



Financial Authority Policy

1. Introduction

Mendlesham Community Land Trust (MCLT) will ensure that financial records are kept so that the trust can

- a) meet its legal and other obligations, e.g. Charities Act 1992, HM Revenue & Customs, HCA Framework of Regulation and common law;
- b) be in proper financial control;
- c) meet its contractual obligations and the requirements of funders.

Directors and Trustees of Mendlesham Community Land Trust are one and the same: they are 'directors' by virtue of the organisation being a company and 'trustees' as a result of the company's charitable objects.

2. Records of Accounts

The Trust will maintain proper books of accounts which will include:

- a) Purchase and Sales Ledgers and other ledgers analysing all the transactions in the trust's bank accounts;
- b) A petty cash book if cash payments are being made;
- c) Inland Revenue deduction records at such time as staff are employed and Schedule D numbers for freelance workers;
- d) Management accounts on a three monthly basis.

3. Financial Year

- a) The Financial Year will end on 31st March each year;
- b) Accounts will be drawn up after each financial year, within the statutory period prescribed by Companies House, and presented to the next Annual General Meeting;
- c) Within two months of the end of the preceding financial year the trustees will approve a budget of income and expenditure for the following financial year;
- d) A report comparing actual income and expenditure with the budget will be presented to the trustees every three months;

- e) The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts prior to presentation to the next AGM.

4. Banking

a) Bank accounts will be held in the name of Mendlesham Community Land Trust. The following accounts will be maintained:

- Current Account
- Savings Account
- Client Accounts as required

b) There will be a minimum of four signatories approved by trustees, with any two to sign for all transactions and authorities. The bank mandate (list of bank signatories) will always be approved and minuted by the trustees at a properly convened full meeting of the Trustees, as will all changes to it.

c) The Trust will require bank reconciliation reports and management reports every month.

d) These will be reconciled with the ledgers monthly, signed by the Treasurer and confirmed by the Finance Trustee. Circulated each month to all Trustees and minuted at each full meeting of the Trust.

e) The Trust will not use any other bank or financial institution or use the overdraft facilities of loan without the agreement of the trustees .

5. Receipts

All monies received will be recorded promptly in the ledgers and banked without delay.

6. Payments

The aim is to ensure that all expenditure is related to the business of the Trust and properly authorised.

- a) A nominated Trustee or Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept securely.
- b) Blank cheques will never be signed.
- c) The relevant payee's name will always be inserted on the cheque prior to signature and the cheque stub will always be properly completed, duly

initialled by two bank signatories plus the Treasurer to confirm the payment is correct and checked.

d) All payments will be supported with appropriate documentation. (See 7 below)

e) Payment for items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

7. Payment documentation

a) Every payment out of the Trust's accounts will be evidenced by an invoice as appropriate. That invoice will be retained and filed. The signatories and Treasurer should ensure that it is referenced with:

- Cheque number, Direct Debit or on line payment
- Date payment confirmed and issued.
- Amount of payment
- Names of those authorising payment.

b) Wages and Salaries. There will be a clear trail to show the authority and reason for every such payment, e.g. a cheque requisition asking for payment to employee, HMRC etc.. All employees will be paid within the PAYE, National Insurance regulations.

c) All staff appointments/departures, changes in hours and variable payments such as overtime, etc. will be authorised and minuted by the trustees at a properly convened meeting.

d) Expenditure and Expenses

Trustees and other authorised persons may incur expenses that are incurred in the legitimate pursuit of the Trust's business.

Permission to commit expenditure must be sought prior to its commitment as per the guidelines below.

- i) Expenditure of less than £100 needs the prior approval of one of the following: Treasurer, Chairman, Vice Chairman or Finance Trustee.
- ii) Expenditure of £100 -£2500 needs prior approval by any two of the following: Treasurer, Chairman, Vice Chairman or Finance Trustee.

Such approval sent by e-mail will be acceptable.

An exception is provided for in the case of Emergency Repairs whereby the managing agent be allowed a limit of £1000 to spend on breakdowns which in their judgement qualify as genuine emergencies

Expenses will be reimbursable upon production of valid receipts together with a written justification of the expense. Expenses will be evidenced as follows:

- Fares by tickets
- Other expenses by valid receipts
- Car mileage based on local authority scales

No signatory will sign for the payment of expenses to themselves.

8. Cheque signatures and cash

- a) Each cheque requires two signatures
- b) A cheque must not be signed by the person to whom it is payable.
- c) Bank/credit/debit cards will not be used (and should be destroyed if issued).

9. Other undertakings

- a) MCLT does not accept liability for any financial commitment unless properly authorised.
- b) Any payments, orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £2500 must be authorised and minuted by the trustees.
- c) Final acceptance of estimates and tenders will need to be approved by the trustees and minuted.
- d) All fundraising and grant applications undertaken on behalf of MCLT will be done in the name of the Trust with the prior approval of the trustees or, in time constrained situations, the approval of the Chairman/Vice Chairman who will provide full details at the next trustees' meeting.

10. Other rules

- a) The Trust will set up and maintain an asset register stating the date of purchase, cost, serial numbers and normal location. This is to include computer equipment, software and data.
- b) The Trust will maintain a property record of items of significant value, with an appropriate record of their use.

11. Areas of responsibility

- a) Day to day cash and cheque transactions, ledger entries will be dealt with by the Treasurer, liaising as appropriate with the Finance Trustee.
- b) HMRC, HCA (re finance), VAT returns etc. will be the responsibility of the Treasurer and Finance Trustee

Agreed by Board on	
Chair	
Secretary	
Review date	