



Finance Strategy Policy

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1. Introduction

1.1 The Proud Trust is a Company limited by guarantee (without share capital), and a registered charity.

1.2 The Proud Trust has developed these procedures in order to comply with the legal requirements of the Companies Act and Charities Act.

1.3 Responsibility for and monitoring of finances fall within the following structures/posts of the organisation and are reflected within job descriptions and include:

- Board members
- Treasurer
- CEO and Director(s)
- Finance Manager
- Finance Worker

1.4 The company accountants are:

Third Sector Accountancy
Holyoake House
Hanover Street
Manchester
M60 0AS

The need for an audit or independent examination will be made annually at the year end.

1.5 The Proud Trust became registered for VAT on 1st July, 2019.

1.6 All paid and unpaid staff with the organization, including Trustees are required to follow the financial procedures.

1.7 The Board and Finance Subcommittee meets regularly and considers financial items at all meetings. The Finance Subcommittee will provide a summary finance report, from these meetings, to the Board.

1.8 Financial procedures will be updated as and when necessary to reflect any changes to the legal governance or structure of the organisation.

1.9 The Proud Trust believes that full and effective financial procedures are necessary in order to promote efficient operation and in order to protect it's staff in their handling of the organisation's finances and assets.

1.10 The Finance Subcommittee may carry out spot checks on any area of the financial systems, in order to see that financial procedures are being followed.

1.11 The company's financial year runs from 1st April-31st March.

1.12 The CEO and/or Director(s) and Finance Manager will offer advice to the Board on financial matters as requested.

1.13 The Board nominates one of its members as a Treasurer. The Treasurer provides an overview on financial policy and procedures and are acquainted with the financial systems in operation; they lead the Finance Subcommittee.

1.14 Finance Sub-Committee meetings are held quarterly to include the Treasurer, Finance Manager, CEO and/or Director and at least two other members of the Trustee Board.

1.15 The CEO and/or Director(s) are responsible for arranging cover of all financial functions within the financial procedures if the named post-holder is absent.

2. General

2.1 The Board is legally responsible for ensuring that the organisation is adequately resourced and that financial procedures and controls are effective and in place.

2.2 The Finance Subcommittee is responsible for approving the organisation's key financial procedures and policies and for ensuring that these are followed in all aspects of the company's work and are regularly updated.

2.3 The day-to-day operation of the financial procedures is carried out by the staff of the organisation and is the responsibility of the Finance Manager, CEO and/or Director(s).

2.4 The CEO and/or Director(s), Finance Manager and Finance Worker are responsible for performing the majority of tasks that constitute the finance function within the organisation.

2.5 External monitoring of these procedures is carried out as part of the audit duties of Third Sector Accountancy, there may also be ad hoc monitoring by funders.

2.6 Any issues or proposed changes arising from the monitoring and implementation of the approved financial procedures or from asset management, financial planning, reporting and resourcing should be reported through the Finance Subcommittee.

2.7 The responsibility for ensuring that the accounting records are in good order and for preparing them for audit in line with existing statutory regulations lies with the Treasurer, CEO and/or Director(s) and Finance Manager. They may delegate these roles as they see fit, but will be responsible for overseeing any other people carrying out this work on behalf of the organisation.

2.8 All accounting records, vouchers and any related documentation, including computer data and software are kept for a minimum of 7 years. In the case of certain restricted funds such as EU funds, documentation for the project together with working papers which show how the claim was compiled must be kept until notified that it is safe to destroy them. Provision must be made to meet the requirements of specific funders terms and conditions.

3. Accounting

3.1 The Finance Manager, CEO and/or Director(s) and Treasurer are responsible for the establishing and monitoring of all accounting records. Any major changes to existing systems must be reported to the Finance Subcommittee.

3.2 Any member of the Board has the right to inspect the financial records at any time.

3.3 The day-to-day maintenance of accounting records is carried out by the Finance Manager and Finance Worker.

3.4 The Finance Worker prepares the monthly bank reconciliation, which is approved by the Finance Manager. Reconciliation reports and bank statements can be presented to the Treasurer on request.

3.5 The Finance Manager, CEO and/or Director(s) are responsible for setting overall priorities of finance work within the organisation and the Finance Manager for managing day-to-day financial priorities.

3.6 Any exceptional items of expenditure and any large adverse variances to the organisation's operating budget are to be reported by the Finance Manager, CEO and/or Director(s) to the Finance Subcommittee.

3.7 The overall responsibility for all project budgets rests with the CEO and/or Director(s).

3.8 The Finance Manager is responsible for policies for all cash handling functions but these should be kept to a minimum.

4. Audit

4.1 The company is entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies, providing the members have not required the company to obtain an audit of its accounts in accordance with section 476.

4.2 The Board and Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

4.3 The accounts are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

5. Budget setting and budgetary control

5.1 It is the responsibility of the CEO and/or Director(s) and Finance Manager to decide the overall budgets that are to be presented to the Finance Subcommittee.

5.2 The CEO and/or Director(s) must bring requests for additional extra-budgetary or exceptional items of expenditure during the year to the Finance Subcommittee in line with the Scheme of Delegation.

6. Insurance and Fixed Assets

6.1 The Trustees are responsible for ensuring that the assets of the organisation are properly recorded and secured and that all the assets, activities and members of the organisation are adequately insured. They may delegate this power to the CEO and others on the staff team.

6.2 The Finance Manager and CEO and/or Director(s) are responsible for making claims against insurance policies and each staff member is responsible for ensuring that all losses and claims are fully investigated and the police notified when appropriate.

6.3 The organisation's property cannot be removed or loaned without the agreement of the CEO and/or Director(s).

7. Reserves

7.1 The Proud Trust will seek to maintain sufficient funds in the reserves accounts to cover contingencies for at least 3 months, and ideally 6 months, of operating costs.

8. Funding Management

8.1 The Finance Manager and CEO and/or Director(s) are responsible for collating and compiling all financial information for grant funding claims.

8.2 The Finance Manager and CEO and/or Director(s) are also responsible for reconciling the project accounts with The Proud Trust internal accounts on a regular basis and reporting on income and expenditure against individual project budgets.

8.3 Budgets for restricted funding claims must be prepared with breakdowns of direct costs (labour, materials, and variable expenses) and indirect overheads (premises, insurances, management and administration costs). All

indirect overheads must be apportioned to project accounts by a suitable methodology.

8.4 The CEO and/or Director(s) are responsible for reviewing the financial structure of the organisation on a regular basis and for developing a future fundraising strategy in line with the strategic plan.

9. Roles and Responsibilities

9.1 Roles of the Treasurer

The Treasurer works in close co-operation with, and provides support and advice to, the CEO and/or Director(s) and Finance Manager:

They will:

- guide and advise the Finance Subcommittee and Board in the approval of budgets, accounts and financial statements
- keep the Finance Subcommittee and Board informed about its financial duties and responsibilities
- advise the Finance Subcommittee and Board on the financial implications of The Proud Trust strategic plans and key assumptions included in The Proud Trust operational plan and annual budget
- assess the current and anticipated financial resources of The Proud Trust in the light of present (committed) and planned (but still uncommitted) activity
- understand the accounting procedures and key internal controls and communicate these when relevant to the Finance Subcommittee and Board
- ensure that the accounts are properly audited, that accepted recommendations of the auditors are implemented.
- Authorise payments >£1000 when required, - upon receipt of paperwork. (If the Treasurer is not available, they may delegate this function to another Trustee). The Finance Manager can authorise payments >£1000 and is the first approval option.
- The Treasurer will formally present the accounts at the AGM, drawing attention to important points.

9.2 Role of the Finance Manager

The Finance Manager works in close co-operation with, and provides support and advice to, the CEO and/or Director(s) and Finance Worker.

They will:

- Develop, implement, monitor and review financial procedures including but not limited to, QuickBooks online accounting software, forms, policies and excel spreadsheets
- Oversee debt management, support project budgets and claims
- Manage cash flow, accruals, deferred income and supplier payments

- Oversee payments processing and monitoring, following an agreed payment schedule for capital projects
- Prepare accurate and timely reports for funders, stakeholders, trustees and regulatory bodies
- Oversee payroll and pension process and procedure using Brightpay payroll software
- Oversee legal compliance regarding financial obligations, including preparation of accounts, audits and returns
- Authorise payments >£1000
- Ensure that the Finance Worker is entering all transactional data accurately into systems and reconciling as required