

## **Financial Regulations V6:**

### **1 MONITORING:**

#### **1.1 Financial Controls:**

Trustees to carry out an annual review of the internal financial controls at the start of each financial year.

#### **1.2 Monitoring Activities:**

Project Manager to prepare annual budgets of income and expenditure, to be approved by the trustees.

Project Manager to prepare budget statements for each trustee's meeting.

#### **1.3 Internal Audit:**

The financial information provided at each trustee meeting should include details of the charity's financial position and performance. The financial information should be sent to each trustee before each meeting and will typically include:

- the latest management accounts
- an updated budget for the current and next financial year
- details of cash flow and closing bank balances.

The meeting should set aside a specific time within the agenda for discuss of financial matters and allow the trustees to raise any issues of concern.

#### **1.4 Trustees responsibilities:**

All trustees are responsible for the following,

- keeping 'sufficient' accounting records to explain all transactions and show the charity's financial position;
- preparing an annual report and statutory accounts meeting legal requirements;
- considering the need for a reserves policy, managing the level of reserves held and the disclosure of any reserves policy in the Trustees' Annual Report;
- formally approving the Trustees' Annual Report and accounts;
- ensuring that accounts are subjected to any external scrutiny required by law or by the charity's governing document;
- ensuring that the Trustees' Annual Report, accounts and annual return are filed on time with the commission where filing is required by law and, if the charity is a company, also filed with Companies House;
- meeting requests from the public for copies of the charity's most recent trustees' annual report and accounts;
- safeguarding the assets of the charity and ensuring proper application of resources;

- taking steps for the prevention and detection of bribery, fraud, financial abuse and other irregularities; and
- new trustees are given a copy of the latest accounts on appointment.

### **1.5 Managing the risks of financial crime and abuse:**

All known or suspected crime or abuse should be reported to the Treasurer or Chair of Trustees, who will then in turn raise the issue with the remaining Trustees, as appropriate, and agree a way of investigating it.

All volunteers and musicians contracted on behalf of Musical Connections should be given adequate training to ensure that they are familiar with all financial controls and know what action to take if they suspect criminal financial abuse.

If trustees know or suspect an individual is misusing the charity for their own purposes or misappropriating charitable funds they should take immediate and appropriate action to resolve the issue.

The Project Manager and Treasurer should have suitable security on all their devices / computers used for the work of Musical Connections.

All data held by musicians contracted on behalf of Musical Connections and its trustees must be accessed, stored and used in compliance with the General Data Protection Regulations (May 2018).

If it is known or suspected that Musical Connections is a victim of financial crime, then this should always be reported to the police and to the commission immediately under the serious incident reporting regime.

## **2 INCOME:**

See Appendices for the master copies of all paperwork for dealing with income.

### **2.1 Income received in the post:**

All incoming cheques and cash should be recorded immediately, on the correct paperwork, stating the amount, payee and purpose / reason for the donation.

All cash and cheques received in the post should be held securely and banked as soon as practically possible.



## **2.2 Income from public collections and fundraising events:**

Trustees must ensure that any public collections comply with the various statutory regulations e.g. licence arrangements must be made in advance with the local authority.

All collection boxes should be individually numbered and sealed before each unique use, so that it is transparent if they have been opened before they are returned.

Their issue to the user and return to Musical Connections should be recorded by the Project Manager.

At least two people are involved in the handling and recording of all the monies received.

At fundraising events ensure all monies collected are counted at the event. The total counted should be agreed and countersigned by two people.

On a monthly basis, or thereabouts, all musicians should provide their cash takings to the project manager, who will then, in the presence of a trustee (not the Treasurer) count the cash taken.

Money will be banked and bank paying in receipts, cheque books, session registers and diary of payments received will be provided to the Treasurer for reconciliation purposes.

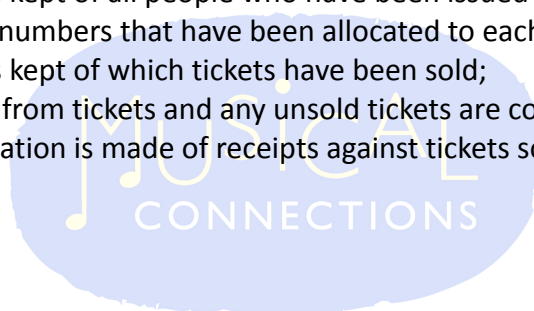
If appropriate, all collection boxes should be regularly opened, and the contents counted.

Cash collected is banked by Musical Connections as soon as possible without the deduction of any expenses.

Records should be kept for each fundraising event, in sufficient detail to identify gross receipts and costs incurred.

For all events where there is a ticket income, ensure that:

- all tickets are pre-numbered;
- a record is kept of all people who have been issued with tickets to sell, and the ticket numbers that have been allocated to each person;
- a record is kept of which tickets have been sold;
- all money from tickets and any unsold tickets are collected; and
- a reconciliation is made of receipts against tickets sold.



### **2.3 Trading Income:** e.g. from training courses, session donations

Establish a pricing structure for sessions and training undertaken with commercial companies and external partners. This should be reviewed on an annual basis to ensure it is still relevant and the appropriate costs are being recovered. See Appendix 3 for current prices.

Invoice terms should be 28 days, with an additional two reminders of 10 days each. The Project Manager will be responsible for raising invoices and the Treasurer will reconcile payments against cash received to outstanding invoices. BACS payments should be encouraged and if not cheque. Cash will only be accepted in exceptional circumstances and by mutual agreement of both partners. As there are unlikely to be many invoices, those that remain unpaid will be discussed with the Chair and a case by case approach agreed upon.

The session contribution, suggested for participants, should be reviewed annually by the Trustees.

Trustees to regularly review trading activities to ensure that they fall within tax exemptions.

### **2.4 Banking and custody procedures:**

All cheques and cash receipts should be promptly recorded in the accounting records and on the banking reconciliation sheet.

All cheques and cash should be banked regularly and promptly. Paying in receipts should be kept and attached to the banking reconciliation sheet and supplied to the Treasurer each half term.

Cheques and cash not banked on the day of the receipt should be placed in a safe or locked cash box.

The insurance cover for Musical Connections should cover cash in transit and cash held by the musicians on behalf of Musical Connections.

### **2.5 Checks on income records:**

All records of cash, debit card payments and cheques received should be checked against bank paying in slips or counterfoils.

All bank paying in slips or counterfoils with the bank statements, both in terms of amount banked and date of credit.

Transfers, donations from charitable giving webpages, debit cards or other direct payments into the bank are identified and verified against supporting paperwork.

These checks should be made by the Treasurer, as a person who was not concerned with the original recording of the transactions.

## **2.6 Cash Donations Made in Person to Musical Connections**

At times, a cash donation may be given to a musician at an event or session that is over £10. If this occurs, the musician should give the donor a numbered receipt from their triplicate receipt book. This receipt should record the donors name and address or email.

The money and a duplicate copy of the receipt should then be given to the Project Manager along with their session takings.

At this time the Project Manager will

- use the receipt to send a formal acknowledgement letter or email to the donor to acknowledge their donation
- record the donation on the Bank Reconciliation sheet and attach a copy of the receipt.

## **3 PURCHASES AND PAYMENTS:**

### **3.1 Expenditure:**

The Project Manager can authorise payments up to and including £500, for items already agreed by Trustees in the budget plan. Any item not included within the budget plan or for an amount over £500 would need approval from one trustee and an audit trail kept.

Orders for goods placed should always be consistent with the agreed budget plans, which should be authorised by the Treasurer / Chair of Trustees.

The Project Manager will ensure invoices received are checked against orders confirming the price paid and the receipt of the goods or services ordered.

### **3.2 Payment by Cheque:**

All cheque books must be kept in a secure place.

No blank cheques must be signed.

All cheque payments must be entered into the financial spreadsheet promptly and include the following details – cheque number, nature of the payment and payee.

Documentation to support the validity of the payment must be collected including relevant invoices and confirmation that the goods and services have been received.

### **3.3 Payments by Debit Card:**

All cards should be kept securely in the locked cash boxes when not in use

A policy for the use of debit cards is appended to these regulations (Appendix 1 – Policy for the Use of Musical Connections Debit Cards).

All debit cards should be cancelled and destroyed if the individual ceases to work for Musical Connections or if the authorisation of the card's use is withdrawn.

Ensure all debit card expenditure is supported by a voucher and / or invoice and recorded and analysed in the accounting records.

These statements must be used to record and analyse transactions in the accounting records and are matched with supporting vouchers and / or invoices provided to, or obtained by holders of the cards.

Periodic use of cards should be monitored to ensure consistency of use with set policies.

### **3.4 Payments by Direct Debit, Standing Order or BACS:**

No standing orders should be set up in the Musical Connections bank account.

All direct debits should be reviewed on an annual basis to ensure they are still valid.

Payments by BACS can only be undertaken by authorised individuals provided the expenditure has been properly authorised and incurred by Musical Connections.

All BACS payments should be recorded in the accounting records.

### **3.5 Cash Payments:**

Cash payments must be kept to an absolute minimum.

A petty cash float should be kept specifically for such payments by each musician and not from incoming cash or by way of direct withdrawal from the bank account.

Details of all payments must be kept in a petty cash log.

Supporting documentation for all cash payments must be kept.

The Treasurer will authorise all petty cash payments, as someone who is not maintaining the petty cash float or making payments, and once a year reconcile the cash in hand against the records of payments.

The balance of petty cash in hand, and the records, must be kept securely.

Cash withdrawals from the bank account should be reviewed for authorisation and correctness by the Treasurer or Chair of Trustees, as someone other than the person who withdrew the cash.

### **3.6 Checks on expenditure records:**

The Treasurer must check all expenditure is accurate and accords with bank statements. Any discrepancies between payments made and the original invoice or payment record should be investigated by the Treasurer, and if it cannot be explained, be reported to the Chair of Trustees.

An external check will be made annually as part of the independent examination of the accounts.

## **4 ASSETS AND INVESTMENTS:**

### **4.1 Assets:**

A list or register of all assets should be maintained and regularly updated by the Project Manager, whether purchased by, or donated to Musical Connections. This record should show the cost (or value) of the asset and provide sufficient detail to enable an asset and its location to be identified.

Assets should be inspected once a year to ensure that they exist, remain in good repair and are being put to appropriate use.

Any disposal of assets must be properly authorised and recorded in accounting records and the list / register.

All assets valued over £200 must be insured.

### **4.2 Controls over cash held on deposit:**

Bank statements should be received regularly, and bank reconciliations must be undertaken by the Treasurer on a monthly basis.

The bank account must be operated in accordance with the agreement with NatWest bank and not used for any money transfers for the private benefit of individuals or third parties under any circumstances.

A list of all bank accounts is kept securely and reviewed for dormant accounts which should be closed.

The opening and closing of bank accounts should be authorised by the whole trustees' body.

Third parties should not be allowed to open bank accounts in Musical Connections name, or use the bank account to receive or transfer money.

#### **4.3 Electronic Banking:**

The Project Manager and Treasurer's computers must be kept secure with up-to-date anti-virus and spyware software and a personal firewall.

The PIN and password should be changed instantly should a signatory on the account leave Musical Connections.

All trustees and musicians must be made aware of the need to ensure that Musical Connections' security details (including password and PIN) are not compromised.

A list of all persons (trustees and musicians) who are approved to have access to the PIN and password should be maintained.

An audit trail of all electronic banking transactions should be kept, in the same way as other payment types detailed above.

All persons using the online banking should be trained in using the system.

Reviewed and Approved on the:	12 <sup>th</sup> July 2022
Approved by Chair:	Val Sutton
Treasurer:	Jo Farrington
Project Manager:	Fiona Chapman

*NB: The website copy of this policy does not include the appendices. For further details on these, please email [enquiries@musicalconnections.org.uk](mailto:enquiries@musicalconnections.org.uk)*

