



Finance policy

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1/ Introduction

C4C Community Interest Company is committed to the highest standards of openness, probity and accountability. This finance policy describes how financial records and internal controls are maintained.

2/ Financial records

Financial records will be kept so that C4C can:

- Meet its legal and other statutory obligations under the Companies Act, HM Revenue & Customs and under common law.
- Enable the business owner to be in proper financial control of C4C.
- Enable C4C to meet the contractual obligations and requirements of funders.

C4C will keep proper books of accounts which will include:

- A cashbook analysing all the transactions in C4C's bank accounts.
- A petty cash book if cash payments are being made.
- Relevant HMRC taxation records in accordance with current legislation and reporting requirements.

3/ The financial year

The financial year will end on the 31st July each year.

Accounts will be drawn up after each financial year within three months of the end of the year and submitted to Companies House and HMRC.

Every quarter the CEO & business owner will approve a budgeted income and expenditure account for the following quarter. A report comparing the actual income and expenditure with the budget will be presented at the end of every quarter.

4/ Banking and Auditing Services

C4C bank with the Cooperative Bank. Accounts are held in the name of C4C Community Interest Company.

Hillier Hopkins (Radius House, 51 Clarendon Road, Watford, Herts WD17 1HP) will be contracted to provide financial oversight and auditing services.

5/ Income & Expenditure

All monies received will be recorded promptly in the cash analysis book and banked without delay. C4C will maintain documentation to back this up.

The Director will be responsible for securely holding the credit cards and any online banking passwords securely.

Every payment from C4Cs bank account will be evidenced by an original invoice which will be retained and filed.

No bank signatory signs for the payment of expenses to themselves.

Monthly bank statements will be reconciled.

C4C does not accept liability for any financial commitment unless properly authorized. Any orders placed or undertakings given, the financial consequences of which are likely to exceed in total £5,000, must be authorized and minuted by the business owner.

All fundraising and grant applications undertaken on behalf of the organization will be done in the name of C4C with prior approval of the business owner.

6/ Internal Controls

The Internal control system comprises a series of safeguards that seek to ensure adherence to policies, to protect assets, and to ensure completeness and accuracy of records. The essential features of an internal control system include:

- Delegation of authority
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Separation of duties
- Cash control
- Physical control
- Compliance with applicable laws and regulations.

Fraud is a deliberate improper action that leads to financial loss to C4C. This includes theft, falsifying information, or destruction of records to conceal an improper action. Fraud does not include accounting errors, actions condoned by established practice, and cases where no loss is incurred.

Deterrence: Internal control systems are designed to protect C4C representatives from any temptation or suspicion of fraud or other impropriety. All C4C representatives must cooperate fully with internal control procedures and failure to do so will be considered gross misconduct.

Should a C4C representative hold suspicions of irregularities s/he should report the concern in confidence to the business owner without fear of retribution. A written record of the allegation will be made in a confidential "Fraud Register". Follow-up of all reports of a potential fraud will be done immediately by the business owner who will look for corroboratory evidence before instigating a formal investigation. If all the evidence points to an irregularity, the individual(s) involved will be formally interviewed by the Business

Owner and Chief Executive Officer, with a representative of the staff present to take notes. If necessary the individuals will be suspended whilst the investigation is underway. If evidence is found of fraud the individual will be summarily dismissed from employment. Legal action may be taken.

Insurance cover. It is the responsibility of the Chief Executive Officer to ensure that there is adequate insurance cover so that if assets (used here in the broadest sense) are lost, damaged or stolen they can be replaced or compensated.

Cheques & debit cards. C4C does not use cheque books to make payments, but instead does so using bank transfers. A debit card is kept by the business owner and Chief Executive Officer but is not used to draw petty cash.

Delegated Authority. The Business Owner delegates authority to staff to relieve the load and to ensure smooth operation during the absences of key staff. The delegated authority document clarifies who has the authority to make decisions, commit expenditure and sign legal undertakings on behalf of C4C so that there is no confusion about responsibility.

The lowest level of authority is defined – those higher up the management ladder also have the authority to act downwards.

No one should authorise any transaction from which they will personally benefit. This lays the individual open to claims of impropriety and calls into question the integrity of the organisation.

Area of Authority	Limits applied	Designated Persons
Legal Documents	Tenancy Agreements, Contracts, letters of warning and dismissal; Funding & partnership contracts; Opening / Closing Bank Accounts or changing signatories	Business Owner
Bank account transfers	Of any value	Chief Executive Officer
Receipt of income	Of any value	Finance Administrator.
Checking and authorising accounting records		Hillier Hopkins
Orders for goods and services	Up to £3,000 Over £3,000	Chief Executive Officer Business owner

Salary Controls. There will be a clear trail to show the authority and reason for every such payment; e.g a payment requisition asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE and National Insurance regulations.

All staff appointments / departures will be authorised by the Chief Executive Officer, minuting the dates and salary level. Similarly, they will authorise all changes in hours and variable payments such as overtime.

Expenses / allowances. C4C will, if asked, reimburse expenditure paid for personally by staff, proving:

- Fares are evidenced by tickets
- Other expenditure is evidenced by original receipts
- Car mileage based on local authority scales

7/ Procurement & Securing Assets

The Chief Executive Officer may approve the purchase of assets below the value of £3,000. For purchases above the business owner will make a decision based on the following process.

- Pro forma invoices sought from at least three suppliers; excluding those that are not within budget.
- Shortlisting of vendors on the basis of effectiveness and economy. The lowest price will be selected without unduly sacrificing quality, efficiency and effectiveness. A written justification for the choice made (e.g. based on price, quality, warranties, discounts, sale source) is documented.
- The Finance Administrator is authorised to complete a purchase order, and make the purchase.

All assets must not be sold or otherwise disposed of without the consent of the business owner.

Preferred Supplier List. A preferred supplier list should be maintained for key items of expenditure where regular expenses are incurred that would normally require C4C to obtain 3 independent quotes.

Receipts should be obtained for all goods and services. These should include amounts for delivery and any service charges as well as an item in question.

Depreciation rates.

Asset	Estimate of useful life	Reducing Balance Method
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Motor vehicles	5 years	20% pa
Computers	3 years	33.3% pa
Fixtures and Fittings	8 years	12.5% pa
Office Equipment	5 years	20% pa

Recording Intangible Assets. Intangible assets are classified as computer software, websites, databases, motion picture films, radio programs, licenses & permits, patents, copyrights & trademarks, and other intangible assets. Intangible assets can be purchased, licensed, or internally generated.

An intangible asset is an asset that possesses all of the following characteristics:

- Lack of physical substance: An intangible asset may be contained in or on an item with physical substance, such as with computer software and a compact disc. Also, an intangible asset may be closely related with another item that has physical substance, such as an easement and the underlying land.
- Non-financial nature: An asset is not in a monetary form similar to cash and investment securities, and it represents neither a claim nor right to assets in a monetary form similar to receivables.
- Intangible assets acquired or created primarily for the purpose of directly obtaining income or profits are excluded from this policy.
- Initial useful life extending beyond a single reporting period.

C4C follows [IAS 38](#) in deciding how to capitalize intangible assets.

8/ Records Retention

Document Type	Required retention period
Purchase ledger	6 years
Invoice – revenue	6 years
Invoice – capital item & Successful quotations for capital expenditure	10 years
Bank statements	6 years
Receipts cash book	6 years
Remittance advices	6 years
Bank reconciliations	6 years
Correspondence re donations	3 years
Investment certificates	Indefinitely
Fixed assets register	Indefinitely
Licensing agreements	6 years after expiry

Loan agreements	6 years after expiry
Other contracts and agreements	6 years after expiry

9/ Managing risk

Risk is intentionally and systematically managed on an ongoing basis. Financial risks are a key concern. A quarterly survey is sent to all C4C team members asking them to identify the top three risks they envisage the Company facing; the risk category; likelihood and impact. These are then collated in a quarterly team meeting where we collectively reflect on the risk survey results and agree mitigation measures. The results are recorded in a risk register and dashboard.

10/ Policy Review

The effectiveness of this policy and associated arrangements will be reviewed annually under the direct supervision of the Company Chief Executive.