



FINANCES

Contents

- 1. Reserves policy*
- 2. Assets policy*
- 3. Payments policy*
- 4. Debt collection policy*
- 5. Income and cost recognition policy*
- 6. Month end procedures*
- 7. Reporting requirements*
- 8. Finance roles and responsibilities*

1. Reserves policy

Stay At School seeks to maintain a minimum level of unrestricted reserves which will be sufficient at all times to discharge fully the charity's liabilities.

The financial reserves necessary to satisfy the above criteria will be determined by scenario modelling (winding-down, worst-case), which will be updated on a yearly basis or as required in the event of a material change in Stay At School's financial situation or outlook.

Stay At School intends to add to reserves from annual surpluses in order to build up sufficient financial strength to allow for some security of activity, should the organisation encounter future difficult times.

The financial security of Stay At School depends on it being able to fund all activities and to meet ongoing commitments. A sufficient level of financial reserves allows Trustees, supporters and beneficiaries to have confidence in the ongoing viability of the organisation.

Stay At School's reserves should include a figure to fund future growth as considered necessary and appropriate by Trustees.

The Trustees consider the annual surplus which needs to be added to reserves when setting and approving the budget for the year.

Stay At School's Treasurer reviews the management accounts with staff on a monthly basis and reports to the Board of Trustees on a quarterly basis.

Significant budget variances are identified and discussed. If there is concern that activity is below budget over two consecutive quarters, a review of reserves will be undertaken as part of the financial management of the society.



The Board of Trustees will monitor the reserves policy at the end of every financial year.

2. Assets policy

In addition to maintaining a sufficiently high level of reserves, Stay At School will ensure that sufficient levels of working capital exist to fund the day to day operations of the organisation and will maintain a level of liquidity in its asset structure to ensure all short term commitments are met.

3. Payments policy

On receipt of an invoice, the finance officer obtains written approval (by email or otherwise) from the Executive Director or Trustee (in the case of Executive Director's personal expenses). The finance officer processes approved invoices for monthly payment onto a summary sheet which is signed off by the Executive Director. Payments for invoices received by month end are usually made within the first 10 days of the following month.

The finance officer processes the signed-off payment sheet through the electronic banking system and submits these for on-line approval to the Executive Director or Treasurer. All electronic banking payments are subject to Lloyds Bank's dual authorisation system, for which both the initiator and approver require authorisation codes, PINs and personal PIN readers issued by the bank.

Cheque payments are used only when electronic processing is not possible. These require two signatories in line with cheque signing arrangements which are signed off by the Trustees and lodged with the bank.

Any reserve deposit account opened by Stay At School will require written authorisation for withdrawals in line with the mandate approved by the Board.

Credit card payments are authorised with the card details and are transacted by the Executive Director. Card transaction summaries are notified to the finance officer who matches them against the corresponding invoices.

Payroll payments are processed in the final week of the month through the payroll system or via a third-party provider. The finance officer enters the payments into the system and submits a summary to the Executive Director or Treasurer for approval. Once approved, the payments to individuals and HMRC are made electronically as described above.

4. Debt collection policy

The finance officer is responsible for collecting all debts in the first instance. Statements are sent out every month. Any debts outstanding after 2 months are chased by personalised email contact, this is prioritised on the size of the debt. Phone calls are used where appropriate and necessary.



The finance officer reviews the aged debtor analysis each month and decides whether provision for bad debts is needed. The Executive Director or Treasurer must be consulted on any decision to write off debts.

5. Income and cost recognition policy

Stay At School uses a cash accounting approach, recognising all costs and income in the period to which they relate. Income is recorded as restricted income where a funder explicitly specifies a restricted purpose for that income. Management may, at its discretion, record income as designated for a particular purpose for internal accounting purposes.

6. Month end procedures

ITEM	TIMING BEFORE/AFTER MONTH END	RESPONSIBILITY
Confirm monthly payroll and run through Payroll, complete monthly payroll schedule including HMRC submission, make payments to employees and HMRC	5 days before	Finance officer with Exec Director approval
Complete payroll and PAYE/NI control account journal schedules and enter to SAGE	5 days before	Finance officer
Reconcile bank accounts	6 – 9 days after	Finance officer
Make SAGE adjustments to complete bank reconciliation	6 – 9 days after	Finance officer
Complete month end journal schedules and agree prior to entering into SAGE	6 – 9 days after	Finance officer
Input journal entries to SAGE	10 days after	Finance officer
Prepare monthly payment schedule	5 days after (main) 10 days after (mop-up)	Finance officer with Exec Director approval
Run monthly payments through e-banking	5 days after (main) 10 days after (mop-up)	Finance officer with Exec Director approval
Run SAGE month end procedure	10 – 12 days after	Finance officer
Input data from SAGE into management accounts and balance sheet reporting templates and reconcile back to SAGE P&L and B/S reports	Quarterly 10-15 days ahead of board meetings	Finance officer/Executive Director/Treasurer



Update management accounts forecasts and prepare brief commentary for trustees	Quarterly 5 days ahead of board meetings	Executive Director/Treasurer
--	--	------------------------------

7. Reporting requirements

After completion of the month end procedures, the following reports are produced by the Executive Director or Treasurer. These are distributed to all Trustees on a quarterly basis prior to board meetings:

- Management accounts (P&L) for the month and year to date, with comparison to budget and forecast for the remainder of the financial year;
- Month end balance sheet; and,
- Finance report including commentary on performance and outlook, together with key performance indicators.

The Treasurer is responsible for monitoring these reports, investigating any issues with the Executive Director and/or finance officer and reporting back to the Board.

Further analysis is produced by the Executive Director and/or finance officer as required.

8. Finance roles and responsibilities

The financial management of Stay At School is undertaken by the finance officer and Executive Director, who assists in the development of a realistic budget and manages the organisation's resources accordingly. This activity is overseen by the Treasurer, who reports to the Trustees at Board Meetings. The management accounts, balance sheet, cash flow statement and financial report are prepared monthly.

Finance Officer

The purpose of the position is to prepare monthly management accounts, to assist the Executive Director and Treasurer in overseeing the finances of the charity, to ensure compliance with the requirements of Companies House, the Charity Commission UK, HMRC, and any other appropriate statutory bodies, and to liaise with the charity's auditors and other parties as may be required.

Key actions for which the finance officer is responsible are:

STATUTORY RECORDS: To ensure that the statutory records of the company are properly maintained, and that annual returns, annual accounts, and any other necessary returns are filed with Companies House and the Charity Commission UK in a timely manner.

ACCOUNTING RECORDS: To ensure that the all of transactions of the organisation are properly authorised and that all accounting records and procedures are appropriate for the business and are completely and accurately maintained. To perform month-end procedures on the SAGE accounting



system and to reconcile the figures appearing in the balance sheet of the organisation on a monthly basis.

MONTHLY REPORTS: To provide summary financial information to the Executive Director for the preparation of quarterly management accounts, to be submitted to the Trustees in good time for board meetings.

ANNUAL ACCOUNTS: To complete the annual accounts of the organisation in accordance with the requirements the Charity Commission UK. To liaise with the external accountants, ensuring that the inspection/audit is completed in a timely fashion.

BANK ACCOUNT: To liaise with the charity's bankers, and to ensure that the bank accounts are administered and recorded in an accurate and efficient manner.

OUTGOING PAYMENTS

- To record incoming invoices from suppliers and to check that they are correct and are for bona-fide transactions of the charity.
- To obtain appropriate approval for the supplier invoices.
- To post the invoices to the purchase ledger in a timely fashion, ensuring that the accounting analysis is correct.
- To prepare a monthly schedule of proposed payments to suppliers and to submit this to the Executive Director for authorisation.
- To record payments made to suppliers.
- To raise and issue remittance advices to suppliers.
- To ensure that suppliers are paid in a timely fashion.

INCOMING PAYMENTS

- To ensure that invoices are raised and sent out promptly and that the accounting analysis of the invoices is correct.
- To record electronic and cheque payments from customers to the sales ledger.
- To monitor and chase overdue payments.
- To ensure that as appropriate entries are made in the customer database.

BANK ACCOUNTS

- To receive bank statements and to ensure that all items are appropriately entered to the purchase ledger, the sales ledger and the nominal ledger of the charity.
- To reconcile the main current account of the charity on an ongoing basis.
- To inquire into any unusual transactions in the bank account and to bring these to the attention of the Executive Director or Treasurer.

MONTHLY ACCOUNTS



- To prepare a monthly summary of required journal entries for SAGE and to enter them accordingly into SAGE when necessary.

GIFT AID

- To ensure that Gift Aid transactions are entered onto the subscriber database on an ongoing basis.
- To prepare a quarterly report of the Gift Aid that can be reclaimed, and to submit this report to the Executive Director.

PAYROLL

- To maintain the payroll of the charity, ensuring that this is in accordance with pay rates approved by the Trustees, and that employees are paid in the last week of each calendar month.
- To complete year-end payroll reports, and to submit relevant information to HMRC as necessary.
- To ensure that payments of PAYE and National Insurance are made to HMRC in a timely fashion.

Review

These policies and procedures will be reviewed periodically to ensure compliance with changes in law and equality and diversity legislation.

Adopted: March 2018

To be reviewed: March 2019