

## **British Agricultural History Society**

### **Finance Policies**

This policy has been drawn up to consolidate the Society's financial policies and transactions and is approved by the Executive Committee.

#### **Definitions**

The Charity: the British Agricultural History Society [BAHS]

Executive Committee: The Executive Committee is the Board of Trustees of the Charity [EC]

Financial Year: The Charity's financial year is 1 February to 31 January.

Treasurer: The Treasurer is the member of the Board who leads the strategic and operational responsibility for the financial management of the Charity.

Authorised Person: Authorised persons are those persons authorised by the Board of Trustees to approve financial instruments (cheques, purchase orders, invoices, etc) on its behalf.

#### **Income Policy & Procedures**

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash. To outline the structure of authorisation for dealing with income, credit-control and cash management.

#### ***Invoices***

Invoices should include the following details:

- The Charity's logo;
- A statement that the Charity is a registered charity, and its charity number;
- The name and address of the person or organisation being invoiced;
- The date of the invoice, which must be the date it is posted to the accounts;
- The nature of the services and/or goods being charged for;
- The rate at which services and/or goods are being charged for;
- The purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
- If the invoice is to a funding body it should state the funding period to which it relates;
- The invoice total;
- The Charity's payment instruction & terms of payment.

Outstanding invoices:

The Treasurer will review the outstanding invoices every month. If an invoice has not been paid within 28 days of being issued, then a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it. Any invoice which remains unpaid for more than 56 days must be brought to the attention of the EC to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (e.g.: the provision of goods or services, or access to any of the Charity's facilities or resources) until the outstanding debt has been repaid in full. Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

### ***Recording Payments***

Payment by BACS:

Where payments are made directly into the bank account via the BACS payment system the Treasurer will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

When payment by cheque or cash is received:

When cheques or cash arrive the Treasurer will ensure that cheques are properly signed and made payable to the Charity and will record their arrival in the accounts. Cheques and cash received should be banked the same day where possible but at least once per week. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked. A maximum of £250 cash may be held overnight.

Cash in Transit:

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money. In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action. The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money. If the amount of cash (ie: excluding cheques) being banked is greater than £250 then two people should take the cash to the bank.

### ***Payroll Policy and Procedure***

- To ensure staff (including freelance) are paid in accordance with their terms and conditions of employment.
- To ensure payment rates are competitive enough to retain staff.
- To ensure statutory deductions are made and paid to the relevant authority within the time limit.

All salaries are paid 50% in arrears & 50% in advance by cheque/direct transfer into employee's personal bank accounts on 15th of each month, or nearest day where this falls on a Saturday, Sunday or Bank Holiday.

Staff must supply the Treasurer with the name of their bank, account number and bank sort code within a week of starting. P45s must be handed in as soon as possible to ensure the correct tax code is applied. Where no P45 is available the member of staff will be required to sign a P46 (as are all volunteers who receive any expenses).

Where staff requires any other arrangement they must ask for consideration of the matter as soon as possible and the matter will be referred to the EC.

## ***Purchasing Policy and Procedures***

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

### Orders – Goods and Services:

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT. Budget-holders may order items within their own budget and up to £150 in value. For purchases outside of budget or over £150 and up to £500 value the authorisation of the Treasurer is required. Items over £500 in value must be authorised by the EC, the Treasurer and counter-signed by the Authorised person. For any purchase over £1000 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the EC explicitly waives this requirement and records in the minutes of the EC meeting the justification for the waiver.

Delivery notes must be checked and initialled by the budget-holder and be filed in the delivery notes file. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Treasurer must be informed. Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Treasurer for payment. In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

### Purchases – Depreciable Assets:

All depreciable items over £1000 (in aggregate where the purchase is of related items) will be recorded in the accounts as a tangible fixed asset and depreciated over the appropriate period of time as defined in the Annual Report and Statement of Financial Activity.

Note: this section will not apply to charities which use Receipts & Payments accounting procedures, in which case it should be deleted in its entirety.

### Payments by Cheque and Other Instruments (e.g.: On-Line BACS, Direct Debit):

Where appropriate, authorised persons who are not Trustees may be established by resolution of the Board. The resolution must state the reason for the authorisation and the date on which it will expire.

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment;

The Charity Commission guidelines recommend that all cheques and other instructions to the bank, including instructions made on-line (e.g.: for BACS payments) be signed by two authorised persons. However, where this is not practical for small payments, the EC may decide to allow of amounts of up to £250 to be approved by just one authorised person, provided that that decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made;

Where a cheque or other instructions to the bank – including instructions made on-line (e.g.: for BACS payments) – is for an amount exceeding £1000 the payment must be authorised by the EC unless the purpose for which the payment is being made has already been approved by the EC. The authorisation of the payment can be made by written resolution, including by email where appropriate (i.e.: the authorisation does NOT necessarily require the convening of an EC meeting).

### ***The Accounting and Audit Procedure***

To ensure that the Charity meets the statutory accounting requirements of the Charities Commission and to provide accurate and useful data for the EC and members.

Procedure:

The Charity's accounts will be managed electronically using appropriate software approved by the EC and the Charity's Examiner;

The EC appoints the Auditor/Examiner at the AGM, or at other times when circumstances require;

The Treasurer, in conjunction with the Authorised Person where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Treasurer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Treasurer will meet with the Examiner to ensure that examination queries are resolved and that accounts are completed and signed within six months of the year end.

The Treasurer will ensure that the examined accounts are filed with the Charity Commission within 10 months of the year-end.