

The North & District Village Hall Committee



Financial Policies

The hall committee is subject to general charity law and its requirement for strong financial controls. The aim of our financial policies is to provide this control in the most practical and efficient way.

1. Accounts and Financial Reporting

Under Charity Commission rules we do not have to submit annual audited or examined accounts as our income is below the financial limit at which these apply. We do have to make an annual financial report to the Commission showing the overall profit and loss, opening and closing balances. It is however good practice to have the accounts independently examined, and it is usually required for applications for grant funding.

- 1) Our policy is for the annual accounts to be examined by an independent person, not necessarily a qualified accountant but with appropriate experience, agreed by the committee. The confirmed accounts will be made public by posting on notice boards and the hall web site.
- 2) At the start of each financial year, the committee will approve income and expenditure budgets for the coming year. Progress against budget will be reported to the committee on a regular basis.
- 3) Throughout the year, the treasurer will issue a financial report to the committee at regular intervals showing detail of all payments and income transactions together with the current balance of all the accounts including petty cash. Income and expenditure will be cross referenced and reconciled to the bank statements or petty cash day book.

2. Bank and Petty Cash Accounts

- 1) The committee will hold a current account, and if appropriate an associated deposit account, where the majority of our funds will be kept. Four people will be authorised to make payments out of these accounts, either by cheque or online transfer, and each payment must be signed by two of these authorised people.
- 2) An amount of petty cash, up to £300, will be held by the treasurer to cover floats and invoiced monthly payments to the cleaner.
- 3) In addition, the Glade Tavern sub-committee will hold an amount of petty cash to cover their required monthly float, up to £140.

3. Reserves

- 1) It is normal practice for charities to hold an amount in reserve to cover unexpected events, cash flow issues and emergencies. Our current policy is to hold a reserve amount of £10,000. This will be reviewed annually at the beginning of each financial year.

4. Authorisation of Expenditure

- 1) The default position is that expenditure should be agreed in advance by the committee. However, powers are delegated under certain circumstances for practical reasons. In particular:

- I. The treasurer is authorised to make payments for regular items such as utility bills, payments to the cleaner etc without prior reference to the committee provided the amount is within the normal range.
- II. Reasonable event expenses up to £150 per event can be incurred which are agreed between the event sub-committee and the treasurer or their authorised deputy, without prior permission from the full committee
- III. An exception to the above is made for restocking bar stock, which may exceed this £150 limit. Stock may be replenished as required up to a maximum value of £600 stock held, provided orders are agreed in advance with the committee member responsible for stock control (currently the treasurer)
- IV. Members engaged in hall maintenance and housekeeping tasks are permitted to purchase items for this purpose without prior committee approval up to a value of £100 per occasion, subject to confirmation by the treasurer or their authorised deputy, except at times of emergency when no prior approval is necessary. This includes commissioning a contractor from a pre-agreed list of contractors.

5. Payments

- 1) All payments must be supported by appropriate documentation (preferably an original invoice), which the treasurer will make available to the accounts examiner at the end of the financial year.
- 2) Payments will be made by bank transfer whenever practical, rather than cash, in order to maintain a clear and open audit trail and comply with our policy of payments being countersigned. Cheques will be used if bank details are not available for direct transfer.

There are occasions when cash is more convenient, for example when minor event expenses are paid direct from cash taken at an event. In this case the purchase invoice must be presented to the treasurer together with the remaining cash.

- 3) The committee agree that the cleaner can be paid in cash each month, on production of a detailed invoice, because of the difficulty she has in getting to the bank.

6. Committee Members' Expenses

It is generally considered good practice by charities for payments to a supplier to be made direct from the charity account rather than by individual committee members. However, for small amounts or payments which must be made online by credit card this is not always practical. In any case, it is essential for good governance that expenditure by committee members is properly documented, recorded and reported.

- 1) Approved expenditure incurred by individual committee members will be reimbursed by the treasurer on presentation of the appropriate paperwork (an invoice or other evidence of the expenditure). Expense payments will be made by direct bank transfer.

These policies will be reviewed annually and may be subject to updates through the year with the agreement of the committee.

This policy agreed by The Narth & District Village Hall Committee, last amended 9th July 2019