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FINANCE AND FRAUD POLICY AND PROCEDURES



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1. INTRODUCTION

- 1.1 The purpose of this policy and set of procedures is to ensure that Good Vibrations:
- (a) Spends its money ethically
 - (b) Gets best value for money for its funders and supporters
 - (c) Accounts for its income and expenditure accurately and in line with legislation
 - (d) Implements efficient, effective knowledge-management systems and records in relation to finances
 - (e) Can meet its legal and other obligations, e.g. Charities Acts, Inland Revenue, Customs & Excise, Companies Act, Common Law and Data Protection Act
 - (f) Enables its Board to have control of the organisation's finances
 - (g) Meets the needs of its users, contractual obligations and the requirements of funding bodies.

2. GOOD VIBRATIONS' ACCOUNTS

- 2.1 Good Vibrations' accountants will keep proper books of account via Xero, an electronic finance system.
- 2.2 The Good Vibrations financial year will end on 31st March each year.
- 2.3 Accounts will be drawn up after each financial year within 3 months of the end of the year and be presented to the next Annual General Meeting.
- 2.4 Before the start of each financial year, the Board will approve a budgeted income and expenditure account for the following year.
- 2.5 Management accounts - comparing actual income and expenditure with the budget will be drawn up at least every 3 months and be presented to the Board. Key financial performance indicators, as determined by trustees, will be presented in an accompanying paper or Financial Dashboard.
- 2.6 At the Annual General Meeting (AGM) an appropriately qualified person/company will be appointed to examine the accounts for presentation to the next AGM, depending on legal and charitable obligations.

3. ROLES AND RESPONSIBILITIES

- 3.1 Developing budgets and financial management - Katy Haigh, Executive Director:
- (a) Producing an annual budget, cash-flow statement and bi-annual reforecast
 - (b) Overseeing, planning and implementation of fundraising
 - (c) Being accountable to funding agencies and Trustees through reporting and provision of information as required
 - (d) Monitoring and managing cash flow, bank statements, debtors, income and expenditure monthly
- 3.2 Financial management and administration - Jane Gibb, Operations Manager
- (a) Manage all expenditure and income information
 - (b) Raise invoices for all Good Vibrations projects

- (c) Carry out banking duties including paying in/cashing cheques, paying invoices and general account liaison
 - (d) Prepare payments against invoices, salaries, expense claims and other orders
 - (e) Liaise with Good Vibrations' accountants over the annual accounts and examination
 - (f) Liaise with Good Vibrations' accountants over payroll, gift aid and other bodies as required
 - (g) Liaise with the private pension company
 - (h) Manage the Virgin Money Giving accounts.
 - (i) Register the Annual Report and Accounts with the Charity Commission for England & Wales, The Scottish Charity Regulator, and Companies House in liaison with Warner Wilde.
 - (j) Provide financial information for funders and funding applications as required.
 - (k) Maintain accurate Gift Aid records and claim every 3 years
- 3.3 Accountancy - Good Vibrations' accountants
- (a) Assist in preparation of quarterly financial reports for the Board
 - (b) Check Good Vibrations' internal grant allocations quarterly
 - (c) Provide monthly payroll, NEST pension and HMRC reports
 - (d) Liaise with Inland Revenue and other bodies as required
 - (e) Prepare/examine the annual accounts and report.
- 3.4 The Board Secretariat - Katy Haigh
- (a) Guide and advise the Board of Trustees in the approval of budgets, accounts and financial statements.
 - (b) Advise the Board on the financial implications of Good Vibrations' strategic plans and key assumptions included in its operational plan and annual budget.
 - (c) Formally present the accounts at the AGM.
- 3.5 The Finance Committee - a sub-group of the Board
- (a) A working group from the Board, including the Chair and Executive Director, will meet quarterly in the week before the Board meeting
 - (b) This group will interrogate Good Vibrations' financial reporting, its budgeting and forecasting, and its policies and procedures to provide an extra level of checks that financial management is robust and extra focus on the question of whether the charity remains a going concern.
 - (c) There is a standing agenda for this committee meeting.
- 3.6 The Committee - The Board
- (a) Work with the secretary to address finance issues.
 - (b) Approve exceptional items of expenditure.
 - (c) Monitor levels of financial reserves and report on it.
 - (d) Approve the Executive Director's expenses (Chair of the Board).
- 3.7 Strategic decision making - The Board

- (a) Approve the budget for the year.
- (b) Approve bank signatories, and any later name changes, to the bank account.
- (c) Monitor the financial position based on quarterly reports with advice from the Treasurer and Good Vibrations' accountants.
- (d) Agree a reserves policy and review it annually normally, but every six months in exceptional circumstances.

4. BANKING AND INVESTMENT POLICY

- 4.1 Good Vibrations will bank with the Co-op Bank and CAF where the accounts will be held in the name of Good Vibrations (Music) Ltd.
- 4.2 Good Vibrations will have a current account (Co-op Bank) for day-to day banking and a reserves account (CAF).
- 4.3 The bank mandate (list of people who can authorise payments on the organisation's behalf) will always be approved and minuted by the Board as will all changes to it.
- 4.4 Operations manager will refresh the Co-op Bank feed on Xero on the 1st of the month, and will download and send the Co-op and CAF bank statements to the Executive Director and Warner Wilde to verify. Good Vibrations' accountants will reconcile the statements.
- 4.5 Good Vibrations will not use any other bank or financial Institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Board.

5. INCOME

- 5.1 All monies received by cheque will be banked with the Co-op as soon as possible. Good Vibrations will maintain files of documentation i.e. letters from funding bodies to back this up, keeping them for the legally required period.
- 5.2 All fundraising and grant applications will be done in the name of Good Vibrations with the prior approval of the Board or in urgent situations through the approval of the chair and by email to the Board. Full details will then be presented to the Board.
- 5.3 All sales invoices should be raised by Jane Gibb on Good Vibrations using the Xero accounting software and will be sequentially numbered following a system of 3digit invoice number with the project name (e.g. GV Invoice 159 - HMP Whatton October 2018).
- 5.4 It is the responsibility of Good Vibrations' accountants to follow up outstanding invoices.

6. EXPENDITURE - PAYMENTS BY BACS

- 6.1 Money will only be spent in pursuance of the Objectives of the Constitution, the current business plan and current funding contracts.
- 6.2 Jane Gibb is responsible for preparing all payments of invoices and other orders. Before an invoice can be paid it must be coded to the correct department and account code, authorised and dated by the Director or a Board signatory.
- 6.3 Every payment out of the organisation's bank accounts should be supported by an original invoice (never against a supplier statement or final demand) with any receipts.
- 6.4 The invoice will be marked with the date on which it was paid. Copies of every invoice to be sent to accountants for reconciliation on the 1st of the month. The original invoice and receipts are kept by Good Vibrations.

6.5 The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, accommodation deposits, etc. Here a copy of the booking form must be provided and kept as documentation.

6.6 Any single expenditure exceeding £2,000 should be authorised by two bank signatories.

6.7 Good Vibrations does not accept liability for any financial commitment unless properly authorised.

7. EXPENDITURE - SALARIES & EXPENSES

7.1 Good Vibrations' accountants will process all salary and HMRC payments. Monthly statements will be sent to Jane Gibb instructing her to make the payments by BACS. All employees will be paid within the PAYE, National Insurance rules.

7.2 NEST pension payments are managed by Warner Wilde.

7.3 P60s and P11ds are managed and distributed by Warner Wilde.

7.4 Expenses/Allowances - Good Vibrations will reimburse expenditure paid for personally by staff, according to the terms set out in their individual contracts. This covers accommodation, travel costs and a per diem allowance.

7.5 Refer to the *Volunteer handbook* for details on Good Vibrations' expenses policy for volunteers.

8. DEBIT CARD

8.1 Good Vibrations will hold two Co-op debit cards which will be issued in the name of the Jane Gibb and Katy Haigh. Both Jane & Katy can use the card to pay for certain expenses. The card should normally only be used for online purchases and only when there is a definite advantage either financially or time wise, e.g. travel bookings are often cheaper when made online, postage, Board expenses, online apps for the Loophole I-pads. Approval for online purchases must be agreed on advance. The card cannot be used for paying regular invoices. The card can be used for taking out cash, if prior authorisation is given.

8.2 There must be documentation for any payment made on the card. Within a day of purchase, an email is sent to either Katy or Jane stating the date, amount, description, department and account code of the payment. This email is then printed off, authorised and posted to Good Vibrations' accountants along with the receipt. A copy of the signed email is kept for Good Vibrations' records along with the receipt of purchase.

9. FUNDRAISING - DELEGATED AUTHORITIES

9.1 Good Vibrations' Executive Director, or a nominated trustee, will advise the Board at its quarterly meetings of all fundraising activity that has been carried out in the last quarter and pending income relating to that activity. The Fundraising and Communications Manager will prepare this report.

9.2 The Executive Director will sign all fundraising contracts relating to known-fundraising activity, which has been approved by trustees in these quarterly meetings. This will be the case except when the contract makes it clear that an additional signature is needed, in which case, the Executive Director will gain this signature for the contract.

9.3 The Executive Director will review and approve all funding applications written on behalf of Good Vibrations before they are submitted. A second team member will review all funding applications of over £20,000 before they are submitted. For funding applications of over £200,000, a member of the Board will also review the application before it is submitted.

10. FIXED ASSETS

- 10.1 All fixed assets costing more than £50 will be recorded in a fixed asset register. The register will record details of date of purchase and costs and in due course disposal. An inventory list will also be kept of all smaller equipment items owned by Good Vibrations.
- 10.2 All gamelan equipment and orchestras must be insured annually.
- 10.3 With the support of the Operations Manager, team members should detail how our equipment is kept secure, and how participants are kept safe from harm from our equipment in their risk assessments.

11. RESERVES

- 11.1 The Board of Good Vibrations will consider the level of reserves that it is prudent for Good Vibrations to have in the Co-op Bank current account for its day-to-day use. The remaining money will be kept in the CAF Gold Savings account.
- 11.2 Good Vibrations will move as much of its cash as is practicable to its higher interest CAF Gold Savings account. This will be monitored monthly and the Executive Director will approve all cash transfers in this respect.
- 11.3 The Board will review its Reserves Policy annually. See the most recent independently examined annual accounts for the most recent version of the Reserves Policy.

12. CONFIDENTIALITY

- 12.1 The confidentiality of employees', contractors' and volunteers' financial circumstances will always be respected.
- 12.2 Committee members, volunteers and employees will always act in the best interest of the organisation and if they experience a conflict of interest they must declare it and they must not divulge sensitive information.
- 12.3 Information and systems relating to finances that are stored on Good Vibrations' shared drive are password protected and accessible to different levels by different members of the team, depending on their responsibility and requirements in relation to particular areas. The shared drive is backed up onto a data key once a month, which is locked away and only accessible by the Executive Director.

13. PENSIONS

- 13.1 Staff are entitled to receive pension contributions from Good Vibrations (in line with legislation), after having completed the probation period with the NEST Pension Scheme.

14. CHILDCARE VOUCHER SCHEME

- 14.1 Good Vibrations introduced a Childcare Voucher Scheme in 2014. Please refer to the Childcare Vouchers Scheme, Employee Information and Templates documents on the shared drive for further information.

15. OUR FRAUD POLICY

- 15.1 Fraud can be broadly defined as any intentional false representation, failure to declare information or abuse of position, which is carried out to make gain, cause loss or expose another to the risk of loss. A charity can fall victim to many different types of fraud, and methods are constantly evolving, supported by rapidly developing technology and increasing use of the internet.

- 15.2 Fraud committed against charities can include: intercepted donations by an employee, misuse of charity credit cards, staff claiming false or inappropriate expenses, false invoices to obtain money, hijacking a charity's bank account, phishing emails requesting confidential information, and unauthorised fundraising in a charity's name.
- 15.3 Charity trustees have ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up. Trustees have a legal duty to safeguard their charity's money and assets and to act prudently.
- 15.4 Trustees must, therefore ensure there are appropriate controls in place to make sure:
- (a) all funds are accounted for and spent in line with the charity's aims;
 - (b) proper financial records are kept for the receipt and use of all funds together with audit trails of decisions made.
- 15.5 Trustees must take any actions necessary to protect charity funds, by acting responsibly and within the interests of Good Vibrations if fraud occurs, including reporting to the relevant authorities promptly where appropriate and ensuring Good Vibrations' funds are secure.
- 15.6 The Charity Fraud Guide and The Charity Commission's Compliance Toolkit give more useful information on this subject. Please see our Whistleblowing Policy and Procedures for full details of how Good Vibrations adheres to the 2010 Bribery Act.

16. REVIEW OF POLICY

- 16.1 Good Vibration's Executive Director will ensure this policy is reviewed once every 2 years to check it is robust, in line with legislation and accurate. Trustees, or the Finance Committee on their behalf is agreed by the Board, will be asked to approve each iteration.
- 16.2 Relevant staff, contractors and trustees embarking on work with Good Vibrations are required to read the organisation's full range of policies and procedures, giving written confirmation that they have read and understood them.
- 16.3 Good Vibrations will provide regular opportunities for training and discussion about the practical implementations of this policy to take place with relevant members of the team.