



Finance Policy

General Arrangements

The Knowle Society (the Society) is a Company Limited by Guarantee - Registered Company Number 05514023

The Society is a registered charity, number 1111085.

The Society has a Board of Trustee Directors (TDs) who are elected / re-elected at each Annual General Meeting.

The accounting year runs from 1st October to 30th September.

This document encompasses all aspects of Knowle Society financial policy and procedures and replaces all previous finance related policies.

The Role of the Board of Trustee Directors

The Board of Trustee Directors (the 'TD Committee') is responsible for ensuring that the Knowle Society is well managed and providing oversight of all financial matters, including investments, relating to the Society.

At each regular TD Committee meeting there will be a specific agenda item for discussion of financial matters and to allow the TDs to raise any issues of concern.

Significant financial decisions will only be made by a quorate TD Committee meeting.

The Treasurer, as an officer and Trustee Director of the Knowle Society, must be elected at each Annual General Meeting. The role of the Treasurer is summarised at Appendix 1. In the event of the Treasurer needing to be replaced between AGMs the TD Committee will appoint a temporary Treasurer to hold the post until the next AGM.

Prior to each TD Committee meeting the Treasurer will ensure that key financial information is made available to each TD and should include:

- details of cash flow and closing bank balances including significant income and expenditure items.
- an explanation for variances between forecasts and what actually happened.
- any anticipated activities likely to affect the Society's financial position.

Planned and possible expected expenditure / budget for certain projects / events will normally be presented by the Treasurer and agreed by the Board at a TD Committee

meeting prior to the financial year commencing. If involvement in an event is agreed after the normal meeting a budget will be agreed at the time of the decision to enable participation in that event.

Prior to each AGM the Treasurer will draw up an annual statement of accounts as at the end of the previous financial year to be reviewed and approved by an Independent Examiner who shall have been appointed at the previous AGM. The statement detailing the accounts and explanations of any significant exceptions, will be reviewed and approved by the TD Committee prior to being presented to the membership for approval before the deadline for submission to the Charity Commission and Companies House.

There will be a minimum of three (maximum of four) signatories to all accounts, who must be current members of the TD Committee, one of whom should be the Treasurer. Former TDs must not remain as signatories.

The Membership Secretary is a TD who also has a financial responsibility in the collecting of member subscriptions. The role of the Membership Secretary is detailed at Appendix 3.

Bank accounts

The Society will hold a current account with a major high street bank along with savings accounts. All accounts must comply with the Investments & Reserves policy below.

All account transactions are via BACS or cheque. All bank transactions will go through the current account, unless otherwise agreed collectively by the TD Committee. To utilise funds from any other account, they will first be transferred to the current account and withdrawn from there. Money to be paid into any other account will be transferred from the current account.

The Treasurer, guided by the TD Committee, will aim to maximise investment income (see below) by maintaining only sufficient funds within the current account to meet the expected day to day needs of the society along with a 10% margin to facilitate unexpected expenditure needs.

General and Ring-fenced Funds

Within the current account the day to day society payments and receipt activities will be transacted from what is regarded as the General Fund.

From time to time, donations or legacies received for a specific purpose, will be held in ring-fenced nominal accounts as Restricted Funds. Similarly, funds apportioned to certain projects or other activities managed under the auspices of the Society will be ring-fenced as Designated Funds. These will not be held in separate bank accounts but will be held collectively within the Society's current and savings accounts as determined by the Treasurer, guided by the TD Committee.

Ring-fenced funds must not be used for day to day Society purposes.

Accountability for expenditure from committee/project/event funds will lie with a nominated lead TD responsible for the particular committee, project or event and will be monitored through regular reports to the Treasurer who will include a summary in his/her report for TD meetings.

Interest gained by all Society investments will by default be paid into the General Fund and may subsequently be apportioned to other funds as determined by the TD Committee.

Income

The Treasurer (and also where appropriate the Membership Secretary) will:

- bank any cash received – this must not be used for cash payments. Cash sums accumulated over £100 should be banked within a week of receipt or as soon as reasonably possible
- record details of cheques received and bank these within one month of receipt.
- record details of all bank transfer (BACs) payments.
- maintain records relating to cash, cheques and BACs payments (e.g. grant award letters or copies of receipts issued by the organisation).
- make monthly checks on income to ensure that: records of cash, cheques and transfers received agree with the bank statements.

Fund raising events (eg raffles) will generally be cash based and involve a degree of trust in the person responsible for collecting and accounting for this on behalf of the society. Where possible, the cash should be handled by two unrelated people and, ideally, the event should also be overseen by a TD, particularly where cash sums greater than £250 are likely to be involved. Simple checks like matching cash received against raffle tickets sold should be undertaken where appropriate.

Expenditure

The TD Committee will agree expenditure in advance. This will either be through incorporation into the annual budget or, where unforeseen, expressly agreed at a meeting during the year. The Society has to be able to account for any expenditure made on its behalf and in accordance with its Articles.

No single individual will have sole responsibility for any single transaction from authorisation to completion and review; the Treasurer will be responsible for setting up but will not have sole authority to make payments. Any payments, withdrawals or transfers between accounts will be authorised by two of the authorised signatories. One of these will normally be the Treasurer, however, exceptionally, where the Treasurer is not available, two signatories (one of whom should, where possible, be the Chairman or Deputy Chairman) may authorise expenditure.

Signatories to the accounts will not sign a cheque, or authorise a direct debit or bank transfer (BACs) without documentation clearly supporting the payment, including in the case of online payments, the sort code and account details of the payee on the invoice or other verifiable document from the payee. Two authorised signatories are required on each cheque. Cheque stubs will be completed at the time of payment. Signatories will never sign a blank cheque.

No payments will be made in cash.

The Treasurer will examine the bank statements every month and will check the statements against income and expenditure records. The Treasurer will record all transactions and check invoices before making payments and record details of all payments including payment type/cheque number, date and who authorised the payment.

For some day to day items the Treasurer will arrange a credit account for a supplier/ business to accept a signature from an authorised signatory with a sample signature. When signing at such suppliers the person authorising the purchase should also write their name clearly in block letters along with the signature so that the identity of the authoriser can be readily determined.

Unexpected Expenditure / Reimbursement

There may be unforeseen occasions when immediate expenditure is required by a TD acting on behalf of the Society. A TD is authorised to spend up to £100 which should cover initial cost in such circumstances and which will be reimbursed subject to appropriate receipt.

Any expenditure in excess of £100 which cannot wait for a TD Committee meeting must be reported to the Treasurer (or if unavailable, the Chairman or Deputy Chairman) for authorisation, who in conjunction with another Trustee, will decide whether to authorise payment.

In all cases a quote /estimate, ideally written, should be obtained, though this may be verbal in some cases but must include the name and telephone number of the individual or organisation, which should be obtained prior to contacting a TD for authorisation.

Claims for essential expenses by TDs or other members in carrying out duties on behalf of the Society must be made using the Society's expenses form supported with documentary evidence. Claims under £100 may be approved by the Treasurer or, in his/her absence, the Chairman or Deputy Chairman. These will be included in the next monthly report to the TD Committee. Such expenses should be agreed in advance, where possible with any of the above officers.

Claims for expenses above £100 will be treated as per Unexpected Expenditure.

Current procedures for income and expenditure are detailed at Appendix 2.

Investments & Reserves

The Board of Trustees is responsible for Investment decisions made by the Society.

The Trustees will not make speculative investments; i.e. only minimum risk investments are acceptable.

Funds will be deposited only with reputable institutions, authorised by the FSA and in accordance with the Charity Commission guidance for Trustees
<https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees>

Funds will normally be held in a UK bank account.

The suitability of all cash accounts will be reviewed regularly to ensure deposits are protected and that charges and rates of interest are competitive.

The maximum amount held in any one institution will not exceed the amount covered by the Financial Services Compensation Scheme (FSCS). Since this cover can change from time to

time, the Treasurer should recommend to the TD Committee an appropriate investment action to stay within that cover.

The authorisation of a minimum of two Trustee signatories must be obtained to open or close accounts or to access funds from an existing account.

An annual review of financial and investment risks should be undertaken, identifying potential loss of income sources.

As a guideline the end of accounting year cash balance should be no less than one year's normal expenditure. An annual assessment of the level of subscription income should be taken to ensure adequate reserves are met. Where the TD Committee considers that a subscription rate change is needed to maintain this level of cover then due notice must be given to members before the next AGM.

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Appendix 1: The Role & Responsibilities of the Treasurer

Appendix 2: Financial Procedures – Income & Payments

Appendix 3: The Role & Responsibilities of the Membership Secretary

Appendix 1: The Role & Responsibilities of the Treasurer

In addition to his/her general responsibilities as a TD of the Society, the role of the Treasurer is as follows:

- Maintaining an overview of the Society's financial affairs and ensuring its financial viability on behalf of the TD Committee.
- Ensuring that proper financial records and procedures are maintained.
- Keeping the TD Committee informed about its financial duties and responsibilities.
- The preparation and presentation of financial reports to the TD Committee.
- Being assured that the financial resources of the Society meets its present and future needs.
- Advising on the financial implications of the Society's strategic plans.
- Ensuring that there is no conflict between any investment held and the aims and objects of the Society.
- Monitoring the Society's investment activity and ensuring its consistency with the organisation's policies and legal responsibilities.
- Ensuring equipment and assets are adequately insured.
- Ensuring that the accounts are prepared and disclosed in the form required by funders and the relevant statutory bodies, e.g. The Charity Commission and/or the Registrar of Companies.
- If external scrutiny of accounts is required, ensuring that the accounts are scrutinised in the manner required (independent examination or audit) and any recommendations are implemented.
- Making a formal presentation of the accounts at the Annual General Meeting and drawing attention to important points in a coherent and easily understandable way. If, for any reason, the Treasurer is unable to do this, an appropriate deputy should be appointed.
- Ensuring that any reports required by grant funders are prepared and sent in a timely manner. Promoting the Society with the aim of maintaining and increasing the Membership.

Appendix 2: Financial Procedures – Income & Payments

Payment types

These can be categorised as:

- Invoices from suppliers of goods or services
- Reimbursement of expenses incurred from Trustees e.g., committee expenditure
- Donations to other bodies, having been agreed by the Trustees

Payments Procedure

Payments are made from the bank account almost exclusively by bank transfer, although there is infrequent use of cheque payments. Cash must not be used for payments.

There are no debit or credit cards issued on the bank account. [As at January 2023 the bank account has just one annual standing order and no direct debits as payment methods.]

Bank transfers make identifying the payee much easier and this has transformed the interpretation of the bank statements in recent years, where it used to just be a series of cheque numbers instead of payee names.

Most requests for payment are invoices which usually include the payee's bank, account name, number and sort code, with an invoice reference number. When received by email, the details are checked including a comparison of the bank details on any previous invoice to make sure the banking details have not changed. Where the invoice is from a new supplier, the name of the account is checked for a match on setting up the payee through online banking.

All paper invoices are to be scanned, as all the Society's accounts are held electronically. Access to online banking requires a username, password and a one-time code generated by an authentication card and card reader. Alternatively, mobile banking via an app can be accessed with biometric verification.

All new payments being set up require further use of the authenticator card and reader. An SMS message is sent to the Treasurer when any new payee is added on the account. The Treasurer also receives a daily SMS mini-statement.

All payments require a second person to authorise, which in the Society's case, is any two of four authorised signatories. The same applies to cheque payments. In most cases, the original email containing the attached invoice is then forwarded to the second signatory so they also have sight of the invoice and can verify the details.

Reimbursement requests from Trustees require evidence of expenditure in the form of receipts accompanied by a reimbursement request form (available on the website).

Recording the payments

Once an email is received, the invoice (and sometimes the email itself) is saved to the current month's electronic folder as PDF files. At the end of the month, the folder will also contain the downloaded bank statement and the Treasurer's monthly finance report.

All transactions are entered in the accounting software, fully reconciled, and used for the monthly report and for the annual reports sent to the Independent Examiner. The Examiner has access to a shared cloud-based folder containing the annual reports and all the individual month folders and uses these to produce the annual accounts report.

Income types

Subscription income (cash, cheques, standing orders and direct debits)
Reclaimed Gift Aid
Bank interest
Donations
Grants
Legacies
Sale of goods
Fundraising proceeds

Income received

Where subscription income comes from cash, cheques and standing orders, this is administered by the Membership Secretary who may make bank deposits himself or herself or sometimes it is done directly by the newsletter distributors who collect subscriptions. Standing orders are of course, paid directly into the bank account.

Members are encouraged to pay their subscriptions by Standing Order or Direct Debit. However, currently (Jan 2023) some 700 Memberships make one-off payments in cash or by cheque and these are collected by the Newsletter distributors. These are either submitted to the Membership Secretary or deposited in the Society's bank account by the distributor.

All new members making payments by standing order are given a reference number consisting of the letters KS followed by the unique membership ID number generated by the membership database. Members are asked to quote this number in their payment set-up. This enables speedier and more reliable reconciliation of bank statements and membership subscription records. Similar reference numbers are able to be entered by the Membership Secretary in the direct debit records with CAF Bank once the direct debit has been set up.

Where subscription income is received from the new direct debit scheme, this is paid directly into the bank account. Verification of membership fees is carried out by the Membership Secretary on an individual member basis. Any unpaid fees are pursued by the Membership Secretary and defaulting Members removed after due notice (where possible).

The Membership Secretary automatically receives email notification of all new members signing up online.

Income from donations or legacies is made by informing the donor of the Society's bank details. Some smaller donations are also made along with regular subscription payments, in which case the Membership Secretary will liaise with the donor to agree whether the extra payment is to be treated as a donation or an advance subscription.

Income from fundraising and sale of goods may take the form of cash and is deposited as soon as practical at a bank branch or via the Post Office. Occasionally, the recipient may pay the equivalent value of cash by bank transfer from their personal account to the Society account – using the source of the funds as a reference.

Appendix 3: The Role & Responsibilities of the Membership Secretary

- Promoting the Society with the aim of maintaining and increasing the Membership
- Approving new members and recording their details [consulting with Trustees in the case of doubt over the suitability of the proposed member];
- Maintaining up-to-date records of Member details and payments of subscriptions;
- Organising the distribution of the quarterly Newsletters and collection of subscriptions by the Distributors;
- Accepting subscriptions collected by Distributors in cash or as cheques;
- Paying the above subscriptions into the Society's bank account.