

**UPDATED: 18/10/2022**

**APPROVED BY THE FINANCE COMMITTEE: 18/10/2022**

**DATE OF NEXT REVIEW: 18/10/2024**

**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 31<sup>st</sup> 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 - Chief Executive :
- (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 - Operations Manager, Jane Gibb:
- (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 JustGiving 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 - Chief Executive, :
- (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 Finance committees - sub-groups of the Board:
- (a) Rotating pairs of trustees will meet quarterly with the Chief Executive in the week before the Board meeting.
  - (b) These pairs will check and interrogate Good Vibrations' financial reporting for the previous quarter 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 these quarterly pre Board meetings.
- 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 Chief Executive'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, Nationwide 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 download and send Nationwide and CAF bank statements to the Chief Executive 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 sales invoices should be raised by Operations Manager using the Xero accounting software and will be sequentially numbered following a system of 3 digit invoice number with the project name (e.g. GV Invoice 159 - HMP Whatton October 2018).
- 5.3 It is the responsibility of Operations Manager to follow up outstanding invoices.

#### **6. EXPENDITURE - PAYMENTS BY BACS AND DELEGATED AUTHORITIES**

- 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 Operations Manager is responsible for preparing all payments of invoices and other orders. Before an invoice can be paid, the details must be uploaded onto Box and coded to the correct department and account code. The invoice is uploaded onto HubDoc on Xero. Good Vibrations accountants verify the invoice and notify the Executive Director when it is ready for approval..
- 6.3 When the invoice has been approved, the Operations Manager will pay the invoice and record the payment date. The original invoice and receipts are kept by Good Vibrations for seven years.
- 6.4 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.
- 6.5 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 In terms of delegated authorities, any single expenditure exceeding:
- (a) £2,000 should be authorised by two bank signatories.
  - (b) £5,000 should be authorised by three 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 Operations Manager instructing her to make the payments by BACS on/around the 21<sup>st</sup> of the month. 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 (CEO tbc). Both Jane and (CEO tbc) 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. Details of the payment must be uploaded onto Box and coded to the correct department and account code. A copy of the receipt is uploaded onto File on Xero. Good Vibrations accountants verify the payment which is also verified by the Executive Director.

## **9. FUNDRAISING - DELEGATED AUTHORITIES**

9.1 Good Vibrations' Chief Executive, 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 Chief Executive 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 Chief Executive will gain this signature for the contract. Before signing contracts worth over 20% of projected annual turnover (from the strategy) in any year the contract spans, the Chief Executive will gain approval to sign them from the Chair of the Board, or another trustee if the Chair is not available.

9.3 In terms of delegated authorities for funding applications:

- (a) The Chief Executive or Operations Manager will review and approve all funding applications of over 5% of projected annual turnover (from the strategy) in any year the contract spans, before they are submitted.
- (b) The Chief Executive and Operations Manager will review and approve all funding applications of over 10% of projected annual turnover (from the strategy) in any year the contract spans, before they are submitted.
- (c) The Chief Executive, Operations Manager, and a member of the Board will review and approve all funding applications of over 15% of projected annual turnover (from the strategy) in any year the contract spans, before they are 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 Nationwide and 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 Chief Executive 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.

## **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 debit/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. REVIEWING EMPLOYEE PAY**

16.1 When setting salary bands for new roles, and reviewing employee pay, Good Vibrations will be guided by *The Good Pay Guide* by ACEVO, and will endeavour to:

- (a) Be open about how pay is set
- (b) Be fair and consistent
- (c) Ensure the salaries we pay work for Good Vibrations and the beneficiaries we serve
- (d) Keep valued staff within the organisation
- (e) Ensure that these principles are supported by appropriate procedures and policies.

16.2 We will link employee remuneration to progress against agreed objectives that are based on Good Vibrations' strategic plan. We will also link appraisals to our core values.

16.3 At their annual appraisal, employees will be recommended for an overall assessment of their progress for the year by their line manager. This will fall into one of the following categories:

- (a) Working towards standards



- (b) Meets standards
  - (c) Exceeds standards
- 16.4 At the July Board meeting (or finance committee if given delegated authority by the Board to do so):
- (a) The Chief Executive will advise trustees on employees' appraisals, the category of performance that different employees fall into, and any pay increases as per the clause below, which they want to recommend employees are awarded and why.
  - (b) Trustees will moderate and approve or adjust these recommendations, noting reasons for adjusting any recommendations.
- 16.5 With effect from 1 July 2021, Good Vibrations will offer a salary increase of:
- (a) Consumer Price Index (CPI) plus 1.75 per cent to employees who exceed standards in their appraisal
  - (b) CPI plus 0.25 per cent to employees who meet standards in their appraisal
- 16.6 No inflationary increase will be awarded to employees who do not meet or exceed standards, or to employees who are at, or above the ceiling for their band. See clause 16.8 below.
- 16.7 Employees will be informed shortly after this meeting if they are being awarded a pay increase and this will be given and back dated to them from the first day of July. Employees will also be informed if any moderation was made to the recommended performance category their line manager gave them in the appraisal, and why.
- 16.8 There are ceilings to the full time equivalent salaries that employees can be paid, even if their performance meets or exceeds standards year on year. These are:
- (a) £50,000 for employees at an Chief Executive level
  - (b) £40,000 for employees at a Manager level
  - (c) £28,000 for employees at an Officer/Administrator/Co-ordinator level
- 16.9 Any exceptions to this policy are based on previously agreed employment contracts and cannot be applied to new hires.

## **17. REVIEWING ASSOCIATE PAY**

- 17.1 The different rates that Good Vibrations pays its freelance facilitators and associates is set out in the schedules of work, which form part of a freelancer's annual contract of work with us.
- 17.2 Good Vibrations will review its freelance pay rates at least once every three years, taking into consideration benchmarks for the sectors we work in, and consideration of the roles and responsibilities we ask our freelancers to undertake.
- 17.3 The last review took place in July 2021, and benchmarked our freelance pay rates against three other charities delivering arts provision with people with complex needs in secure and community settings in the UK. It showed that our freelancer rates remain high to similar compared with these organisation. Because of this we will not increase our freelancer pay rates at this time. Please contact [info@good-vibrations.org.uk](mailto:info@good-vibrations.org.uk) at any time for a list of our freelancer pay rates or a copy of this benchmarking exercise.

**18. REVIEW OF POLICY**

- 18.1 Good Vibrations' Chief Executive will ensure this policy is reviewed once every 2 years to check it is robust, in line with legislation and accurate. Trustees, or a finance committee on their behalf if agreed by the Board, will be asked to approve each iteration.
- 18.2 We have set an additional review of this policy for a year's time to allow for the new pay sections with this policy to be piloted and then confirmed or improved after we have tried them out for a year.
- 18.3 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.
- 18.4 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.