

 **Financial Policy**

#### Section A: General

1. This paper sets down the policies adopted by *Hollytree Yoga and Wellbeing Services*. The organisation accepts that these policies will form the basis for the organisations day to day financial procedures.
2. The organisation will set up a board of Directors to examine the financial reports and deal with any financial matters prior to a full committee meeting. The role and make up of the sub-committee is detailed in section K.
3. HVA will oversee finances. The role and duties of the post are detailed in section J.
4. The Board of Directors, understand and accept that:
	1. they are ultimately responsible for the financial management and honesty of the organisation;
	2. proper, auditable systems must be in place to record the organisation's financial transactions;
	3. they will only use funds in line with the conditions set by funding bodies;
	4. all funds will only be used in line with the constitutional objective of the organisation; and
	5. they will operate a system of full open reporting to funders and the organisation's members.

**Section B: Budget setting, monitoring and review.**

1. Each financial year a budget will be constructed for the organisation by one of the Directors. In addition budgets will be submitted with each project proposal or proposals for spend.
2. Budget proposals must also include the break even number of participants. (How many participants must come along to each course in order to make it viable to run.) If it is deemed that there are insufficient numbers to cover costs, the board of Directors must decide where the shortfall can be obtained from before deciding whether or not to proceed.
3. The budget will be regularly compared with the actual spend and receipt of income.
4. The budget will be presented for approval to the board of Directorsprior to any spending being authorised.
5. The figures for actual spend and income shown against budgeted spend and income will be submitted to the board of Directors quarterly.
6. HVA inform Holly Webb who will explain significant variances from budget and a decision on any action proposed should be minuted.
7. The board of Directors will aim to ensure that at least 50% of the Directors are sufficiently proficient to understand the budget reportsand to make independent interpretations of the figures submitted.

#### Section C: Books of Accounts

1. **HVA** will maintain proper, up to date records for financial and other transactions in either a manual or computerized format and a suitable filing system for the supporting documentation.
2. The records to be maintained will cover:
	1. Day to day data entry using Quickbooks accountancy package.
	2. petty cash - recording minor cash transactions where a cheque is not acceptable;
	3. wages and salaries records - deductions, calculations and payments to staff and Inland Revenue (when we begin the payroll service in 2020);
	4. commitments record - outlining spending that is planned and funded but not yet in progress,
	5. fixed asset register and/or inventory recording the sale, disposal and depreciation of fixed assets.
	6. bank statements, reconciliations and all supporting papers.
	7. records of investments of any kind

## Section D: Petty Cash

## Note any petty cash spent on an expenses form and submit monthly.

## Section E: Fixed Assets

1. Fixed assets are items of equipment, furniture etc. that have a useful life in excess of one year and which have an original purchase cost of £350 and over.
2. Small items that collectively form one larger item e.g. computer and software will be deemed to be a fixed asset. Likewise items with a value in excess of £25 that are bought in large numbers so as to exceed the £350 limit will be deemed to be fixed assets e.g. 12 tables at £100 each.
3. Depreciation is the amount charged in the accounts each year to represent the proportion of use of the fixed asset by the organisation. The depreciation policy for the organisation is that an equal amount will be charged in the accounts for each year of the asset's expected useful life. The expected useful life of fixed assets is determined as:

Furniture and fittings - 5 years

Computers - 3 years

Office machinery - 5 years

Plant - 7 years

Vehicles - 3 years

Tools and equipment - 2 years

1. Depreciation will be charged pro-rata during the year of purchase and the year of disposal.
2. A full board of Directors meeting must approve all purchase proposals outside of those already budgeted. All proposals for spending over £50 must be accompanied by at least three quotes from independent suppliers for the purchase. A report on why the chosen supplier has been selected must accompany the proposal.

# Section F: Banking

1. All accounts will be held in the name of *HollytreeYoga and Wellbeing services*.
2. A bank mandate is in operation that requires two signatories for all withdrawals. A minimum of 4 Directors will be signitatores two out of four to sign. Closely connected people should not countersign withdrawals to themselves or to someone who is closely connected to them.
3. Any change to the signatories must be authorised by a board of Directors meeting and the decision minuted. If a signatory leaves the Management Committee for any reason the bank mandate must be changed from the date of their leaving the organisation.
4. No cheque or request for bank payment shall be pre-signed or signed in the absence of supporting documentation.
5. No account will be allowed to go overdrawn. In the event that funds are limited services either close down or further funding found.

#### Section G: Levels of Authority

1. All spending over £1000 must be supported by at least 3 quotations and must be approved by the Board of Directors before submission to the management committee for consideration and approval.
2. Any application for spend that is not for regular anticipated running expenses should be supported by a paper showing its value to the organisation, how it will assist in meeting the organisation's aims and, where appropriate, a minimum of three alternative suppliers and quotations.
3. The board of Directors must give approval before any debt that has not been settled, and which is unlikely to be settled, may be written off. The reason for the write off, e.g. the client has been declared bankrupt, died etc. must be determined before any decision can be made.

## Section K: HVA and Holly Webb

HVA will:

1. Ensure that all books of account are kept up to date and are properly maintained;

Holly Webb will:

1. Keep supporting documentation for every transaction and calculation detailed in the accounts and budgets, in a suitable filing system;
2. Ensure that the bank accounts are run in accordance with the policy of the organisation;

1. Liaise with other outside bodies e.g. stock takers, suppliers, etc.; with regard to any matter in connection with the financial transactions and accounts of the organisation;
2. Prepare castings, budgets and other reports as requested by the various committees;

HVA and Holly Webb will:

1. Maintain proper security of the organisation's assets and stocks;
2. Liaise with the auditors for the year-end audit and give them whatever assistance is required;
3. Regularly report on the financial position and outlook of the organisation to the various committees throughout the year and to present the annual accounts to the annual general meeting;

#### Section M: Role of the board of Directors

The main committee will:

1. Read the reports supplied by HVA and Holly Webb and consider for approval any recommendations made by same.
2. Consider and, when satisfied, give approval to budgets.
3. Consider and determine whether or not debts, which are unlikely to be recovered, may be written offor pursued through legal channels.
4. Appoint the auditors/independent examiner, following approval by the membership.
5. Approve the audit/independent examiner fee.
6. Review the financial policy statement annually for its relevance and appropriateness.

#### Section N: Income and Debt Progression

1. All invoices for income to the organisation will be stipulated for payment within 14 days of supply.
2. Clients who are unable to pay in this time may appeal to the board of Directors to have the time period extended.

# Section O: Year End Accounts

1. A set of accounts will be drawn up for each year ending 30th April. The format of the accounts will be determined by the total income and expenditure for the year, and will meet the requirements of the appropriate regulatory body(ies).
2. The accounts must be audited/independently examined by the organisation's appointed auditors/independent examiner within 3 months of the financial year-end. This can be completed by either HVA or an accountant.
3. Having examined the accounts and any weakness identified by the auditors/independent examiner, the board of Directors shall formally approve the accounts. Two Directors will sign the accounts ready for presentation at the Annual General Meeting.
4. Holly Webb at the Annual General Meeting will perform presentation of the accounts.

# Section P: Audit/independent examiner Arrangements

1. The auditors/independent examiner will be appointed at the Annual General Meeting.
2. The audit/independent examiner appointment will be for a period of one financial year.
3. The auditors will be totally independent with no connection to the organisation or any member or officer of the Board of Directors.
4. The audited accounts will be presented to the Board of Directors within 3 months of the financial year-end.

**Section R: Fraud, theft, misappropriation of funds.**

1. Any instance of fraud, theft or misappropriation will be referred to the Chair immediately.
2. In the case of theft, the Police shall be informed immediately,
3. In the case of fraud or suspected misappropriation, consideration will be given to calling in the auditors/independent examiner to establish the extent of the loss before passing the matter to the police.
4. Where substantial amounts are in dispute, the suspected person should be suspended from any activities to do with the organisation.
5. If the person concerned is a paid employee, they should be suspended on full pay until the matter can be resolved;
6. In all instances of deliberate misappropriation of funds, fraud or where there is sufficient evidence for a criminal or civil action, that action should be taken.