



Finance Policy

1. Aims of the Policy

- To meet all legal requirements regarding the recording of financial activities.
- To provide information to funders.
- To give the Board of Directors control over their finances and enable them to monitor spending and regulate purchases.
- To ensure that Interest Link remains financially stable.
- This Policy is intended to be a living document, not only setting out general policy, but also documenting how the current systems and processes work.

2. Financial responsibilities

(a) The Board is responsible for the financial administration of the Company. Responsibilities include those to OSCR, Companies House, HMRC, funders and members.

(b) The Company's bank accounts, book-keeping, accounting and financial administration are under the day-to-day control of the Treasurer, assisted by the Project Co-ordinator and Project Administrator. The Treasurer submits a written financial report to bi-monthly Board meetings.

(c) Subsidiary responsibilities are borne by Branch Co-ordinators for authorising volunteer and Branch Committee expense claims.

(d) An auditor or independent examiner is appointed by the organisation annually at the AGM. This is currently Douglas-Home & Co, 47-49 The Square, Kelso, Roxburghshire TD5 7HW

3. Policy on payments to Directors

- a. In compliance with The Charities and Trustee Investment (Scotland) Act 2005, payments will only be made to directors:
 - i. In accordance with Clause 5. of the Memorandum of Association, which states that:
 5. (c) No Director of Interest Link Borders shall be appointed as a paid employee or hold any office under Interest Link Borders for which a salary or fee is payable. This Article shall not apply to the payment of a modest honorarium to the Treasurer.
 5. (d) No benefit (whether in money or in kind) shall be given by Interest Link Borders to any Director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (not being of a management nature) actually rendered to Interest Link Borders.
 - ii. So long as the number of directors receiving payments is less than half the total number of directors.
 - iii. On the basis of a written agreements between Interest Link Borders and directors being paid which set out the maximum amount to be paid.
 - iv. Where the directors are satisfied it is in the interest of the charity for the services to be provided by the charity trustee for that maximum amount.

- b. The process for deciding the level of payment must be open and transparent and must not involve the director who is to receive payment. If possible, comparison should be made with similar roles at other charities or the wider market place.

4. Application of the Policy

- Interest Link Borders will provide all employees with a copy of this policy and subsequent amendments.
- All employees should be familiar with the parts of the policy that involve them and adhere to the guidelines
- All financial records should be classed as confidential and stored in accordance with the Confidentiality Policy, breaches of which will be considered serious.
- The Company will adhere to good practice in relation to its finances at all times.

5. Bank accounts

All expenditure requires authorisation by two signatories, one of whom must be of a Director. Authorised signatories usually include the Project Convenor, Vice-Convenor, Treasurer, Project Co-ordinator & Project Administrator.

- The current account is currently held with Metro Bank. The balance is to be kept below £85,000 to ensure protection under the FSCS.
- Savings accounts will be changed as necessary to achieve the best rate of return. Balances with any one provider are to be kept below £85,000.
- If there is more than one account, any transfer of money between accounts must be entered in the books as such.
- Accounts will not be overdrawn. No cheques or other payments will be drawn on cash income not yet banked.
- Account names will always be in the name of "Interest Link Borders".
- All statements will be sent to the Project Office, not, for example, to the home of the Treasurer.
- Branches will not have their own individual bank accounts.

6. Financial planning, reporting and monitoring

(a) A budget will be prepared by the Project Co-ordinator and Treasurer by the end of each January and submitted to the Board for approval.

(b) The Treasurer will prepare financial reports for consideration and acceptance at each bi-monthly Board meeting. These reports will include, as relevant:

- Quarterly management accounts, including budget variance and restricted funds
- Details of current grant applications
- Any other aspects of financial administration that need to be discussed.

(c) All matters relating to finance which are discussed or agreed at Board meetings will be clearly minuted, in particular

- general and specific authorisations to incur expenditure,
- agreements as to honoraria and other payments to directors
- limits relating to volunteer, staff or committee expenses, petty cash and office supplies.
- Minutes will be provided to the auditor/independent examiner with the end of year accounts.

(d) The Treasurer will prepare annual accounts in the statutorily required format for submission to the independent examiner or auditor, approval by the Board and presentation at the Company's AGM.

(e) Reports will also be prepared to meet any specific monitoring requirements of funders. These are currently the responsibility of the Project Co-ordinator.

7. Authority to incur expenditure

- The Board gives the Treasurer and Project Co-ordinator general authority to incur the expenditure fixed in the annual budget as approved by the Board. Any items not in the annual budget require specific authorisation, which will be recorded in Board minutes.
- Staff require prior Project Co-ordinator authorisation to incur any unusual expenses and for items over £500.
- Volunteers require prior Project Co-ordinator authorisation to incur any unusual expenses and for items over £100.
- Board and Branch Committee members are authorised for mileage and expenses relating to meetings.

8. Financial recording and processing.

- The financial year is from 1st April to 31st March
- Interest Link operates its accounts on an accruals basis: all income and expenditure relating to a financial year is included in the annual accounts for that year irrespective of the date it was actually deposited or paid.
- The current book-keeping system is Xero, full access to which is limited to the Treasurer, Project Co-ordinator and Project Administrator.
- All income and expenditure items are processed by the Project Administrator and approved by the Project Co-ordinator and Treasurer.
- Volunteers expense claims with supporting receipts are submitted to their Branch Co-ordinator for approval, and then to the Project Administrator for processing and approval by the Project Co-ordinator and Treasurer.
- Each transaction is allocated to account head, restricted or unrestricted fund and cost centre.
- Income and expenditure vouchers are attached to each transaction in Xero.
- All bookkeeping records are kept for a minimum of 6 years.

9. Grants and other income

(a) Fundraising appeals and applications will be carried out by the Project Co-ordinator in accordance with the funding strategy agreed by the Board.

(b) Grant management: Grants awarded and the type of expenditure and/or cost centre in respect of which they have been made will be recorded. The Project Co-ordinator is responsible for grant management and reporting.

(c) All grants and other funds raised will be paid directly into the project's bank account. Where funders transfer monies direct to the Interest Link bank account there must still be documentation added to the file, such as a remittance advice or grant email.

(d) Cash raised by fundraising events will be paid into Interest Link's bank account by the staff or board member who receives it without deduction of event expenses.

10 Salaries and pensions

(a) Salaries will be set by reference to other voluntary projects with a similar profile. No employee or sessional worker will be paid less than the Real Living Wage.

(b) Allowance will be made in budgets for cost of living increases. Incremental increases are not currently paid.

(c) Salary levels will be reviewed by the Board each February.

(d) An auto-enrolment pension scheme is in place with TPT, with members' net contributions matched by Interest Link.

(e) An external salary administrator will be contracted to administer the payment of salaries and National Insurance, the calculation of PAYE and preparation of year-end P60 forms.

(f) The Treasurer, Project Co-ordinator and Project Administrator will provide the salary administrator with all the necessary information to ensure that salaries are calculated and paid correctly.

11. Petty cash

Petty cash is not currently used as staff have credit cards.

12. Credit cards

Staff members have credit cards with monthly credit limits of £1,000. Expenditure and receipts are submitted via Xero Expenses.

13. Reserves policy

The reserves policy is to retain unrestricted reserves that are adequate to sustain the charity for a period of 6 months if all other funding sources are terminated or to pay any costs incurred if the charity were to cease operating (principally redundancy). The Annual Accounts indicate if the policy is being met.

14. Insurance

- Public liability, fire & theft, petty cash insurance, trustee indemnity and staff & volunteer personal accident insurance shall be maintained.

15. Fixed Assets

- The threshold over which an item is regarded as capitalised is £1,000.
- A fixed assets register is established to record all such items and this will be updated with each purchase and disposal. This list will be checked annually and a current list of assets presented with the annual accounts to the auditor.
- Security arrangements will be made and checked in respect of items such as computers and furniture that are owned by the project.