

## **Financial Policy/Procedure**

### **1. Introduction**

- 1.1 Financial records will be kept so that Deafblind Scotland (DbS) can:
- (a) Meet its legal and other obligations, e.g. Charity and Trustee Investment (Scotland) Act 2005, Inland Revenue, Customs & Excise and common law. (appendix 1)
  - (b) Enable the trustees to be in proper financial control of DbS.
  - (c) Enable DbS to meet the contractual obligations and requirements of funding bodies.
- 1.2 DbS will keep proper books of accounts, which will include:
- (a) A cashbook analysing all the transactions in DbS bank account(s) using Sage Accounting Software.
  - (b) A petty cash spreadsheet if cash payments are being made.
  - (c) Effective Payroll process and management using Sage Payroll Administered by the Finance Team. All Payroll records to produce relevant year end documentation to the Inland Revenue should be kept and filed accordingly.
  - (d) Ensure all relevant records are kept and filed accordingly with regard to Pension Regulations.
- 1.3 The financial year will end on the 31st March each year.
- 1.4 Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting.
- 1.5 Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- 1.6 A report comparing actual income and expenditure with the budget will be presented to the trustees quarterly.
- 1.7 The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the next AGM.

### **2. Banking**

- 2.1 DbS currently banks with the Royal Bank of Scotland, 116 Cowgate, Kirkintilloch. Accounts will be held in the name of Deafblind Scotland.

The following accounts are currently maintained:

Daily Operating Current Account

## Daily Sweeping Bank Account

2.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the trustees as will all the changes to it:

Current signatories include:

- Chair Person
- Trustee
- Company Secretary/Chief Executive Officer Head of Finance

2.3 The charity will require to download bank statements every month and these will be reconciled with the cash book every month using Sage Accounting Software.

2.4 The charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the trustees.

### **3. Receipts (income)**

3.1 All monies received will be recorded promptly and recorded within the relevant finance systems and banked without delay. DbS will maintain files of documentation to back this up.

### **4. Payments (expenditure)**

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories/electronic bank payments with authority to spend up to the budgeted expenditure, not beyond it.

4.1 The Head of Finance will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.

4.2 Blank cheques will NEVER be signed.

4.3 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

4.4 No cheques should be signed without original documentation.

4.5 Dbs currently use Bankline for electronic banking payments, threshold for the maximum amount set before dual authorisation is required will be fixed by the Chief Executive, all other transactions above this sum will require dual authorisation by the Chief Executive and Head of Finance. The use of Royal Bank of Scotland Smart Cards are required for this function and add an extra Security Measure.

### **5. Payment documentation**

5.1 Every payment out of DbS's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by DbS and filed. All invoices are required to be authorised by the Chief

Executive. All invoices require to be stamped with relevant bank reference and noted with relevant payment i.e. Cheque, Electronic Payment Reference or Bacs.

- 5.2 The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees, deposits, VAT, etc. Here a purchase order requisition form will be used.
- 5.3 Wages and Salaries. There will be a clear audit trail to show the authority and reason for EVERY such payment. All employees will be paid within the PAYE, National Insurance regulations.
- 5.4 All staff appointments/departures will be authorised by the Chief Executive, recording in the HR system the dates and salary level. Similarly, all changes in hours and variable payments such as overtime etc. will be authorised by the Chief Executive.
- 5.5 Petty cash will be managed by the Head of Finance and be maintained by the Finance Assistant. Petty cash transactions must always be carried out by two staff members each checking and signing and recording the transaction using petty cash receipts. All Petty Cash receipts/payments are reconciled by the Head of Finance on a monthly basis using relevant Sage Accounting Software.
- 5.6 Expenses / allowances. DbS will, if asked, reimburse expenditure paid for personally by staff in exceptional circumstances providing:
- Fares are evidenced by tickets.
  - Other expenditure is evidenced by original receipts.
  - Car mileage based on current DbS rate of 26p/mile.
- 5.7 Any changes received with regard to Supplier Bank Account details being amended should be checked and authorised by the Chief Executive and Head of Finance.

## **6. Cheque Signatures and cash cards**

- 6.1 There should be a minimum of two authorised signatories who are not connected (as per the definition of 'connected' in the Charities and Trustee Investment (Scotland) Act 2005).
- 6.2 DbS's Debit card should be used only by relevant card holders and should be authorised by Chief Executive. Head of Finance can authorise in the absence of the Chief Executive.

## **7. Other undertakings**

- 7.1 DbS does not accept liability for any financial commitment unless properly authorised.
- 7.2 All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of DbS with the approval of the Chief Executive who will provide full details to the trustees' meeting.



## **8. Other rules**

- 8.1 DbS will adhere to good practice in relation to its finances at all times, e.g. when relevant, it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally, DbS will maintain a property record of items of significant value, with an appropriate record of their use.



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## **Appendix 1**

### 1). Charities and Trustee Investment (Scotland) Act 2005

Amendments to the 2005 Act are made by Part 9 of the Public Services Reform (Scotland) Act 2010.

### 2). The Charities Accounts (Scotland) Regulations 2006

Amendments to The Charities Accounts (Scotland) Regulations 2007, 2010, 2014 and 2016.

### 3). Statement of Recommended Practice (SORP)

Charity SORP 2005, Charity SORP 2014 - FRSSSE and FRS 102

### 4). Supporting Regulations

The Charities References in Documents (Scotland) Regulations 2007

Amendments to The Charities References in Documents (Scotland) Regulations 2008 and 2011

### 5). The Charities Reorganisation (Scotland) Regulations 2007

Amendments to The Charities Reorganisation (Scotland) Regulations 2012

### 6). The Charities and Benevolent Fundraising (Scotland) Regulations 2009

### 7). The Scottish Charitable Incorporated Organisations Regulations 2011

The Scottish Charitable Incorporated Organisations (Removal from Register and Dissolution) Regulations 2011

### 8). The Charities Restricted Funds Reorganisation (Scotland) Regulations 2012