



Hart First Response

Finance Policy

Registered Charity 1092333

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1. Statement

- 1.1. It is a fundamental duty of the charity trustees:
 - To protect the property of the charity and to secure its application for the objects of the charity.
 - To ensure that charitable funds are applied within a reasonable time of their receipt.
- 1.2. In order to discharge these duties it is essential that basic financial controls are in place. These controls also act to demonstrate to potential donors or beneficiaries that Hart First Response (HFR) properly safeguards assets and is efficiently managed.

2. Introduction and scope

- 2.1. Whilst the Executive Committee of HFR has a legal duty to ensure that charitable funds are applied within a reasonable time of their receipt, there is an implied power to take action to ensure that the charity functions properly, and this can include the holding of charitable funds as reserves.
- 2.2. Reserves are the funds which HFR has available to spend for any of the charity's purposes once it has met its commitments and covered other planned expenditure.
- 2.3. This policy sets out HFR's basic internal financial controls and reserves requirements. These controls are based upon published Charity Commission guidance and are judged by the trustees to be suitable to the scale of HFR as an organisation. In particular, total segregation of duties with respect to financial control is not possible, due to the small size of the charity, but HFR will adopt as much of the Charity Commission's recommended practice as possible for a small organisation.

3. Related policies, procedures and Acts

- Internal Financial Controls for Charities, CC8, December 2003
- Responsibilities of Charity Trustees, CC3
- The Hallmarks of a Well-Run Charity, CC60
- Charities and Fund-raising, CC20
- Receipts and Payments Accounts Pack, CC64
- CC19 – Charities Reserves, Version 04/02
- HFR Business Plan
- HFR Volunteers Handbook

4. Responsibilities

- 4.1. The **trustees** as a body have the following particular responsibilities with respect to financial control:
 - Ensuring that proper books and records are kept
 - Preparing annual accounts in line with Charity Commission requirements
 - Ensuring that the annual accounts are subjected to the required level of external scrutiny by suitably qualified and experienced persons in accordance with charity commission guidelines
 - Approving the annual accounts and annual report



Hart First Response

Finance Policy

Registered Charity 1092333

- Exercise care and skill in reviewing financial controls
 - Controlling and safeguarding all funds to which the charity is entitled
- 4.2. On a day-to-day basis these financial responsibilities are delegated to the Treasurer.

5. Staff training and support

- Qualified HFR volunteers will receive relevant training.
- HFR volunteers will be made aware of this updated policy by members of the HFR Executive Committee as appropriate.
- All HFR volunteers are assigned mentors (members of the HFR Executive Committee) to whom they are encouraged to approach as a first point of contact in the event of a concern.

6. Risk assessment

- 6.1. Formal written risk assessments will be assessed by the HFR Executive using HFR's Risk Register.
- 6.2. The results of training needs reviews are used to inform HFR's Training Programme.

7. Budget

- 7.1. HFR shall produce an annual budget detailing a proper and realistic estimate of planned income and expenditure for the year. The budget shall be reviewed when the Executive Committee meets to ensure that available resources are not over-stretched.
- 7.2. Discussions regarding the budget at Executive Committee meetings shall be fully minuted.

8. Banking procedures

- 8.1. Current account
- 8.1.1. Monies shall be banked as soon as is reasonably practicable after receipt, ordinarily this will mean that monies are banked within 5 working days of receipt.
- 8.1.2. Banking documents shall be kept in safe custody, with limited access.
- 8.1.3. The current account cheque book and deposit book shall be kept in a secure location.
- 8.1.4. Checks shall be made to ensure that records of cash and cheques received agree with bank paying-in slips.
- 8.1.5. Checks shall be made that paying-in slips equate with bank statements.
- 8.1.6. All transfers or other direct payments into the current account shall be capable of being identified and verified.
- 8.1.7. Checking of records shall be undertaken by someone other than the person who recorded the original transactions.
- 8.1.8. Electronic payments shall only be allowed between the current and reserve accounts.
- 8.2. Reserve accounts
- 8.2.1. The reserve accounts shall be operated in line with the policy stated in this document.
- 8.2.2. A record of all deposits shall be kept in a safe place.
- 8.2.3. Regular reconciliation of the reserve accounts shall take place; ordinarily this will be at Executive Committee meetings.
- 8.2.4. Reserve account statements are available online for inspection by trustees and authorised signatories.
- 8.2.5. HFR has ensured that monies may only be transferred internally between reserve accounts and externally to the current account.
- 8.3. Control of cash



Hart First Response

Finance Policy

Registered Charity 1092333

- 8.3.1. HFR does not have insurance cover for cash held at the registered address.
- 8.3.2. HFR shall not hold petty cash.
- 8.3.3. A small amount of cash, up to £100, may be held to allow efficient banking of coin from cash collections.

9. Controls over incoming funds

- 9.1. Postal receipts
 - 9.1.1. Incoming post will be opened at the earliest possible opportunity.
 - 9.1.2. Monies received by post shall be entered into the bank paying-in book at the time of receipt.
- 9.2. Donations received at events
 - 9.2.1. Monies shall not be left in collection boxes.
 - 9.2.2. Where possible receipts shall be issued by the volunteer receiving donations at events especially when those donations are received as cash.
 - 9.2.3. Donations received at events shall be entered into the bank paying-in book on the day of receipt.
- 9.3. Restricted donations
 - 9.3.1. Care shall be taken to identify and administer separately any funds received where the donor has placed restrictions on the use of the funds. These donations shall be clearly identified in the accounts and recorded in the Executive Committee meeting minutes.
- 9.4. Fund raising
 - 9.4.1. HFR shall follow all statutory guidance with regard to street collections as made under the 'House-to-House Collections Act 1939' and the 'Police, Factories etc (Miscellaneous Provisions) Act 1916' and any subsequent legislation. HFR will also take guidance from Charity Commission guidance where relevant, for example CC20 'Charities and Fundraising.'
 - 9.4.2. HFR does not hold fund raising events.
 - 9.4.3. HFR does not engage the services of external fund-raisers.
- 9.5. Collection boxes
 - 9.5.1. Collection boxes shall be individually numbered and control exercised over their allocation and return.
 - 9.5.2. All issued collection boxes shall be sealed using anti-tamper labels in a manner such that any unauthorised opening of a box prior to counting is readily apparent.
 - 9.5.3. Static collection boxes shall be regularly collected and counted.
 - 9.5.4. A receipt shall be issued for the amount collected.
 - 9.5.5. A record shall be kept of where static collection boxes are situated, together with a history of their takings and the name of the person designated to empty them.
- 9.6. Sponsored events
 - 9.6.1. Records shall be maintained for any monies raised from sponsored events, with sufficient detail to identify gross receipts and how they have arisen and any costs incurred.
- 9.7. Gift Aid
 - 9.7.1. HFR will seek to encourage donors to make use of the Gift Aid scheme.
 - 9.7.2. HFR will maintain accurate records to ensure that it receives all monies entitled under Gift Aid from the Inland Revenue and to provide the documentary evidence required by the Inland Revenue.

10. Controls over expenditure

- 10.1. Authorisation



Hart First Response

Finance Policy

Registered Charity 1092333

- 10.1.1. Any trustee may authorise any expenditure of up to £250.
- 10.1.2. The Executive Committee shall authorise all expenditure in excess of £250.
- 10.2. Payments made by cheque
 - 10.2.1. HFR has three authorised bank signatories for the current account. Signatures are required from two out of three signatories to authorise a cheque.
 - 10.2.2. The cheque book shall be kept in a secure location
 - 10.2.3. Blank cheques shall not be pre-signed. The Charity Commission considers pre-signed cheques to be a neglect of duty of care by the trustees.
 - 10.2.4. Related trustees or members are not allowed to be authorised signatories.
 - 10.2.5. Payments made by cheque shall be cross-referenced to invoice numbers in the accounts.
 - 10.2.6. Cheques made payable to a signatory shall not be signed by that signatory.
 - 10.2.7. All cheque stubs should be completed and retained as they form part of the accounting record.
 - 10.2.8. Payments will be made against original invoices, receipts and expense claims forms
- 10.3. Cash payments
 - 10.3.1. HFR does not make cash payments.
- 10.4. Record keeping
 - 10.4.1. Receipts shall be kept for all expenditure. The records will be stored in the finance folder, prior to being transferred to the Treasurer for inclusion in the annual accounts.
 - 10.4.2. Records shall also be kept for all orders made but not delivered. These records will be kept in the finance folder in a wallet marked orders.
 - 10.4.3. Delivered goods are checked for completeness versus the invoice or delivery note.
- 10.5. Expenses
 - 10.5.1. HFR shall only make direct payments of expenses incurred. Expense claims must be supported by adequate documentary evidence, for example receipts, mileage claim sheets or bank statements.
 - 10.5.2. HFR will only pay members' expenses by cheque.
- 10.6. Credit agreements
 - 10.6.1. Records will be kept of any credit arrangements made with suppliers and the Executive Committee will review these arrangements to ensure that the financial security of HFR is not put at risk.
- 10.7. VAT exemption
 - 10.7.1. HFR shall make the maximum use of VAT relief available under item 9/10 of Zero Rate Group 15 to the Value Added Tax Act 1994 and any subsequent legislation.

11. Control over assets

- 11.1. 'Current assets' includes cash and any bank deposits, consumable stocks, debtors and prepayments or any other amounts receivable in the short term. 'Fixed assets' includes vehicles and equipment held on a continuing basis.
- 11.2. HFR maintains a list of fixed assets, by the use of a database.
- 11.3. Fixed assets are both inspected and maintained on a regular basis to ensure that they remain of use for the longest possible period. Records of maintenance and inspection are kept using the database.
- 11.4. The Executive Committee will review the requirements for insurance and the level of cover required for various classes of assets upon renewal of insurance or should a significant change in the value of assets held occur.



Hart First Response

Finance Policy

Registered Charity 1092333

12. Reserves

12.1. The Executive Committee has identified the following significant reasons to hold reserves:

- To save funds for the purchase of replacement vehicles.
- To allow for unforeseen events which would require emergency unbudgeted expenditure, for example the replacement of equipment that had been damaged or removed but was not covered under our insurance or significant vehicle repairs arising due to a major fault.
- To allow HFR to respond to changes in legislation, for example new standards that may be introduced regarding training, health and safety etc.
- To provide for external training needs.
- To allow for the purchase of new or updated equipment.

12.2. Level of reserves

12.2.1. The Executive Committee has established the following recommendations on the level of reserves to be held:

General operational reserve:

- | | |
|---------------------------------------|--------|
| • Vehicle repairs | £2,500 |
| • Provision for equipment replacement | £2,500 |
| • Respond to training needs | £7,500 |
| • Variation in insurance premiums | £2,500 |

Purchase of replacement vehicles	£30,000
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12.3. General reserve

12.3.1. HFR has an unrestricted 'General Fund'. This will be an adequate reserve to meet any unexpected operational requirements. The Executive Committee intends to set aside approximately £1,000 of income per year to establish this 'General Fund.'

12.3.2. The general fund is to be capped at £15,000.

12.4. Ambulance Fund

12.4.1. As the cost of any replacement vehicle is likely to be a large financial expenditure in comparison to the reserves required to meet other unexpected expenditure a separate fund will be established to cover vehicle replacement; this will be called the 'Ambulance Fund.'

12.4.2. HFR will aim to accumulate a reserve of up to £30,000 in the Ambulance Fund.

12.4.3. It will be a target to raise some £4,000 per year on an on-going basis to maintain the Ambulance Fund.

12.4.4. It is anticipated that the Ambulance Fund will be established by direct fund raising effort targeted at ambulance replacement, donations from grant awarding bodies and funds transferred from operational income at the discretion of the Executive Committee.

12.4.5. The Executive Committee reserve the right in extraordinary circumstances to divert funds from the Ambulance Fund to operational expenditure should the General Fund have insufficient monies available. This would only occur when the Executive Committee judges that a significant threat exists to prevent the objects of the charity being fulfilled whilst adequately managing risk.

12.5. Further reserve funds

12.5.1. Further restricted reserve funds may be created to allow control of funds allocated to special projects. These additional reserve funds will be managed following the principles outlined in this document as agreed by the Executive Committee.

12.6. Monitoring and review



Hart First Response

Finance Policy

Registered Charity 1092333

- 12.6.1. Reserve funds will be formally reviewed by the Executive Committee on an annual basis to coincide with the publication of yearly reporting and accounts at the Annual General Meeting.
- 12.6.2. The reserves held in the 'General Fund' and the 'Ambulance Fund' will be clearly reported in the accounts.
- 12.6.3. The effectiveness of this policy will be reviewed by the Executive Committee as required and any observations recorded within the minutes of meeting.

13. Policy Consultation

- This policy has been circulated to the HFR Executive Committee for consultation.
- The policy will be approved by the HFR Executive Committee with future reviews and updates tabled for approval at Executive Committee meetings.

14. Dissemination

Once the policy has been approved a summary of relevant changes (and a link) will be disseminated via email to the HFR volunteers and a pdf copy of the policy placed by a member of the Executive Committee on the members' section of the website (www.hartfirstresponse.org.uk).

15. Monitoring of compliance and effectiveness

- Monitoring of the policy will be the responsibility of the HFR Executive Committee. This will be through incidents reported on the HFR database and annual audits. Actions and lessons learned from incident investigations will be monitored through the HFR Executive Committee. Where any omissions or deficits have been noted results and action plans will be monitored through the HFR Executive Committee.
- Lessons learned will be disseminated to the HFR volunteers through email briefings or via weekly training sessions.

16. Implementation

- The HFR Executive Committee is responsible for communicating this information to HFR volunteers and ensuring that the procedures are followed.
- All HFR policies are available on the Hart First Response website (www.hartfirstresponse.org.uk).

17. Archive statement

The Honorary Secretary is responsible for archiving all previous versions and supporting evidence of approval for this policy.

18. References

- Internal Financial Controls for Charities, CC8, December 2003
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Hart First Response

Finance Policy

Registered Charity 1092333

Appendix 1 Equality Impact Assessment

Impact	Age	Disability	Race	Gender	Religion or belief	Sexual orientation
Do different groups have different needs, experiences, issues and priorities in relation to the proposed policy?	N	N	N	N	N	N
Is there potential for or evidence that the proposed policy will not promote equality of opportunity for all and promote good relations between different groups?	N	N	N	N	N	N
Is there potential for or evidence that the proposed policy will affect different population groups differently (including possibly discriminating against certain groups)?	N	N	N	N	N	N
Is there public concern (including media, academic, voluntary or sector specific interest) in potential discrimination against a particular population group or groups?	N	N	N	N	N	N

Do different groups (age, disability, race, sexual orientation, gender, religion or belief) have different needs, experiences, issues and priorities in relation to the proposed policy?	We have no statistical or anecdotal evidence, at this stage, to show that this policy will affect the groups mentioned differently.
Is there potential for or evidence that the proposed policy will not promote equality of opportunity for all and promote good relations between different groups (age, disability, race, sexual orientation, gender, religion or belief)?	We have no statistical or anecdotal evidence, at this stage, to show that this policy will not promote equality of opportunity or good relations between different groups.
Is there potential for or evidence that the proposed policy will affect different population groups (age, disability, race, sexual orientation, gender, religion or belief) differently (including possibly discriminating against certain groups)?	We have no statistical or anecdotal evidence, at this stage, to show that this policy will not promote equality of opportunity or good relations between different groups.
Is there public concern (including media, academic, voluntary or sector specific interest) in potential discrimination against a particular population group or groups (age, disability, race, sexual orientation, gender, religion or belief)?	We have no statistical or anecdotal evidence, at this stage, to show that this policy will affect the groups mentioned differently.

Based on the information set out above the HFR Executive Committee has decided that a full equality impact assessment is not necessary.