

Ryedale & District Mencap

Finance

(Including Reserves, Money Laundering and Whistle-blowing Statements)

Policy and Procedures

April 2022

Ryedale & District Mencap

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POLICY & PROCEDURE

This policy and procedure has been adopted by Ryedale & District Mencap through its Trustee Committee which remains responsible for its review.

Original signed version is kept at the Ryedale & District Mencap registered office.

Signed: _____ Date: _____

Name: _____

Chair of Trustee Committee

Signed: _____ Date: _____

Name: _____

Committee Member

Record of adoption and review of this policy and procedure:-

Adopted:

Due for review:

Ryedale & District Mencap

FINANCE POLICY & PROCEDURES

POLICY

Ryedale & District Mencap is committed to ensuring appropriate safeguards are in place to ensure the charity's finances are dealt with in accordance with relevant regulatory requirements and in a proper and prudent manner.

The charity's trustees have a duty to ensure its finances are used appropriately and lawfully.

The charity's Treasurer has specific responsibility for maintaining an overview of the charity's financial position and ensuring that proper financial and accounting records are maintained and proper financial and accounting procedures followed.

All trustees and employees are responsible for exercising care and being vigilant in all aspects of their dealing with finance and are required to ensure that they observe the procedures set out below. Any concerns of staff relating to any aspect of finance must be reported immediately to the Chair of the Trustee Committee, who in turn is required to report relevant matters to the Treasurer and Trustees.

Matters of a serious and significant nature will be reported by the Treasurer to the Trustees in a committee meeting, to be specially convened, if necessary. Where appropriate, reference should also be made to Ryedale & District Mencap's Whistle-blowing Statement contained within this policy.

SUMMARY

Ryedale & District Mencap must:

- Designate a person to be responsible for all the financial matters of the group (typically as a treasurer)
- Keep accurate and proper accounts of all income and expenditure in respect of the charity's activities
- Have robust, transparent and auditable financial systems appropriate for the group's activities

TREASURER

The Treasurer is appointed by Trustees and verified at each AGM. The remit for this post is as follows:

- To oversee generally the finances of the organisation and ensure the financial control systems are maintained and to review such systems as becomes necessary.

- To sign documents that requires the Treasurer's approval.
- Report on the organisation's financial position as may be required by outside bodies.
- Monitor the monthly expenditure levels to ensure they are within budget and bring to the notice of the Chair major variances.
- Monitor cash flow projections and bring to the notice of the Chair any impending cash flow problems.
- Attend meetings as required by the Chair and assist the Chair at those meetings with financial information and advice.
- Prepare annual budgets for Trustee approval
- Advise the Chair of the financial consequences of any proposed policy changes, revising the budget in line with such changes.
- Report monthly at the Trustee Board Meeting on the financial position and bring any irregularities to the attention of the Chairperson.
- Give assistance to the Auditor in the preparation of the annual accounts and present the annual accounts at the Annual General Meeting.
- Advise the Trustee Board on investments.
- Undertake random checks of financial records to ensure accuracy.

PROCEDURES

1. Bank Accounts

Bank accounts, whether current or deposit, will be opened and maintained, and mandate terms will be agreed, only with the approval of the Trustees in a committee meeting.

All cheques and all bank transfers to third parties will require signature by two mandated signatories. Mandated signatories comprise the Chair of Trustees and **up to 3 other Trustees.**

2. Material contractual commitments

The entry into of contractual commitments, which in the context of the charity's activities are material, taking into account both actual and potential liabilities, will require the approval of Trustees in a committee meeting.

3. Making Payments

Payments by cheque or bank transfer:-

Save in cases of urgency which cannot otherwise be dealt with, the Treasurer is responsible for raising cheques. Cheques will only be raised against a written invoice, order form or other written request or evidence of the need for payment. Cheque stubs must be completed legibly with all relevant details. Comprehensive records will be kept for auditing purposes showing the invoice and cheque details.

The raising of any cheque will be initiated by a person responsible for incurring the expenditure and authorised in writing by the Treasurer or the Chair of Trustees.

Signatories to cheques must satisfy themselves before signing of the validity of the payment, normally by seeing a copy of the relevant invoice, order form or other written request or evidence of the need for payment.

Payments in cash:-

Payments in cash will only be made through established petty cash procedures and only against production of an invoice, receipt or other voucher evidencing what the payment is for. All payments due will be made reasonable promptly and in any event within the normal course of business.

4. Handling receipts

Postal receipts

Receipts arriving by post whether in the form of cheques or cash are entered onto the relevant finance spreadsheet. The post is opened by the office manager or, in their absence, by another staff member of appropriate seniority.

Cheque receipts:-

Cheques received at the office (by whatever means) or via projects must be delivered as soon as practicable to the office manager, who is responsible for keeping cheques secure pending banking. All cheques received by the office manager will be banked as soon as practicable, and in any event by no later than 5 working days after receipt.

Cash receipts:-

Cash received through established petty cash procedures will be banked in accordance with those procedures. All other cash received at the office or via projects must be delivered as soon as practicable to the office manager, who is responsible for keeping all cash secure pending banking. All cash received by the office manager will be banked as soon as practicable and in any event by no later than 5 working days after receipt.

In case of absence of the manager, the Chair of Trustees will ensure that cash and cheques are kept securely until the manager returns, or defers responsibilities, above, to be carried out by another staff member of appropriate seniority,

5. Petty Cash

The charity operates petty cash procedures both in the office and on various projects. The office petty cash system operates on an imprest basis. Petty cash systems on projects provide for immediate receipt and payment recording, with supporting vouchers, and for periodic and regular reporting to the office, including the banking of surplus cash, normally monthly.

6. Claims for reimbursement of sums paid on behalf of the charity

Any claim for reimbursement of any sum paid on behalf of the charity must be in writing, and claim forms are available for this purpose. Reimbursements claimed must be based on prior authorisation (except in case of emergency) by the Chair of Ryedale & District Mencap Finance Policy & Procedure

Trustees, the Treasurer, or other Trustee board member, and supported by the relevant original receipt or other satisfactory documentary evidence of payment. Any expenditure over and above the usual running costs of the charity must be agreed by the Management Committee.

7. Claims for expenses or allowances

Any claim for any expense or any allowance in carrying out duties relating to the charity's business must be in writing and give all details requested relating to the amounts claimed. Claim forms are available for this purpose. Expenses claimed must be based on prior authorisation (except in case of emergency) by the Treasurer, the Chair of Trustees or other Trustee board member, and supported by the relevant original receipt or other satisfactory documentary evidence of payment.

8. Payroll

The charity's payroll is operated by the Treasurer based on details of gross salary and other related payments due to employees provided to the charity every month.

9. Record Keeping and Reconciliation

Record keeping will be sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity. Documentary evidence in hard copy form will be kept in relation to all receipts and payments, filed on a chronological basis. Details of all financial transactions will be recorded electronically periodically, depending on the volume of transactions, but normally once a month. The electronic account recording must be structured to enable identification of individual project/service income and expenditure. Bank reconciliations will be carried out on a monthly basis. Financial records will be retained for 7 years in accordance with the requirements of charities legislation.

10. Budgets

An annual budget will be drawn up prior to the beginning of each financial year by one or more of the Treasurer and/or Chair of Trustees for presentation to and approval by the Trustees in a committee meeting. The annual budget should be reviewed as necessary throughout the year by one or more of the Treasurer and/or Chair of Trustees and be presented to Trustees for action, as appropriate.

Employees with responsibility for keeping any aspect of service provision or project within budget will receive details of the relevant figures and will be required to report to their line manager in the normal way, at regular intervals, regarding the financial situation for the activity concerned.

11. Stocks

As only a small stock of stationery is held for use 'on demand', stock records are not maintained

No residual stock value is carried forward at year end.

Stationery used for external projects or in supplying a service to voluntary bodies is recharged as used.

12. Contracts

Contracts relating to long term purchase, leasing or equipment maintenance with an annual value of over £100 must be authorised by the Chair/ Treasurer. Contracts extending beyond a five year period must be approved by the Management Committee and reviewed annually.

13. Insurance

The Chair of the Trustee Committee will annually review the Charity's insurances and ensure that adequate cover is maintained.

Insurance must cover:

- Employer Liability (if applicable)
- Contents and office equipment
- Personal Accident
- Vehicles
- Public and Third Party Liability
- Building
- Such other risks as the Trustee Board may decide.

14. Reporting

Reports detailing actual receipts and payments and performance against budget will be drawn up, normally on a quarterly basis, by the Treasurer and/or Chair of Trustees for presentation to the Trustees in a committee meeting. The Treasurer will report as necessary to the Trustees on any issues arising relating to the charity's finances or its overall financial position.

15. Audit

An independent inspection or annual audit will be carried out by a qualified independent examiner or auditor (as the case may be) appointed annually by the charity at its annual general meeting in accordance with the requirements of charities and companies legislation. Draft financial statements will be presented to the Trustees in a committee meeting for discussion and approval by Trustees prior to their presentation in final form to charity members in a general meeting.

16. Reserves Statement

Ryedale & District Mencap requires a level of free reserves to safeguard the organisation, protect options for future development and to achieve the following:

- The option to develop new services or expand current ones in line with the changing needs of the Society.
- To ensure that delays in the receipt of expected income do not interrupt services or cause serious financial difficulty for the charity.
- The ability to survive unexpected setbacks and problems arising from internal or external causes.

The reserves are to be reviewed annually

17. Money Laundering

This policy is necessary in order to comply with money laundering regulations and should be read within the context of wider finance and accounting procedures, confidentiality and data protection policies and procedures.

Ryedale & District Mencap is committed to ensuring appropriate safeguards are in place to avoid the charity being used for money laundering purposes.

In accordance with our normal accounting and record-keeping procedures, all incoming funds are required to be supported by documentation evidencing their source. We receive money from various sources and every reasonable effort is made to verify those sources.

Designated Money Laundering Prevention Officer

Any queries should be directed to the **Treasurer**.

What is Money Laundering?

Money laundering is the process whereby criminals attempt to give the impression that money they have is actually legally theirs and therefore they are legitimately able to spend it. This usually takes the form of converting cash into either an asset or into cash which appears to be “clean”. If something is purchased with this money then it can either be used or sold and those proceeds of sale appear to be legitimate. Purchasing property is a very popular way of converting “dirty money” into what appears clean and also seen in itself to be a safe investment. Certain sorts of businesses are sometimes used to convert money. These include restaurants, nightclubs, fast food outlets, taxi firms and other repair or sales businesses. In this way “dirty money” is mixed with “clean money”.

Ryedale & District Mencap is committed to ensuring that all necessary safeguards are in place with regards to the receipt of money by the Charity in order to avoid the Charity being used to launder money that may originated from the proceeds of crime

PROCEDURE

All members of staff responsible for monitoring incoming funds will check the documentation associated with each item and verify the source of the funds. Any anomaly in the documentation, or any unexpected amounts or payers, will be reported immediately to the Chair and Treasurer who will investigate the item/s. A report will be sent to the Trustee Committee about anything which appears in Ryedale & District Mencap Finance Policy & Procedure

Ryedale & District Mencap's bank accounts, however, fleetingly, if it is not expected, or there is any concern about its source or documentation.

If the Trustees suspect money laundering, they will report this to the bank and the appropriate police authorities.

The Chair or the Treasurer, as the case may be, will direct what steps are to be taken to ensure the charity's compliance with all relevant money laundering regulations.

Practical Advice

The following is a list of practical advice and instances where circumstances might lead you to report a matter or put a transaction on hold. Whilst most such fraud is cash based it could be via a cheque account:

- Who are you dealing with?
- Where do they live?
- What is their job?
- Have you met the person with whom you are dealing? If not, why not?
- Be very cautious about persons acting for unknown third parties, get details of those third parties.
- Look out for the unusual: e.g. they want money from you in cash or third party settlements of a debt or where there is a difference in the identity of the person with whom you are dealing and the details of an account or a difference between the account holder and the signatory or someone agreeing to a lesser sum too easily for example in a negotiation situation.
- Look out for what appears (without explanation) to be a loss-making activity, for example an uneconomic tender for work or an unrealistic price being paid for a service.

DO NOT CONFRONT THE PERSON WITH YOUR SUSPICIONS BUT INSTEAD DISCUSS THEM WITH THE TREASURER WHO WILL IN TURN DISCUSS THE MATTER WITH THE TRUSTEES.

IF, AFTER DISCUSSION THE TRUSTEES FEEL THERE COULD BE A SUSPICION OF MONEY LAUNDERING THE MATTER WILL BE REPORTED TO THE POLICE.

BE AWARE THAT THERE ARE CRIMINAL OFFENCES AROUND MONEY LAUNDERING, PARTICULARLY INCLUDING THAT OF TIPPING OFF THE CRIMINAL. IT IS VERY IMPORTANT THAT IF YOU HAVE SUSPICIONS YOU KEEP THEM TO YOURSELF AND DISCUSS THE MATTER ONLY WITH THE TREASURER AND CHAIR.

Risk Factors

It is difficult to be prescriptive as to where, if or how these issues might affect Ryedale & District Mencap. It is, a matter of good practice and very important that all staff and volunteers seek to avoid involvement in money laundering (even if completely inadvertent) and instead look out for criminal activity which should then be reported.

The biggest risk to Ryedale & District Mencap is in the form of donations or tenders to provide services or goods to the society. To minimise the risks the following protocol should be used:

- All income and expenditure is dealt with by the Treasurer.
- All income and expenditure is recorded on the financial spreadsheets and original invoices, receipts etc. attached to the printed financial record.
- Receipts are given where appropriate.
- All financial transactions are approved and signed by the Chair, Treasurer or other suitably delegated and approved officer of the charity.
- The source of any large funds should be verified by the Treasurer or Chair that they are a trustworthy and well established organisation.
- Any large donations from an unknown or anonymous source should always be discussed with the Trustees.
- Any services or products purchased should be from reputable, well known organisations. If necessary references should be taken up from known sources before entering into a contract.
- Ryedale & District Mencap's finances are audited every year in accordance with the Charity Commission's regulations

In the event that any transaction you are dealing with is in excess of £9000 (or the limit set under current Money Laundering legislation), or otherwise is deemed to be suspicious, you must complete and send the notification form in appendix 1 to the Designated Money Laundering Officer.

You shall take no further action with regards to the transaction unless or until authorised to do so by the Designated Money Laundering Officer.

The notification form should detail the steps taken to verify the identity of the person, and if that has not been possible for any reasons then the reason why.

The Designated Money Laundering Officer will provide an initial response within 5 days of receiving a notification.

The Designated Money Laundering Officer will consider if the verification process has been sufficient, and may require further verification of the donor's identity as may be appropriate in the given circumstances.

In the event that the Designated Money Laundering Officer considers the transaction to be acceptable to process, they shall authorise you to process the transaction in the usual way.

In the event that the Designated Money Laundering Officer considers the transaction to be suspicious and/or unsafe to accept, the transaction shall not be processed any further and they shall report the same to the Information Commissioner.

Money received in the following situations are deemed to have gone through a pre-approved identification process and need not be referred to the Designated Money

Laundering Officer for further authorisation, unless you are concerned there is anything suspicious about the transaction.

- Money received following the process of probate in the United Kingdom
- Money received from a registered Charity
- Money received from a statutory body

The Designated Money Laundering Officer may in writing authorise other processes to be deemed a pre-approved identification process for the purpose of this policy.

The Designated Money Laundering Officer shall maintain a file of all notifications sent to him/her detailing the method of verification used to identify the person

The Designated Money Laundering Officer shall maintain a record of all monies received by the Charity.

This policy shall be reviewed annually to ensure that the measures put in place are sufficient.

18. Whistle-blowing Statement

Trustees and/or Members of the Society should report any concerns relating to the finances, or other matters, relevant to the proper running of the Society's affairs to the Chairman of Trustees or such persons as are considered appropriate, including the Police and/or Social Services, without fear of any comeback for so doing. The objectives of the Society, as stated in its constitution and the terms of affiliation to Royal Mencap, should be considered in relation to any concerns raised.

Notification to Designated Money Laundering Officer of payment in excess of £9000 or otherwise suspicious money

Submitted by: _____

Date: _____

Details of person/company

Amount £ _____

Reason(s) Payment considered suspicious

Evidence of identification obtained

Evidence not obtained – reasons why

