



Canon Collins Trust

# Financial Procedures

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## **1 INTRODUCTION - OVERVIEW OF ROLES AND RESPONSIBILITIES**

The procedures set out herein are approved by the Board of Trustees and can only be changed by them (typically acting on the advice of the other groups mentioned below).

Whilst specific activities may be delegated to paid staff or sub-committees, the Trustees remain collectively responsible. The procedures below define the various ways in which the charity's financial affairs will be managed at all levels. Once adopted they will be binding on everyone involved with the Trust.

The following bodies and positions are involved in the running of the Trust's financial affairs:

Body/ Position	Responsibilities
Board of Trustees	Has a primary and fundamental duty to preserve and protect the assets of the Trust and to further its aims and objectives. The Trustees are collectively responsible for ensuring that the Trust is properly run, and in particular that its financial affairs are in order at all times.
Resources and Governance Subcommittee (RGS)	exercises powers delegated by the Board of Trustees, to provide guidance to the trustee board within its remit, and to provide advice and support to the CEO as requested. It has particular powers especially in the field of Finance and Governance.
Treasurer	has oversight of the Trust's financial affairs.
Chief Executive Officer (CEO)	responsible for the day-to-day running of all aspects of the Trust. Is expected to maintain a suitable level of control over the use of the Trust's resources.
Finance and Admin Manager (FAM)	<p>reports to the CEO. Is responsible for day-to-day financial management and control. The FAM provides the Treasurer with support and information as required.</p> <p>The Trust relies on the fidelity, integrity and professionalism of the FAM in all financial matters including budgeting, accounting, payroll, maintaining cashflow and preparation of audits.</p>

## 2 ACCOUNTING

The Treasurer leads on behalf of the Trustees in ensuring that the Trust:

- Keeps and maintains proper accounting books and records, in compliance with prevailing legal and auditing requirements and best practice.
- Prepares annual reports and accounts that conform to the requirements of:
  - All relevant legislation including the Charities Act 2011 and the Companies Act 2006 (as amended from time to time).
  - the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).

- Applicable accounting policies as documented in the Annual Report.
- Makes certain that accounts comply with the audit requirements of the Trust's Governing Document, the terms and examination requirements of the Charities Act and the Companies Act and are submitted to the Registrar of Companies and the Charities Commission within Statutory time limits.
- Signs off – normally jointly with the Chair - the Trustees' Annual Report and Accounts.
- Maintains and submits records of project expenditure for the purposes of reporting to external funders.
- Liaises effectively with the Trust's appointed auditors.
- Prepares and reviews monthly management accounts, which are submitted to and reviewed by the RGS, and subsequently the Board of Trustees.

Substantially all these responsibilities are advised upon by the Trust's external accountants and managed day-to-day by the FAM.

The following principles should be observed whenever possible:

- There should be a clear segregation of duties between the collection, distribution, and recording of money in the Trust;
- All accounting records will be retained in safe custody for a period of six years or such other period as may be stipulated by the relevant legislation governing record retention.

### **3 AUTHORISATION AND CERTIFICATION**

The Board of Trustees and RGS authorise the CEO on their behalf to make orders for the supply of goods and services to the Trust, and to manage the Trust's day-to-day banking and other financial requirements. The CEO may further delegate these activities to the FAM. The specific procedures which apply to these activities are detailed below:

#### **Orders for the supply of Goods and Services**

##### **New suppliers**

For single items over £500 being purchased from a new supplier three indicative quotes shall be obtained either formally or informally (for example phoning around, browsing etc.) and results attached to the order or invoice. In the event of the cheapest quote not being accepted, the reasons for this decision shall be noted on file.

##### **Regular and approved suppliers**

Some items are considered pre-approved by the Trustees through inclusion in a detailed budget and can be authorised by the budget holder up to the limit of that budget. This category includes salaries (and on-costs), student tuition fees, payments to project partners, costs relating to fundraising events, and postage, printing and production costs.

For regular or recurring items from approved suppliers, indicative quotes shall be obtained at least every three years, or more frequently, when there is reason to believe that better value could be achieved. When considering appointing new suppliers, consideration may be given to the nuisance aspect of switching suppliers for minimal impact.

#### Unbudgeted expenditure

Approval of unbudgeted expenditure is delegated to the CEO as follows:

- Restricted expenditure within available restricted funds;
- Variations in unrestricted expenditure caused by changes to university fees, exchange rate variations etc. to meet partnership scholarship commitments;
- Unrestricted expenditure on direct charitable purposes (e.g. scholarships, hardship payments, but not equipment or overhead items) – up to £5,000.
- Anything outside of the above requires approval by a majority of RGS members either at a meeting or via email if urgent. The RGS will be notified of unbudgeted expenditure and changes in usage or purpose of funds and budgets.

#### Scholarship Awards

- Scholars' tuition fees are paid directly to the Universities unless there are exceptional reasons why this cannot be done.
- Scholars' stipends are paid directly to the scholars' bank account via Bank Transfer or by Western Union cash transfer if the student does not have a bank account. Care must be taken in the latter case.
- Scholar awards must be within limits set or delegated by the Awards & Partnerships Subcommittee and approved by the Board, except for hardship payments which are delegated to the CEO for approval.

#### **Banking - Payments and Receipts**

##### Authorisation of invoices and payments

The person placing an order is responsible for examining, verifying and signing the invoices as well as ensuring that all goods, materials and services received are as ordered in respect of price, quantity and quality. Payments will be made with an electronic copy of a payment request form which must be completed with every request for payment and signed electronically by the approving officers. The FAM will file these requisitions electronically in the cloud drive in the payments folder.

##### Payments Procedure

Payments are normally made electronically (for speed and security), and must be authorised by two signatories, one of whom must be the CEO or a Trustee. The FAM maintains a record of authorized signatories. If cheques are issued, they must be signed in accordance with this policy.

Those persons who authorize payments must ensure that invoices have been authorised, that they are a proper liability of the Trust, and that the amount and beneficiary name is correct.

### Paying scholarship awards

Before payments are made for University fees or for Scholars' stipends and costs, the FAM must compare them to the final list agreed by the students' selection panels, prepared by the Scholarships Manager and approved in line with the Annual Budget or otherwise approved by the RGS or Board. All new scholars' bank account details must be verified before making the transfer. The verification procedure is in section 6.

Project-related payments must be checked by the FAM against the agreed Project Budget, which will have been approved in line with the procedures set out in section 4.

### Paying salaries

Before staff salaries and on-costs (PAYE, NIC & Pensions) are paid, the FAM will prepare full schedules for the payroll. Typically this includes: summaries of pay for the period, cumulative pay-to-date, schedules of differences with the previous period, payslips and the Nominal Journal.

### Staff & Trustee Expenditure

The CEO will agree and countersign all Staff Expenses in person or electronically, which will be presented on the official expenses form. (Minor one-off purchases can be claimed by petty-cash voucher, and can be passed by the FAM.) An agreed schedule of claimable expenses is prepared (for example travel expenses, subsistence, mileage claims for use of personal vehicles) and reviewed annually by the CEO. The Chair will agree and countersign the CEO's expenses in person or electronically, and the CEO will verify and countersign Trustees' expenses in person or electronically, no matter how minor the Trustees' expenses are.

### Bank transactions

The FAM usually draws petty cash, lodges income, orders foreign currency, makes deposits or inter-accounts transfers, and processes direct debits and standing orders (inwards or outwards). The FAM is not a bank signatory and only retains full enquiry authority (i.e., the FAM may make any enquiry about our accounts whatsoever). However, the FAM may never initiate a transaction, which still requires the requisite signatories.

### Segregation of duties

The individual who prepares the cheque/ payment instruction or who is the payee, may not sign it. It is possible the CEO or the Trustee will authorize a payment (prepared by someone else) themselves, but only in the case of approved Expenses Claims or CEO's Salary. However, the payee may neither prepare nor countersign a cheque or payment instruction for the supply of goods and/ or services.

## **4 BUDGETS**

The Trust budgets for all its expenditure as far as it can including gauging cashflow, exchange rate variances and contingencies. It will prepare at the least an Annual Budget for the subsequent year.

### Annual Budget

Annual budgets are prepared by the FAM in conjunction with the CEO, in consultation with the Treasurer. They will be discussed by the RGS, who finally recommend a budget to the Board. Budgets are approved formally by the Board.

The budget will compare forecast income and expenditure for the budget year with the projected income and expenditure for the preceding year. The FAM and the CEO will provide sufficient supporting information as required by the Treasurer and the RGS in order for variances to be analysed. The detailed form of budgets will be determined by the FAM in accordance with the general directions of the RGS.

A key objective of the Annual Budget, and indeed all of the Trust's financial projections, is that the Trust should maintain the level of unrestricted reserves mandated by the Reserves Policy, which is documented in the Annual Report.

### Students' budgets

Following the selection processes, the Scholarship Manager will prepare the detailed students budgets for the CEO's approval. These budgets will form the basis of all payments made to or for students during the year. Stipend amounts will be reviewed from time to time.

### Project Budgets

Projects are normally fundraised specifically, and restricted. The Terms of Agreement or Memorandum of Understanding will determine all costs and payments. Any variation must be negotiated by the Project Partners and approved by the CEO within stipulations laid down or allowed by the external funder. Unspent funds are restricted and kept separate in the Accounts.

The Trust may also decide to fund projects out of unrestricted funds in which case the projects will also operate within agreed schedules of costs and payments.

## **5 CURRENCY MANAGEMENT**

The Trust pays scholarship mainly in South African Rand and occasionally in USD. To ensure that scholars can be paid promptly and to manage exposure to exchange rate variances the minimum balance in the South African bank account will be 1/3rd of the annual budgeted spend at all times. During the year the FAM will do the following:

- Maintain the stock of ZAR that we hold to roughly one-third of the annual budgeted spend – Arranged by monthly forward contracts spread over the 12 months or by spot purchases depending on the currency exchange market
- Purchase the balance of forecast spend when required at the spot rate.

That way we would have, in roughly equal tranches:

- one third natural hedge
- one third fixed by means of forward contracts
- one third unhedged but flexible as to timing and amount

## **6 AVOIDING POTENTIAL FRAUD**

The ever-increasing number (and sophistication) of scams means it is necessary to be vigilant at all times:

### Electronic payments

It is the Trust's policy to make payments electronically, rather than by cheque, for reasons of security and traceability. There may be occasional unavoidable exceptions to this policy.

### Payment bank account verification

In order to avoid the possibility intercepted and changed bank details, all new bank account details must be verified with a scanned copy of the bank statement or a screen shot of the bank account where the account information can be seen clearly. If this is not possible the new details must be verified by video conferencing, phone or text using an existing phone number obtained from the database.

The Trust's principal bankers in the UK use automated account name verification for electronic payments to UK beneficiaries, where the beneficiary name given in a payment instruction is automatically compared to the records of the receiving bank before the payment is sent.

### Requests for payment

Emails purporting to be from a figure in authority (e.g. CEO or Treasurer) requesting an urgent payment to self or an unknown third party must be verified by a direct telephone call, to avoid the consequences of 'hacking'.

## **7 INVESTMENTS**

The investment strategy is to hold approximately 11% of the reserves in stocks and shares, and to maintain that percentage by rebalancing (selling or buying more units) once per year based on the financial year end position, the Board shall have the discretion to increase or decrease that percentage from time to time having regard to current market conditions.

The FAM will calculate the rebalancing amount and request permission to make the transfer at the RGS meeting immediately following the year end.