

Financial Policy

Date	Review Date	Chairman	Secretary	Centre Manager
01.03.17	01.03.18	Bryan Starkey	Patricia Perrin	Sally Mills

The following are important telephone numbers that must be kept up to date:

Contacts	Home	Mobile
Chairman of Trustees Bryan Starkey	01483 811278	07796 590841
Charity Secretary Patricia Perrin	01483 811715	07790 410980
Centre Manager Sally Mills	07810 833391	07810 833391
Auditors BDO Accountants	01483 564646	

This document sets out the policy for the day-to-day management of The Therapy Garden's finances. The policy ensures that:

- Financial management is consistent and transparent.
- Controls are appropriate for the level and type of activity
- The charity's assets are safeguarded against misuse
- The charity's assets are used to best advantage.

1. Assets

The Financial Assets (Fund Balances) displayed in the Annual Accounts include:

- Restricted Funds - funds received specifically for the purchase of permanent fixtures and other capital items and to fund salaries.
- Unrestricted funds - not specified for a particular purchase/ cause.

In the Annual Accounts, the charity's 'Unrestricted Funds' are shown as 'tangible fixed assets' and 'net current assets'.

- The 'Tangible fixed assets' refer to the value of the wooden structured centre building, which depreciates annually, not to monies held in the charity's bank accounts.
- The 'Net current assets' refer to unrestricted reserves held in the charity's bank accounts.

If funds decrease below the reserves policy amount, urgent action would be taken to secure the charity's survival, through decreasing staff number and cutting back on other areas of expenditure.

1b. Depreciation of Assets

Assets held by the charity are subject to depreciation.

- Buildings - 5% straight line

- Furniture and Equipment – 25% straight line
- Tools – 25% reducing balance
- Vehicle – 20% per annum

1c. Discontinuing of Operation

If the charity ceases to operate, any assets remaining, after settlement of debts, would be offered to another organisations of similar purpose.

2. Reserves Policy

The charity aims to hold 75% annual running costs as an 'ideal reserve' to ensure we can fulfil our nine month contractual obligations for Green School, to the end of any given school year.

3. Budget Setting

The financial year runs from December 1st to November 30th and the annual budget is set at the beginning of each financial year by the Chairman of the Board of Trustees and key members of staff, and then formally agreed by the Trustees.

Budget setting is created using Xero Budget Manager and is based on previous year's expenditure and income, with projected increases based on inflation and proposed future development needs and expenditure.

Expenditure is categorised into administration (including salaries), main building costs, central costs, course costs and garden costs.

Income is categorised into payments received from client funding Green School income from special educational needs and mainstream schools, Adult Services or Community Mental Health Recovery Service teams for adult clients, and that from donations, grants, fundraising, shop sales and membership subscriptions.

4. Annual Accounts

The annual accounts are subject to an Independent Examiners Report, and those appointed are subject to regular review by the Trustees. The Trustees ensure that the accounts are signed off and then lodged with The Charities Commission and Companies House.

5. Checks on Expenditure

- All expenditure of the organisation's funds must be properly accounted for and managed in accordance with the objectives of the organisation.
- All payments should be promptly recorded, including details of the nature of the payment, supported by relevant receipts or invoices.
- Regular checks are made to ensure records are accurately maintained and that there are no discrepancies.
- A monthly report is produced using Xero, detailing expenditure and income, and tracked against the budget forecast. Variances are identified and monitored, and reviewed at Trustee meetings.

6. Bank Accounts

- Bank accounts in the name of the organisation are opened or closed only with the full written approval of the Trustees of The Therapy Garden. A copy of the appropriate minute is required.
- There are 2 bank accounts open in the name of The Therapy Garden; one current account and one savings account.
- There shall always be proper approval for movements between, and payments from, bank accounts for amounts in excess of £500. The Centre Manager can make movements between, and payments from, bank accounts under £500.
- Two authorised signatories, who shall be unrelated to one another, are required to approve any direct debit or standing order over £100.
- A minimum amount is always maintained in the current account equivalent to 3 months salaries cost.
- All documentation shall be retained and payments shall be monitored to ensure that the arrangement is cancelled when the organisation stops using the goods or services being supplied.

7. Electronic (Internet) Banking

The fundamental internal financial control, which is recommended as best practice by the Charity Commission, is that organisations banking online use a system, which requires authorisation of each transaction by more than one individual.

- As with all other areas, there should be a clear separation of duties, to prevent any single person being able to control resources. The levels of authorisation are the same as other payment methods.
- Authorised individuals shall keep all passwords and pin numbers secret and never share their security details with one another.
- At the end of each day, details of income and expenditure from the current account are transmitted via live bank feed to Xero, our online accounts system. All transactions are checked against the bank statement and reconciled to the correct account.

8. Cash

Cash income is received on site in the form of shop takings, event takings, transport charges, membership charges, venue hire fees and donations.

All cash received is labelled clearly and kept in a secure safe until it is paid into HSBC bank, which is done on a weekly basis. Smaller amounts can be paid into the petty cash tin and recorded on the Xero petty cash account.

Cash payments should be kept to a minimum due to the greater risk that handling cash presents and difficulties that can arise in establishing correctness & control over cash transactions.

Where payments are made in cash, the following procedures will be followed:

- Cash payments shall be for small amounts only
- Cash shall be paid from a petty cash float specifically kept for such payments, and not from incoming cash or by way of direct withdrawal from the bank account

- Supporting documentation for the cash payment shall be provided and should be authorised by someone other than the person who maintains the petty cash.

9. Cheques

- The authorised cheque signatories are listed on the following page. Each signatory has the responsibility to make certain that cheques are made out to the correct payee and for the correct amount.
- A minimum of two signatories are required on all cheques.
- No signatory may sign a cheque payable to him or herself or to a spouse/partner or relative.
- Where two signatories are authorising a payment, those individuals shall not be related to one another.
- No blank cheques may be signed.
- All cheques are hand written and as far as practicable, drawn up by the Centre Manager.

10. Debit Cards

- A clear policy has been set regarding the use of payment cards, the criteria for their issue and their securities.
- The debit card is held in the Centre Manager's name and is to be used by the Centre Manager for purchases, or by senior staff members, with the Centre Managers authorisation.
- All debit card purchases over £500 should be authorised by the Chairman.
- Debit cards are to be stored in the safe and the pin numbers are to be kept secure, in line with HSBC security policies and recommendations.
- All debit card expenditure shall be clearly supported by a receipt or invoice.
- Copies of all statements shall be sent directly to the Centre Manager and these shall be used to analyse transactions, matching these with supporting receipts and invoices.
- Card use will be reviewed periodically to ensure consistency of use with set policies.
- Payment cards shall be cancelled and destroyed if the individual cardholder ceases to be involved in the organisation or if the authorisation of the card's use is withdrawn.

11. List of Authorised Signatories

Bryan Starkey	Chairman of the Trustees
Patricia Perrin	Secretary
Sally Mills	Centre Manager

12. Payment of Expenses

A policy has been set for the payment of expenses, which clarifies whether the organisation pays expenses for travel and other out-of-pocket expenses, and if so on what terms.

- Any mileage rate paid will not be above HMRC rates (thus not resulting in a tax or national insurance liability for the organisation or the claimant). Mileage is currently paid at £0.45 per mile for journeys undertaken for the sole purpose of The Therapy Garden.
- There shall be a clear requirement to complete expenses claims and to provide receipts.
- Expense claims shall be signed by the claimant to declare that the claim is accurate and incurred in connection with the business of the organisation.
- Expenses claims shall be authorised by the Centre Manager and recorded on Xero.

- Reimbursement for staff and volunteer expenses should be made by bank transfer, as far as possible, to minimise cash payments.

13. Paying Employees

The Therapy Garden employees are paid a competitive salary within the charity sector, proportionate to the complexity of each role, and responsible in line with our charitable objectives.

- Employees of The Therapy Garden are entitled to an annual appraisal, in which salaries are reviewed in line with employee performance and targets.
- Any salary increases or bonus payments are at the discretion of the Board of Trustees.
- All salary payments should be made by bank transfer on the last day of any given month, with payments made by the payroll administrator. All PAYE and NI contributions are paid through the Xero payroll system.
- Employee pension contributions are paid through the NEST pensions scheme, with employer contributions currently fixed at 1% until October 2017, then rising to 3%. Employees have the choice to opt out if they wish.
- No overtime payments are made over contracted hours unless agreed by the Board of Trustees.
- Sub-contractors or freelance staff are to invoice The Therapy Garden for their hours or services and will be paid within one week of receipt of invoice.

14. Responsibility for the Policy

The Financial Policy is reviewed annually by the Centre Manager and approved by the Board of Trustees.

This policy was adopted on the 01 March 2017 by:

Chair of Trustees Bryan Starkey		Date:	
Secretary Patricia Perrin		Date:	
Centre Manager Sally Mills		Date:	