

## **Rhoose Community Library Financial Procedures**

Approved by the Board of Trustees on **7th February 2018**.

### **1. Introduction**

- 1.1 This document governs the way in which Rhoose Community Library (RCL) manages its finances and safeguards its assets. It provides basic details of financial procedures.
- 1.2 Rhoose Community Library is a registered charity, number 1166517. The charity trustees make up the Board of Trustees (Board).
- 1.3 The Board is responsible for ensuring that:
  - RCL is well managed and that it complies with charity law and regulation.
  - The income and property of RCL is only applied to the promotion of its charitable objectives.
  - Funds and assets are safeguarded and protected from financial abuse.
  - Financial plans and budgets are properly prepared, at least annually, which do not over-commit the charity.
  - Financial records are kept in accordance with the governing document and relevant legislation.
  - The Annual Report and Accounts are produced at the end of the financial year in accordance with the relevant legislation; are examined by a suitable person who is independent of the Board of Trustees; and appropriately filed with the Charity Commission together with the Annual Return.
  - Risk is identified and managed; and exposure to undue risk is avoided.
  - Special care is taken when investing or borrowing.
  - RCL complies with any restrictions and legal requirements on the acquisition and disposal of land and buildings.
- 1.4 The Board may delegate aspects of financial management or control to a committee; one or more trustees; or to volunteers. However, it cannot delegate its overall responsibility for the financial management of RCL.
- 1.5 To enable the Board to carry out these responsibilities, the Financial Procedures must be followed at all times by trustees and volunteers.
- 1.6 A copy of the Financial Procedures will be given to all Board members on their appointment to the Board, and made available to all volunteers.
- 1.7 The Financial Procedures will be reviewed annually and revised as necessary.
- 1.8 Amendments to the Financial Procedures must be approved by the Board.
- 1.9 This document has been drafted to comply with legislative requirements and in accordance with the constitution. If there is conflict with the provisions of the Financial Procedures, the requirements of legislation and then the constitution will have priority.

## 2. Financial Accounts and Management

- 2.1 Appropriate financial records will be kept, including:
- a computer spreadsheet recording all the transactions in the bank account(s)
  - bank statements
  - a petty cash book
  - details of all funds received
  - invoices and other receipts for all payments
- 2.2 All financial records and supporting documentation, no matter what they relate to, should be retained for a minimum period of 6 years.
- 2.3 RCL's financial year ends on 31<sup>st</sup> January.
- 2.4 Before the start of the financial year a budget will be set for the following year. The budget should estimate payments, receipts and the level of reserves; and ensure RCL is financially viable. The budget should differentiate between restricted and unrestricted funds.
- 2.5 A financial report will be taken to each usual meeting of the Board showing:
- Money received, payments, and remaining funds.
  - Receipts and payments anticipated for the remainder of the financial year.
  - Variances from the budget with explanations
  - Major creditors or debtors.
- The report should differentiate between restricted and unrestricted funds.

## 3. Bank accounts

- 3.1 All bank accounts must be in the name of Rhoose Community Library and new accounts may only be opened by a decision of the Board.
- 3.2 RCL has a current cheque account with Barclays Bank and has arranged for online banking.
- 3.3 Changes to the bank mandate may only be made by a decision of the Board.
- 3.4 Any bank transactions will go through the current account. To withdraw money from any other account, it must first be transferred to the current account and withdrawn from there. If we pay money into any other account, it will be as a transfer from the current account.
- 3.5 **At least three members of the Board will be signatories to the accounts. These are currently Mr H.J.W.James, Mr C. Economides, Mr C Price and Mr.H Jupp.**
- 3.6 Any withdrawals or transfers between accounts will be signed by two of the signatories. Full details of the payment will be given to the treasurer. **(Will also need something to cover use of debit card.)**
- 3.7 Monthly bank statements (paper or online) will be checked to the account book.

## **4 Income**

- 4.1 When cash or cheques are received in the Library, a receipt will be issued and a copy kept. The exception is in the case of small donations put into the donations receptacle. Where possible all receipts of money should be put through the Till. Copies of other receipts should be retained.
- 4.2 Details of income received in the Library should be entered on the Income Analysis and filed at the Library together with relevant documents such as copy receipts, Till readings and print-outs.
- 4.3 When cash or cheques are received at fetes, jumble sales or other events or from donations, two people (either trustees or volunteers involved) will count up the sum received, make a note of the total and sign for it. This note should be retained and filed at the Library.
- 4.4 All cash and cheques received will be banked and not used to make cash payments. Cash will be banked at least monthly and more frequently if the sum is in excess of £500. The counterfoil on the paying in slip will be completed.
- 4.5 The Treasurer will be informed of all receipts and bankings and will record the information appropriately.
- 4.6 Records relating to income will be retained at the Rhoose Library for a minimum period of 6 years.
- 4.7 Fees and Charges will be agreed by the Board but subject to clause 4.8.
- 4.8 The Chair of the Board of Trustees has authority to approve groups or individuals to hire space in the Library and the sum to be paid for the hire.

## **5. Buying goods and services**

- 5.1 No expenditure is to be incurred unless the funding for such expenditure has been identified.
- 5.2 All expenditure orders will be agreed and authorised in advance as set out below:
  - Expenditure from Petty Cash will be agreed by **the Business Co-ordinator** (to a maximum of £60 for a single item) or in their absence the Chair.
  - **The Business Co-ordinator** has delegated authority to order waste and recycling bags from the Vale of Glamorgan Council, as necessary to replenish stock.
  - The **Business Co-ordinator** has delegated authority to make orders and approve expenditure on items for the library to a maximum of £100 for a single item.
  - The Chair of the Board of Trustees, in consultation with the Treasurer, has delegated authority to approve orders/expenditure up to a value of £250 on a single transaction.

- Where the authorisation is urgent (i.e. cannot wait for the next Board Meeting), the Chair of the Board of Trustees, in consultation with the Treasurer, has delegated authority to approve expenditure of up to £750 on an item, provided an additional trustee has also approved the expenditure.
  - All other expenditure must be approved by the Board
- 5.3 Three quotes will be obtained and considered for any purchase of more than £500, where appropriate.
- 5.4 The Treasurer will be informed of all orders and expenditure and will record the information appropriately.
- 5.5 Records relating to expenditure will be retained at the Rhoose Library for a minimum period of 6 years.
- 5.6 No trustee or volunteer may authorise expenditure if they, their partner, relative or other connected person are the supplier or creditor. The constitution contains specific provisions relating to a trustee or connected person doing business with RCL and these must be complied with before any transaction is undertaken or approved. Charity Commission Guidance should also be followed in this regard.

## **6. Payments by cheque, direct debit or bank transfer**

- 6.1 No cheque will be signed without the invoice and/or appropriate paperwork to support the payment.
- 6.2 Payments by direct bank payment (direct debit or BACS) will not be approved without the invoice and/or appropriate paperwork to support the payment.
- 6.3 Before payment is made by cheque or otherwise, the signatories or trustees that authorise the direct debit/direct bank payment should ensure that the goods or services have been received and that the payment is in accord with the price on the invoice and that this in turn is in accord with the order/quote. If a payment is made in advance (this should be avoided if possible) the signatory must ensure that the goods or services are received when due, in accordance with the order and paid invoice.
- 6.4 Two signatories (see 3.5 and 3.6) are required for each cheque or direct bank payment.
- 6.5 A blank cheque must never be signed.
- 6.6 Cheque stubs will be completed at the time of payment.
- 6.7 A note will be made on the invoice/paperwork of the details of payment:
- cheque number / type of payment
  - date
- 6.8 The Treasurer will be informed of all payments and will record details as appropriate.

- 6.9 No trustee may sign a cheque or authorise a direct bank payment to themselves, their partner or relative

***May need something for debit card***

**7. Petty cash**

- 7.1 RCL will keep a petty cash imprest of £60 for small payments. The Chairman in consultation with the Treasurer can vary this amount provided it does not exceed £250 in which case it will be referred to the Board.
- 7.2 Petty cash is to be kept separately to other cash and must be reimbursed by drawing cash from the bank to make up to the imprest amount.
- 7.3 Any payment from petty cash must be supported by evidence of the expenditure such as receipts, bus tickets etc. and these must be retained.
- 7.4 When the petty cash is replenished the receipts evidencing the expenditure to be reimbursed should be attached to a voucher which records the payments and these must be retained.
- 7.5 A petty cash book will be kept which records details of all payments, the amount of cash drawn from the bank and the current balance of cash.
- 7.6 Cash Floats for events and payments from them are to be authorised as set out for expenditure in Section 5 above. Details and receipts should be retained for all payments made from the float.

**8. Re-imburement of Expenses**

- 8.1 All Volunteers and Trustees are entitled to be reimbursed for reasonable out of pocket expenses which they legitimately incur while promoting and supporting the delivery of RCL's objects. RCL must be the sole beneficiary of any such expense.
- 8.2 Any expenses for £250 or less that are intended to be claimed must be approved by the Chairman, in consultation with the Treasurer, before being incurred. The approval must be made in writing (this includes email). If either of these individuals are making the claim the expenses must be approved in advance by substituting another trustee(s) for either or both of the Chairman and Treasurer. Claims in excess of £250 must be approved by the Board in advance of any expenditure being incurred.
- 8.3 Claims for the reimbursement of expenses must be accompanied by documentary evidence of the expense (e.g. receipt, ticket, etc) and the written authority given in point 8.2 above. RCL will decline to reimburse expenses for which reasonable documentary evidence and prior approval has not been provided.

- 8.4 All expenses claims must be submitted within 30 days of the relevant activity.
- 8.5 Claims for the reimbursement of purchases which have been personally and properly made on behalf of the charity are not counted as expenses. Instead they are accounted for as part of the charity's general expenditure. Any claim for re-imburement must be supported by documentary evidence of the expenditure, e.g. receipt, invoice. The expenditure must have been made in accordance with the procedures set out in Section 5 above.
- 8.6 Documentation in relation to expenses claims will be retained at the Library for a minimum period of 6 years.

## **9. Insurance and Risk Management**

- 9.1 The Board will put into place effective risk management arrangements and will undertake regular reviews of risk, at least annually.
- 9.2 The Board will arrange adequate insurance to meet statutory requirements, protect RCL's assets and cover potential liabilities. Cover must comply with the conditions of the Lease and Service Level Agreement that RCL has with VOGC.
- 9.3 The insurance will take account of risk and be reviewed regularly to ensure adequate coverage, sufficient level of coverage and that any excess is reasonable. The review will also seek to achieve best value for money, e.g. to market test when appropriate.
- 9.4 Professional advice regarding insurance matters will be taken if the Board deems this necessary or advisable.
- 9.5 Appropriate Insurance policies will be maintained to cover as a minimum:
- (a) Employer's Liability for any employees – A minimum limit of indemnity of £10 million for any one occurrence and unlimited in the period of insurance. The cover must comply with Charity Commission guidance including the prominent display of the Employer's Liability Certificate. Employers' liability insurance cover must be from an insurer that is working under the terms of the Financial Services and Markets Act 2000.
  - (b) Public Liability and Products Liability - A minimum limit of indemnity of £5 million each for any one occurrence and unlimited in the period of insurance.
  - (d) Buildings - The insurance should cover the risks as set out in the Lease RCL has with the Vale of Glamorgan Council (VOGC) and to fully meet its obligations in respect of the building and associated plant etc.
  - (e) Contents - The following must be covered on a new for old basis:
    - All equipment, books and other stock including stock supplied by VOGC
    - All furniture, fixtures and fittings including those of the landlord (VOGC)

- (f) Trustee and Officers Indemnity Insurance - the cover should comply with Charity Commission Guidelines.
- (g) Volunteer's Liability – to cover liabilities arising from volunteers and/or their activities. In this respect volunteers should be treated in the same way as if they were employees.

9.6 Further insurance may be taken out by the Board as required including for:

- Events
- Legal expenses
- Business Interruption
- Professional Indemnity Insurance
- Money and Assault
- Fidelity Guarantee (dishonesty)
- Travel Insurance

9.7 Motor insurance - Where trustees or volunteers use their own vehicles for the business of RCL, the Board will ensure that the insurance held by the owner of the vehicle covers such use. If RCL ever owns or operates a motor vehicle, it must take out motor insurance. There are special requirements in respect of minibuses used to transport people on a hire or reward basis

9.8 A report will be taken to the Board on an annual basis with a summarised description of the policies taken out, the risks/liabilities covered and the annual premium payable.

9.9 Claims made against RCL will be reported to the Board as soon as is reasonable.

9.10 An inventory of all physical assets of the organisation will be kept and regularly updated.

## **10. Borrowing and Investment**

10.1 No borrowing or investment will be made without the approval of the Board. This includes placing cash in deposit accounts.

10.2 Any such borrowing or investment will meet the requirements of legislation and the constitution and follow Charity Commission guidelines.

10.3 Professional advice will be taken if the Board deems this advisable.

## **11. Land and Property Transactions**

11.1 Any transactions involving the acquisition or disposal of land and property whether by outright sale/purchase or lease must be approved by the Management Board.

11.2 The Board must take all necessary professional advice in the matter.