**Financial Handbook**

Handbook agreed by Board Date 14/02/2018

Date of next check:

This handbook will help All Wales People First to:

* do what the law says
* deal well with their money and things they own
* spot and reduce financial risk
* make sure the organisation always knows its financial position

Doing what it says in this handbook means there is less chance of:

* theft
* fraud
* bad decisions
* mistakes

Doing what it says in this handbook means:

* any problems will be spotted quickly
* any problems can be put right quickly

**Everyone’s responsibility**

Everyone in All Wales People First must take this handbook seriously.

This includes the:

* Chair and Board
* staff
* volunteers
* National Council

**Reserves policy**

All Wales People First has a Reserves Policy. All Wales People First is not a charity. But our Reserves Policy meets the Charity Commission standards for a Reserves Policy.

Our reserves policy says we will hold enough funds to cover the total cost of redundancy for all staff, plus 4 months salary for all staff.

We will also hold an additional 20% of the above total as a contingency.

**Setting a budget**

The budget says:

* how much money we think we will get
* how much money we think we need to spend

The budget needs to be set before the start of the year.

The budget needs to be agreed by the Chair and the Board.

If someone in All Wales People First is allowed to spend money, they are called a budget holder. They can only spend the money in their budget. They must spend it on what it says in the budget.

**Using the budget for checks every month**

Staff and the Chair need information each month quarter that says:

* how much money is in the budget
* how much money came in. This is called **income**.
* how much money was spent. This is called **expenditure**.

The Business & Finance Manager will check with budget holders if there is a big difference between the budget and the money they spent.

The Business & Finance Manager will tell the Chief Executive and Chair straight away if they think there is a problem.

**Financial information for the Board**

The Chair and Board need accurate and up-to-date financial information, so they can make decisions.

The Board will have a Finance Sub-group.

The Business & Finance Manager will send the Finance Sub-group a financial report before each Board meeting.

The financial report will:

* be easy to understand, correct and up-to-date
* be sent with the papers for the Board meeting
* include the latest figures for income and expenditure
* compare the budget with income and expenditure
* explain any differences between the budget and the income and expenditure
* show how much money will be coming in and going out of the bank account
* show the bank balance

The Finance Sub-group will discuss this information.

The Finance Sub-group will tell the Board:

* any worries they have about the money
* if the Board needs to make any decisions

**Accounting requirements**

Accounting records must be kept for at least six years.

This means records of:

* all money received by the company
* all money spent by the company
* details of assets owned by the company
* money owed to the company
* debts the company owes
* bank statements

The Board must:

* make sure All Wales People First prepares an annual report and statutory accounts that meet legal requirements
* do what it says in the Reserves Policy
* formally approve the annual report and accounts
* make sure that accounts are checked by someone outside All Wales People First
* check if the law or the funders need a certain type of check
* make sure All Wales People First has a financial risk register. This is a list of any risks to do with money.
* make sure all the right paperwork is sent to Companies House on time
* provide copies of the latest annual report and accounts to members and the public (it can go on the website)
* keep the assets of the group safe and make sure money is well used
* take steps to prevent, detect and stop bribery, fraud and financial abuse

**Reporting financial crime and abuse**

The Business & Finance Manager must report any concern about financial crime or abuse to the Chief Executive and Chair.

The Chair should report any suspected financial crime or abuse to the police.

**Internal annual check**

This means a check done by people who are part of All Wales People First.

The check will be carried out by the Finance Sub-group of the Board.

There is information about the Finance Sub-group in the Governance Handbook.

This check will:

* look to see if people are doing what this handbook says
* look to see if money is being looked after well
* help the Chair, Board and managers to see if there are any risks to do with money
* advise on the list of risks to do with money
* advise on what to do about any risks to do with money.

The Finance Sub-group will use these checks to help the Chair and Board to:

* manage risk
* make sure money is being looked after well
* check money is being spent wisely

**External Annual Check**

* Each year an independent examination of the accounts will be carried out by a certified accountant.
* they will spot check the accounting records for accuracy, and ensure we are complying with our legal obligations.
* the accountant will submit our approved annual accounts to companies house on our behalf.

**Rules to make sure money coming in to All Wales People First is kept safe**

1. **Handling money**

Staff who handle money must keep money, including money received in the post, cheques and cash in a locked cash box.

They must write down amounts in the account records.

They must bank all money as soon as possible.

1. **Money from a fundraising event**

All money must be counted by two people.

The money must be banked as soon as possible.

Staff must **not** pay expenses using this money.

1. **Money from a legacy**

There can be a long wait between being told you have been left a legacy and getting the money.

Check the organisation has received the money before the organisation spends it.

1. **Donations**

If someone donates money to All Wales People First, the staff member in charge of finance must check they are not doing it to get more money for themselves. HMRC has rules about this.

1. **Money from trading**

The staff member in charge of finance must write this down as trading income.

1. **Checking records**

The Chair and Finance Sub-group should check the account records regularly.

The Chair and Finance Sub-group should check that records of cash and cheques match the bank paying-in slips and bank statements.

**Rules to make sure All Wales People First spends money, or takes out loans, safely**

1. **Buying things**

Staff can only buy something if they have permission to buy it.

Staff must be clear which budget the money will come from.

Staff must check the organisation gets the goods or services they have paid for.

1. **Paying by cheque**

The cheque book must be kept in a safe place.

Two people must sign any cheque.

A signatory can not sign a cheque if it is made out to them, for expenses, for example.

People using the cheque book must put the cheque details on invoices.

The person in charge of finances must put the cheque details and invoice details in the accounting records.

1. **Paying by debit card, credit card or charge card**

The Board must

* write down who can use them.
* tell the person the limit on what they can spend.
* tell the person what sort of things they can buy with the card.

Anyone allowed to use a card must keep the card receipt as well as the purchase receipt.

Contactless card payments are permitted, providing full receipts are provided as evidence to the Business & Finance Manager.

1. **Paying by direct debit, standing order and BACS**

The person in charge of finance must:

* check that payments are authorised
* enter payments in the accounting records.
* ask the bank to make sure two people are needed to authorise online bank payments.
* A signatory must not authorise a payment to themselves, for expenses for example. They must ask another 2 signatories to authorise the payment.
1. **Paying in cash**

AWPF do not hold a petty cash facility.

Staff can ask a business card holder to purchase goods for them online.

Alternatively, they can purchase goods themselves and claim back via salary expenses, providing the purchase has been approved by the Business & Finance Manager or Chief Executive.

1. **Grants**

If All Wales People First gives a grant to anyone, All Wales People First must make sure the people do what they said they would do.

1. **Wages and salaries**

All Wales People First use an approved payroll provider to process their payroll.

The payroll provider will ensure the right amount of tax, national insurance and pension contributions are paid for all members of staff.

1. **Paying expenses**

Staff expenses are usually paid monthly in their salary.

Expenses for anyone else are usually paid by cheque or direct bank transfer.

See the expenses policies for staff, volunteers and Board members.

1. **Taking out a loan**

The Chair and Board need to agree any loan.

The Chair and Board must be sure that All Wales People First can pay back the loan.

1. **Checking**

The Chair and Finance Sub-group must check that records of cash and cheques match the bank paying-in slips and bank statements.

They must make sure that all payments match an invoice or receipt.

**Financial controls for assets and investments**

1. **Fixed assets**

This includes buildings, fixtures and fittings, equipment, vehicles and land.

All Wales People First must keep a list of its’ fixed assets.

All Wales People First must write down what they are worth in the accounting records.

1. **Restricted funds**

This includes grants for projects.

All Wales People First must keep a list of restricted funds.

All Wales People First must make sure this money is only spent on what it was given for.

All Wales People First must keep accounting records for each restricted fund.

1. **Investments**

All Wales People First has reserves (see the Reserves Policy).

This money can be invested.

The Chair and Board must make sure investments are safe.

1. **Cash in bank and building society current accounts and deposit accounts**

All Wales People First must keep a list of all bank accounts.

Two people must check that the right amount is in each account.

This must be checked every month.

For more information see:

The Charity Commission guidance on internal financial controls for charities

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585892/CC8_new.pdf>