# CONTROLS ON THE FINANCIAL ASSETS/RECORD KEEPING

Money is one of Fair Frome’s main assets. Our policies and procedures are set up to ensure that it is safeguarded and only used for genuine expenditure.

## Bank account policies

* Bank accounts in Fair Frome’s name must only be used for Fair Frome business, they must not be used to receive or transfer money for the private benefit of individuals or third parties.
* The opening or closing of bank accounts, and the approval/removal of signatories on bank accounts is determined by the board of trustees and recorded in the minutes.
* The costs and benefits of Fair Frome’s banking arrangements will be reviewed every three years to ensure that bank charges and rates of interest are competitive and that the bank’s credit rating continues to be acceptable.
* Fair Frome does not authorise the use of payment by cheque.
* Online payments, standing orders, direct debits and other withdrawals from bank accounts are authorised by two signatories.
* The Senior Co-ordinator is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date.

## Bank account procedures

### Making Payments

* There are four signatories to the bank accounts who are able to sign cheques and authorise online payments, standing orders and direct debits, these are:
  + chair
  + vice or co-chair
  + senior co-ordinator
  + assistant co-ordinator
* No person can authorise any payment involving themselves or any party related to themselves.
* The use of multiple payments to circumvent the authorised signing limits is not allowed.
* Fair Frome does not permit the use of cheques for payment.
* The senior co-ordinator is responsible for keeping documents, setting up payments by direct debit or standing order, and for monitoring arrangements so that Fair Frome can ensure that they are cancelled when Fair Frome stops using the goods or services being supplied.
* When making a payment, the person authorising must check the invoice (or similar evidence) and initial and date it to confirm that they have made the payment.

## Credit and debit card policy

* Fair Frome will issue credit or debit cards to employees where there is an operational requirement. This will be authorised in each case by the board of trustees.
* These cards will only be used by the named cardholder for the purchase of goods or services on behalf of Fair Frome.
* The cardholder will be responsible for ensuring that the card is kept in a safe place at all times, and that the PIN is protected.
* There will be set limits for single transactions and monthly spend for each card – see appendix 3a.
* Claims for the purchase of any items that do not comply with Fair Frome’s expenditure policies will be rejected and the cardholder will reimburse Fair Frome for such expenditure.

## Cash handling policy

Cash is the asset most obviously at risk of misappropriation and fraud. In order to ensure the security of our cash and the protection of our staff, our procedures are set up with the following criteria:

* Cash received is counted by at least two unrelated people.
* Cash received is paid into the bank as soon as possible.
* The use of cash for payments is kept to a minimum, and is properly controlled.
* All cash is securely locked up.
* No payments are made directly out of cash received.

## Cash handling procedures

### Income through the Post

* Where possible, post is opened by two designated members of staff.
* Post must remain unopened and with nothing removed until the post openers arrive. The post should then be opened promptly.
* Should two suitable members of staff not be available on a particular day, the post should be locked away securely and opened when sufficient post openers are available.
* All cash and cheques received are listed in the receipts log, totalled and agreed by both members of staff.
* The cash/cheques must be banked at the earliest opportunity.

### Income in Person

* Any cash/cheques received in the office are recorded alongside the income received through the post.
* If there is no other documentation a receipt/acknowledgement will be given to the person who delivered the cash, detailing the amount and purpose of the income. A copy of the receipt should be kept with the finance records.

### Fundraising events and public collections

Cash and/or cheques received at fundraising events or public collections should be logged in the receipts log and banked at the earliest opportunity.

Where the public collection involves collection boxes or similar: if the contents cannot be counted and recorded in the presence of two nominated people immediately (preferably staff and/or trustees), the boxes should be sealed and secured at the Fair Frome Centre and counted, logged, and banked at the earliest opportunity in accordance with the income procedure above.

## Safety of staff

When banking or collecting cash, the safety of staff is paramount. Staff and volunteers should on no account put themselves into situations of danger, and should give up/not seek to recover cash or valuables if in physical danger.

## Petty cash

Petty cash will be used to pay for small expenses up to £25 where payments through other means are not practical or appropriate.

Use of petty cash shall be kept to a minimum.

Any payments from petty cash must be properly documented with receipts or vouchers.

The petty cash book should be checked against the physical amount of cash held every month.

No personal advances will be made.

## Accounting records policy

Fair Frome will keep accounting records which are sufficient to explain all transactions and show the charity’s financial position at any time. These will include:

* petty cashbook
* management accounting spreadsheets or software
* bank statements
* grant files

All accounts files will be kept for the statutory period of six years from the end of the accounting period in which they were generated.

## Bank reconciliations

Reconciling the entries in the cashbook to the bank statements is a central financial control. Bank reconciliations will be carried out in the preparation of the monthly accounts and will be independently checked by the nominated Trustee.