees of the charity and payment of pension contributions.

The controls should also ensure that the charity is not exposed to additional liabilities resulting from a breach of statutory regulations, for example through failing to deduct and account for tax and national insurance contributions through the PAYE system.

There are a number of legal requirements in this area and trustees must ensure that:

- the records required by HMRC of PAYE deducted from the wages and salaries of employees are maintained
- statutory deductions are paid to HMRC as required and pension contributions paid across to the pensions provider promptly
- deadlines for year-end returns to HMRC are met including P35, P11D and P60 or the data required for 'real time information' submissions to HMRC are complete and submitted on a timely basis
- minimum wage legislation is adhered to
- only authorised or required deductions are made from pay
- each employee has a proper contract of employment and that individuals are not incorrectly classified as self-employed
- legal obligations in relation to pension scheme arrangements are met

### **Expenses**

Should be in line with the expenses policy (Appendix 1)

All claims to be made on appropriate claim form (Appendix 2)



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### Electronic Banking

Electronic banking provides ease of access to ensure prompt payments and management of bank accounts the following principles should be applied:

- There should continue to be clear segregation of duties to prevent any single person from being able to control substantial resources or obtaining unauthorized access to account information
- Two trustees should authorize one of which should be treasurer of Chair of trustees, authorizations can be electronic
- Activity should be monitored on a minimum of a monthly basis
- retaining print outs of statements as part of the accounting records
- keeping all PCs with access to the online banking facilities secure
- ensuring all PCs are up to date with anti-virus, spyware and firewall software
- keeping all the password(s) and PIN(s) secret
- changing passwords periodically and following changes in authorised staff and trustees
- treating emails received relating to bank accounts with caution, in particular, trustees and staff should not respond to emails or telephone calls asking for personal security details



## Appendix 1

### UK Association for Milk Banking (UKAMB) Expenses Policy

#### 1. Introduction

This policy sets out the basis on which UKAMB Trustee expenses will be paid, and the process for claiming.

The UKAMB Constitution allows the payment of expenses incurred by Trustees (Committee Members), on UKAMB business:

*9.b.ii reimbursement of reasonable out of pocket expenses (including hotel and travel costs) actually incurred in the administration of the Association*

UKAMB does not expect Trustees to be out of pocket in respect to work carried out for the charity and encourages all Trustees to submit claims for reasonable expenses incurred whilst carrying out their duties as a trustee of the UKAMB.

#### 2. Principles

The Charity Commission has issued guidance on the payment of expenses to charity trustees. This is reproduced at Annex 1.

Claims for, and payment of, expenses must be consistent with the following principles:

1. Expenses are refunds by a charity of payments which the Trustee has needed to meet personally in order to carry out his or her Trustee duties. They are not payments for services.
2. Expenditure should be made by the most cost effective means available. Transport by train should be second class. Air flights should be made with the most cost-effective airline. Meeting dates are normally notified a minimum of one month in advance. Wherever possible therefore travel should be booked sufficiently in advance to take advantage of the better value tickets available. Where this is not possible, a brief note of the reasons for extra expenses incurred should be attached to the claim form.
3. The expenses incurred must not be of a standard or nature which would constitute a personal benefit to the Trustee eg. elaborate meals, first class rail travel, business class air travel, because under charity law a trustee is not permitted to benefit personally from being



a Trustee, (other than through the membership benefits available to all members of UKAMB).

4. Evidence must be provided that the expenditure has been incurred. We require that every expense claim is fully supported up with tickets and receipts. These should be attached to travel claim forms.
5. Expenses are not allowable for the costs of partners who attend any UKAMB event with a Trustee.

### **3. Allowable expenses**

The following are legitimate expenses, when pre-authorised by the senior leadership team or committee of UKAMB;

1. the reasonable cost of travelling to and from Trustee Board and Committee meetings, and on trustee business (including taxi fares where necessarily incurred, and petrol allowances permitted by the HMRC before tax becomes payable), for example representing UKAMB at conferences or study days run by other organisations;
2. the cost of postage and telephone calls on charity business; and
3. Reasonable overnight accommodation and subsistence while attending trustee meetings or other essential events (e.g. specialist or voluntary sector conferences).

### **4. Process for claiming expenses**

All expense claims in respect to attendance at UKAMB Trustee Board meetings and events should be submitted on a Trustee expense claim form and sent to the Treasurer (contact details below) together with receipts for all costs. Details of expenditure should be itemised (i.e. Travel and accommodation given separately) with the date for each. Forms are available electronically, but paper copies can be made available upon request. If in exceptional circumstances a receipt is not available, please ensure that you provide a signed note with an explanation and attach this to your claim form.

Expense claims should be made as soon as possible after the expense has been incurred, and within 3 months. All expenses for the current financial year should be claimed before 31 March in that year.

### **5. Payment of expenses**



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UKAMB prefers Trustees to have expenses paid directly into their bank accounts. Please contact the Treasurer with a note of your account number and sorting code, and this will be set up for you. The advantage of this method of payment is that it can be arranged within a few days of receiving your claim and will save you having to visit the bank to deposit a cheque in your account.

### **6. Address for Trustee expenses claims**

Erin Zohrehie

39 Windermere Road

Reading

RG2 7HU



Appendix 2

## EXPENSES CLAIM FORM

<b>Name</b>
<b>Address</b>

Date	Type of expense	Details	Cost
	Telephone calls		
	Stationery		
	Postage		
	Miscellaneous		
	Travel		
		<b>Total expenses</b>	

I certify that the total of £ ..... has been spent on activities carried out for the association.

*(Receipts should be attached to this form.)*

**Signature** .....

**Date** .....

Send to      Erin Zohrehie, 39 Windermere Road, Reading RG2 7HU  
erin.zohrehie@gmail.com