



# Financial Management & Accounting Policy

## Introduction

Ayrshire Tigers PFC SCIO follows the guidance in The Charities and Trustee Investment (Scotland) Act 2005 in relation to our finances.

Our charity trustees, are aware they have a duty under the 2005 Act to act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person. This means that our trustees must act with a higher level of care than they do with their own finances and affairs. Our trustees must make sure that they protect the charity's resources and that they do not put the assets of the charity at risk. We do this by ensuring that there are proper financial controls in place.

All of the charity trustees have responsibility for the financial records, not just the treasurer. As charity trustees, it is important that you all have a basic understanding of the finances of your charity and can quickly identify if there are any problems.

The financial information should be discussed at meetings to make sure that everyone knows the charity's financial situation. For example, finance should be a recurring item on the agenda of every board meeting. It is good practice that someone other than the treasurer also has an understanding of how the charity's financial records are kept.

## Trustees Responsibilities

Trustees have legal responsibilities to keep accounting records, and to prepare an annual report and accounts with the appropriate level of external scrutiny. Trustees must also safeguard their charity's assets and take steps to ensure the charity is protected against financial abuse. Accounting records must be kept for at least six years.

**Trustees have a number of legal duties that must be met in relation to accounting and financial reporting. These include:**

- 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 Charity 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



## Financial Management

Financial management is more than just ensuring there is sufficient cash and keeping to budget.

Financial management involves:

- Setting financial objectives
- Planning and acquiring funds
- Ensuring funds are being effectively managed
- Management and financial accounting
- Formulating strategy
- Planning and controlling activities
- Decision-taking
- Optimising use of resources
- Disclosure to other interested parties external to Ayrshire Tigers PFC SCIO
- Disclosure to employees
- Safeguarding assets.

### The aims of internal financial controls are:

- to protect the charity's assets;
- to identify and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud;
- to ensure that financial reporting is robust and of sufficient quality; and
- to ensure that the trustees comply with charity law and regulation relating to finance.

Clear procedures are needed to ensure that the Trustees of the Charity have the tools and skills to ensure effective financial management takes place. Where employees and/or volunteers are involved the individual responsibilities should be clear to avoid confusion, inconsistency & conflicts.

The role of the Treasurer or Chair is often crucial in discussion with key funding bodies, and suppliers etc. However, legally the Trustees are collectively/jointly responsible for ensuring that the charity's resources are properly managed and accounted for and must not assume the Treasurer and/or Chair will do everything. The following policies and procedures enable the Trustees to delegate financial management to the Treasurer.

## Definitions:

**Board:** The Board is the Board of Trustees of Ayrshire Tigers PFC SCIO.

**Financial Year:** The club's financial year is 1 January to 31 December.

**Treasurer:** The Treasurer is the member of the Board who has responsibility for the financial management of the club. He is also the person who has the day-to-day responsibility for the administration of the club's financial transactions.

**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

### **Purpose:**

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

### **Invoices:**

Invoices should be issued whenever it is appropriate.

Invoices should include the following details:

- Charity logo;
- A statement that Ayrshire Tigers PFC SCIO 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;
- Our charity's payment instruction & terms of payment.

### **Outstanding invoices:**

The Treasurer will review the outstanding invoices every month.

If an invoice hasn't 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 Board of Trustees 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) 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 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 Ayrshire Tigers PFC and will record their arrival in the accounts;

Cheques and cash received will be banked the same day where possible but at least once per week.



### ***Donations:***

If the charity receives cash donations, two people should count these and then make sure the money is banked as soon as possible. Receipts should be issued for the donations and no payments should be made out of this cash before taking it to the bank.

Where possible, we try to avoid the use of cash, as it is harder to maintain a trail of cash and much easier for theft or fraud to happen. We encourage donations to be made by bank transfer, cheques or online and our policy is to encourage payments in this way wherever possible.

### ***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.

## **Budgeting Policy and Controls:**

### ***Purpose:***

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

To provide a structure for monitoring and controlling expenditure.

To ensure that funds can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the charity's financial commitments as they arise.

### ***Policy:***

The annual budget will provide the Treasurer with the authority to spend within the amounts specified under each budget heading.

The amounts budgeted for the income and expenditure overall of the charity cannot be exceeded, transferred or altered without the authorisation of the Board of Trustees.

The Treasurer will provide the Trustees with quarterly reports detailing actual expenditure against the budget and ensure that the budget is not exceeded.

The Treasurer will ensure that the Trustees are informed where any breaches of this policy may occur.

### ***Budget-setting Process:***

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after the charity has clarified its aims and objectives and produced a variety of action plans to achieve them. The purposes of a budget are:

- To co-ordinate different activities towards a single plan;
- To set and communicate financial targets;
- To maximise and allocate resources;
- To identify financial problems;
- To establish a system of control by having a plan against which actual results can be compared;
- To compel planning.



As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time.

The Treasurer will produce a draft budget based on the previous year's income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget will be circulated to the Board of Trustees for comment.

Any necessary revisions will be made and a final draft budget presented to the Board of Trustees for approval & adoption no later than the last day in the financial year.

### ***Monitoring and Revision:***

The Treasurer will monitor income and expenditure and ensure that the Board of Trustees receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or employees then negotiations should be initiated with the relevant parties immediately.

## **Remuneration/Payroll Policy and Procedure:**

### ***What is remuneration?***

Remuneration in the 2005 Act means any payment received for services provided to the charity either as a charity trustee or under a contract of employment with the charity, and includes people connected with charity trustees. It is any such payment from the charity's funds. Payment may be received in the form of a salary, payment for services or in the form of other benefits such as a company car, medical plan or pension plan.

The **2005 Act** sets out when charity trustees (and people who are connected to them) can receive payment from the charity for services provided to it. A charity must not pay charity trustees, and people who are connected to them, unless the charity can satisfy the conditions set out in the 2005 Act.

### ***What are the rules on paying charity trustees?***

The 2005 Act states that you must not pay a charity trustee, for services provided to the charity, either as a charity trustee or under contract, unless you meet all of these conditions:

1. there is no restriction to the payment in the charity's governing document
2. less than half the total number of charity trustees are getting paid (directly or indirectly) from the charity
3. there is a written agreement between the charity and the charity trustee
4. the written agreement sets out the maximum amount to be paid, and
5. the charity trustees are satisfied it is in the interest of the charity for the services to be provided by the charity trustee for that maximum amount.

If your governing document says that the charity trustees cannot be paid, then even if the other rules from the 2005 Act are met, you will not be able to pay any of the charity trustees.

Examples of when it might be reasonable to pay a charity trustee, provided the conditions above are met:

1. When a local tradesman is a charity trustee and provides services to the charity at a competitive rate.



2. When employees of the charity are also charity trustees because of their position: for example, as chief executive or because they are elected as a staff representative.

**We will only pay a person connected to a charity trustee for services provided to the charity if they meet all the conditions as stated in the 2005 Act.**

**We will follow the good practice guidelines in the 2005 Act in relation to paying charity trustees and/or connected persons for services provided to the charity.**

**We will also follow the good practice guidelines in the 2005 Act in relation to employing a charity trustees and/or connected person.**

**We will ensure that charity trustees are not benefiting from it as private individuals, or where those benefiting most are people connected with the charity trustees such as family members or companies in which the charity trustees have an interest.**

**The rules on paying charity trustees do not apply to reclaiming expenses, like train fares to get to a charity trustee meeting.**

**Ayrshire Tigers PFC is run by volunteers and do not currently employ any staff however if this changes we would follow the following policies and procedures.**

### ***Purpose:***

To ensure employees are paid in accordance with their terms and conditions of employment.

To ensure salary rates are competitive enough to retain staff.

To ensure statutory deductions are made and paid to the relevant authority within the time limit.

### ***Payment of Salaries:***

All salaries are paid by BACS (direct bank transfer) into employee's personal bank accounts on the 15<sup>th</sup> 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.

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 Board of Trustees.

The final salary payment of a person leaving employment with the charity must be authorised by the Board of Trustees.

### ***Deductions:***

Only statutory deductions will be made without the prior written and signed authorisation from the employee.

### ***Overtime:***

Staff will not be paid for overtime but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work.

### ***Termination of Employment:***

Any outstanding debts will be deducted in full from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.



### ***Timetable:***

In the second week of the month the Treasurer reconciles the previous month's salary payments to the payroll reports.

The Treasurer must be given as much notice as possible for the following.

- New employees;
- Employees leaving;
- Details of sickness or maternity leave;
- Any permanent changes (in hours or pay for example);
- Unpaid leave arrangements;
- Any tax code changes;
- Any overtime or other agreed temporary changes.

From these the Treasurer will calculate salaries and produce accurate payslips and deduction reports.

The Treasurer will prepare the Inland Revenue return for the previous month and make appropriate arrangements for its payment by the due date. Whenever possible, payments will be made electronically (either by BACS or by Direct Debit) in accordance with the recommendations of HM Revenue & Customs.

Statutory Year End Annual Returns to the Inland Revenue are made, and any additional payments made, by the due date.

## **Purchasing Policy and Procedures:**

### ***Purpose:***

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.

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 Board. 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 Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Delivery notes must be checked and initialled by the Treasurer and be filed. 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 Treasurer and then the invoice paid by the Treasurer within the required period.

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.

### ***Payments by Cheque and Other Instruments (eg: On-Line BACS, Direct Debit):***

Ayrshire Tigers PFC SCIO have three authorised persons who are all Trustees of the Charity. They are the Treasurer, Vice-Chair and the Secretary.



Where appropriate, authorised persons who are not Trustees may be established by resolution of the Board of Trustees. 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;

Ayrshire Tigers PFC SCIO follow the OSCAR guidelines which recommend that all cheques and other instructions to the bank, including instructions made on-line (eg: for BACS payments) be signed by two authorised persons. However, where this is not practical for small payments, the Trustees 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 Board of Trustees unless the purpose for which the payment is being made has already been approved by the Board. The authorisation of the payment can be made by written resolution, including by e-mail where appropriate (i.e.: the authorisation does NOT necessarily require the convening of a Board meeting)

Cheques should not be signed where the amount and the recipient are not already filled in (blank cheques). You should ensure that the details on the cheque stub match the corresponding cheque. If this is not done the cheques may not be accounted for correctly and might result in lost or stolen money.

### ***On-Line Purchases Using Credit/Debit Cards:***

It is recognised that the increasing availability of on-line purchasing means that it is very often possible to secure products at very competitive prices. Ayrshire Tigers PFC SCIO's bankers provide a credit/debit card to allow purchases to be on-line with direct charging to its bank account. This means that the charity can take advantage of competitive on-line pricing.

On-line purchases must have the prior approval of one other Trustee who is not otherwise involved in the purchase.

On-line purchases of items for the charity must NOT include within the same order any item for the personal use of the person placing the order.

Whenever possible, the delivery address for such on-line purchases should be the charity's address rather than the purchaser's billing address (usually their home address).

The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by the charity. The reimbursement of individuals for purchases made on behalf of the charity will always be by cheque signed by two Trustees who are not otherwise involved in the purchase.

## **Petty Cash Policy and Procedure:**

### ***Purpose:***

To ensure all cash is properly handled including storage, payments and record keeping.

To establish accountability for the proper handling of cash.

### ***Policy:***

Petty cash will be kept to a minimum. Receipts should be required for all items of petty cash. Access to the petty cash box should be restricted. It should be held in a secure place, counted and agreed. A cash book should be kept to record what goes into the petty cash and what is paid out of it. Each time there is money





added to or taken out of the petty cash it should be recorded in the cash book with supporting documentation, such as a copy of a donation receipt or expenditure receipt.

The amount in the petty cash box should be regularly counted and compared to the balance in the cashbook by the treasurer to make sure that all money is properly recorded and accounted.

### ***Administration and Accounting:***

Payments from Petty Cash are recorded and signed for using Expenditure Vouchers as they are paid out against point-of-sale receipts.

Petty Cash floats operate on the imprest system which is a form of financial accounting system where the total of the cash and Expenditure Vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Treasurer immediately for investigation and action. The amount of float held in a Petty Cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £100).

At the end of the month the Treasurer will enter the petty cash expenditure into the main accounts.

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

### ***Purpose:***

To ensure that Ayrshire Tigers PFC SCIO meets the statutory accounting requirements of OSCR.

To provide accurate and useful data for the Board and staff.

### ***Procedure:***

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

The Board of Trustees appoints the Examiner at the AGM, or at other times when circumstances require;

The Treasurer 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:

- OSCR within 9 months of the year-end.

*Gordon Rainey*

Gordon Rainey

23.07.2020

Treasurer