



Indian Futures

Financial Management Policy

Written by: Anna Amado (Project Manager)

Reviewed by: Sushma Clark (Accountant Trustee)

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Definitions:

The Charity: Indian Futures, registered CIO no: 1173474

Board: The Board is the Board of Trustees of the Charity.

Financial Year: The Charity's financial year is 1 January to 31 December.

Treasurer: The Treasurer is the member of the Board who leads the strategic and operational responsibility for the financial management of the Charity.

Finance Officer: The Finance Officer is the person who has the day-to-day responsibility for the administration of the Charity's financial transactions.

Authorised Person: Authorised persons are those persons authorised by the Board of Trustees to approve financial instruments (cheques, purchase orders, invoices, etc) on its behalf.

Income Management and Procedures:

Purpose:

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash.

To outline the structure of authorisation for dealing with income, credit-control and cash management.

Invoices:

Invoices should be issued whenever it is appropriate.

Invoices should include the following details:

- ✓ The Charity's logo;
- ✓ A statement that the Charity is a registered charity, and its charity number;
- ✓ The name and address of the person or organisation being invoiced;
- ✓ The date of the invoice, which must be the date it is posted to the accounts;
- ✓ The nature of the services and/or goods being charged for;
- ✓ The rate at which services and/or goods are being charged for;
- ✓ The purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
- ✓ If the invoice is to a funding body it should state the funding period to which it relates;
- ✓ The invoice total;
- ✓ The Charity's payment instruction & terms of payment.



Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format. In either case the invoice must be despatched within 2 working days of being produced.

Outstanding invoices:

The Treasurer will review the outstanding invoices every month.

If an invoice hasn't been paid within 28 days of being issued, then a second invoice should be issued.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Board to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (*eg*: the provision of goods or services, or access to any of the Charity's facilities or resources) until the outstanding debt has been repaid in full.

Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

Recording Payments:

- Payment by BACS: Where payments are made directly into the bank account via the BACS payment system the Finance Officer will check for these payments and reconcile monthly via Xero, which is linked directly to the bank statements.
- When payment by cheque or cash is received: When cheques or cash arrive the Finance Officer will ensure that cheques are properly signed and made payable to the Charity and will record their arrival in the accounts.
Cheques and cash received should be banked asap or within 2 weeks. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked. A maximum of £350 cash may be held overnight.

Cash in Transit:

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action.

The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money. If the amount of cash (*ie*: excluding cheques) being banked is greater than £350 then two people should take the cash to the bank.



Budgeting Policy and Controls:

Purpose:

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

To provide a structure for monitoring and controlling expenditure and allow authorised budget-holders the flexibility to manage their respective budgets within the limits laid down by the Board.

To ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the Charity's financial commitments as they arise.

Policy:

The annual budget will provide budget-holders with the authority to spend within the amounts specified under each budget heading.

The amounts budgeted for the income and expenditure, both within budget categories and overall, of the Charity cannot be exceeded, transferred or altered without the authorisation of the Board.

The Finance Officer will provide budget-holders with regular reports (informal reports will be provided monthly as appropriate, formal reports will be provided quarterly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Finance Officer will ensure that the Board (via the Treasurer, where appropriate) is informed where any breaches of this policy may occur.

Budget-setting Process:

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after the Charity has clarified its aims and objectives and produced a variety of action plans to achieve them. The purposes of a budget are:

- ✓ To co-ordinate different activities towards a single plan;
- ✓ To set and communicate financial targets;
- ✓ To maximise and allocate resources;
- ✓ To identify financial problems;
- ✓ To establish a system of control by having a plan against which actual results can be compared;
- ✓ To compel planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time .

The Treasurer will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year by **November** each year. The draft budget and any explanatory notes will be circulated to the Board for comment.



Any necessary revisions will be made and a final draft budget presented to the Board for approval & adoption no later than the last day in the financial year prior to that to which it applies.

Monitoring and Revision:

The Finance Officer will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

Payroll Policy and Procedure:

At present the Charity has no paid staff. We will manage payroll as outlined below.

Purpose:

To ensure staff are paid in accordance with their terms and conditions of employment.

To ensure salary rates are competitive enough to retain staff.

To ensure statutory deductions are made and paid to the relevant authority within the time limit.

Payment of Salaries:

All salaries are paid 100% in arrears via direct transfer into employee's personal bank accounts on last working day of each month.

Staff must supply the Finance Officer with the name of their bank, account number and bank sort code within a week of starting. P45s must be handed in as soon as possible to ensure the correct tax code is applied. Where no P45 is available the member of staff will be required to complete a starter checklist.

Where staff requires any other arrangement they must ask for consideration of the matter as soon as possible and the matter will be referred to the Board.

Deductions:

Only statutory deductions will be made without the prior written and signed authorisation from the employee.

Overtime:

Staff will not be paid for overtime but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work.

**Termination of Employment:**

Any outstanding debts will be deducted in full from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.

Timetable:

In the second week of the month the Treasurer reconciles the previous month's salary payments to the payroll reports.

The Finance Officer must be given a written memo relating to any of the following. As much notice as possible should be given.

- ✓ New employees;
- ✓ Employees leaving;
- ✓ Details of sickness or maternity leave;
- ✓ Any permanent changes (in hours or pay for example);
- ✓ Unpaid leave arrangements;
- ✓ Any tax code changes;
- ✓ Any overtime or other agreed temporary changes.

From these the Finance Officer will calculate salaries and produce accurate payslips and deduction reports.

The Finance Officer will prepare the Inland Revenue return for the previous month and make appropriate arrangements for its payment by the due date. Whenever possible, payments will be made electronically in accordance with the recommendations of HM Revenue & Customs.

Statutory Year End Annual Returns to the Inland Revenue are made, and any additional payments made, by the due date.

Purchasing Policy and Procedures:**Purpose:**

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

Orders – Goods and Services:

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.

Budget-holders may order items within their own budget and up to £50 in value.



For purchases outside of budget or over £50 and up to £250 value the authorisation of the Treasurer is required.

Items over £250 in value must be authorised by the Board. For any purchase over £500 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Delivery notes must be checked and initialled by the budget-holder and be filed in the delivery notes file. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Treasurer must be informed.

Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Treasurer for payment.

In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

Purchases – Depreciable Assets:

All depreciable items over £500 (in aggregate where the purchase is of related items) will be recorded in the accounts as a tangible fixed asset and depreciated over the appropriate period of time as defined in the Annual Report and Statement of Financial Activity.

Payments by Cheque and Other Instruments (eg: Online BACS, Direct Debit):

Currently, in line with The Charity Commission guidelines, if a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment; this is achieved by the bank mandate where two signatories are required for each transaction.

In the future, if required, authorised persons who are not Trustees may be established by resolution of the Board. The resolution must state the reason for the authorisation and the date on which it will expire.

Online Purchases Using Credit/Debit Cards:

All online purchases must have the prior approval of the Treasurer or Finance Officer, in addition to the budgetary approvals specified earlier.

Online purchases of items for the Charity must NOT include within the same order any item for the personal use of the person placing the order.

Whenever possible, the delivery address for such online purchases should be the Charity rather than the purchaser's billing address (usually their home address).



The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by the Charity. The reimbursement of individuals for purchases made on behalf of the Charity will always be by BACs.

Petty Cash Policy and Procedure:

Purpose:

To ensure all cash is properly handled including storage, payments and record keeping.

To establish accountability for the proper handling of cash.

Policy:

The Charity will avoid the maintenance of petty cash accounts except where absolutely necessary for practical operational reasons.

All transactions need to be agreed beforehand by the Treasurer, Finance Officer or Authorised Person and must be supported with a paper or electronic receipt.

Administration and Accounting:

Payments from petty cash are recorded and signed by the Treasurer or Finance Officer.

Petty cash floats operate on the basis that the total of the cash and expenditure vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Treasurer immediately for investigation and action. The amount of float held in a petty cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £50).

At the end of the month the Finance Officer will enter the petty cash expenditure into the main accounts.

The Accounting and Audit Procedure:

Purpose:

To ensure that the Charity meets the statutory accounting requirements of the Charities Commission and Companies House.

To provide accurate and useful data for the Board and staff.

Procedure:

The Charity's accounts will be managed electronically using appropriate software approved by the Finance Officer.



At present, the Charity does not have an auditor but we will if the Charity reaches an annual turnover of £100,000. When this becomes the case, the Board will appoint the Auditor/Examiner at the AGM, or at other times when circumstances require.

The Treasurer, in conjunction with the Finance Officer where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Finance Officer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Board has agreed that: *“That, for as long as it is entitled to do so under the relevant Companies legislation, The Charity will exercise its option to exemption from the requirement to obtain an audit of its financial activities”*

The Finance Officer will ensure that accounts are filed with the Charity Commission within 10 months of the year-end.