

Sample Financial Management Policy for Voluntary Organisations

1. Introduction

- 1.1 Financial records will be kept so that (name of organisation) can:
 - a. Meet its legal and other obligations, i.e., Charities Acts, Inland Revenue, Customs & Excise, Companies Act, Common Law.
 - b. Enable the Committee/Board to have control of the organisations finances.
 - c. Enable the organisation to meet all contractual obligations and the requirements of funding bodies.
- 1.2 The organisation will keep proper books of account, which will include:
 - a. A cash book analysing all the transactions in the organisation's bank account(s).
 - b. A petty cash book if cash purchases are being made.
 - c. Relevant Inland Revenue records
- 1.3 The financial year for the (name of organisation) will end on (in sert dates)
- 1.4 Accounts will be drawn up after each financial year within 3 months of the end of the year and presented to the next Annual General Meeting.
- 1.5 Before the start of each financial year, the Committee/Board will approve a budgeted income and expenditure account for the following year.
- 1.6. A paper comparing actual income, and expenditure with the budget will be presented to the Committee/Board on a monthly/3 monthly basis.
- 1.7. The AGM will appoint an appropriately qualified auditor/financial examiner to audit the accounts for presentation to the next AGM.

2. Banking

- 2.1 The organisation will bank with the (name of) Bank at its (location) branch where the accounts will be held in the name of (name of the account). The following accounts are held: Current and Business, Reserve, and any other project accounts as agreed and approved by the Committee/Board.
- 2.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) and any subsequent changes will always be approved and minuted by the committee/board.
- 2.3 Bank statements will be reconciled every month and the Treasurer will spot check that this reconciliation has been done at least twice a year.
- 2.4 (name of organisation) will not use any other bank or financial Institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Committee/Board.

3. Receipts (income)

- 3.1 All monies received will be recorded promptly. The organisation will maintain files of documentation i.e., letters from funding bodies to evidence this.

4. Payments (expenditure)

- 4.1 The (position) 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 NOT be signed. Cheques require two signatures.

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- 4.3 Cheques greater than the value of (insert limit) will require the approval of the Finance Sub-Committee/Treasurer.
- 4.4 The relevant payee's name will always be inscribed on the cheque before signature, the cheque stub will always be completed. No cheques will be signed without original documentation.
- 4.5 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the Objectives of the Constitution.

5. Payment Documentation

- 5.1 Every payment out of the organisations bank amounts will be supported by an original invoice which will be filed and kept for seven years. The person who signs the cheque should ensure that the following information is recorded on the documentation:

CHEQUE NUMBER	DATE CHEQUE DRAWN
AMOUNT OF CHEQUE	WHO SIGNED THE CHEQUE

- 5.2 The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, etc. In this case, a cheque requisition document will be used and a photocopy of the cheque kept.
- 5.3 Wages and Salaries - There will be a clear trail to show the authority and reason for payment. All employees will be paid within the PAYE, National Insurance rules. (name of organisation) will process all salaries. Changes in hours and other payments such as overtime. etc., will be, authorised by the Committee/Board.
- 5.4 Petty cash will be maintained and entrusted to (name of position) with a float of (insert sum) as agreed by the committee/board. When that is expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book.
- 5.5. Expenses/Allowances will, if asked, reimburse expenditure paid for personally by staff, providing:
 - Fares are evidenced by tickets (where possible).
 - Other expenditure is evidenced by original receipts.
 - Car mileage is based on local authority scales.

6. Other Undertakings

- 6.1 The Committee/Board does not accept liability for any financial commitment unless properly authorised.
- 6.2 All fund raising and grant applications undertaken on behalf of the organisation will be done with prior approval of the committee/board or in urgent situations the approval of the Chair who will provide full details to the next committee/board meeting.

7. Other rules

- 7.1 The Committee/board will consider the level of reserves that is prudent at its first meeting after the AGM. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were the organisation to close.
- 7.2. The organisation will adhere to good practice in relation to its finances at all times. It will maintain an asset register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records.

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