

**Finance Policy**

This policy will be reviewed on an ongoing basis, at least every two years. NAPA will amend this policy, following consultation, where appropriate.

Date of last review: 15/11/2023

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**Introduction**This policy covers the following areas of financial administration for NAPA:

* Financial Policy & Procedure
* Audit & Monitoring
* Reserves Policy
* Insurances
* Selection of Suppliers/ Procurement
* Fundraising & Sponsorship
* Expenses

**Financial Policy**The Board of Trustees is responsible for:

* Safeguarding the assets of the NAPA
* Preventing fraud
* Avoiding mistakes
* Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc).
* Preparing Annual Accounts in accordance with the governing document and relevant legislation

To enable the Board of Trustees to carry out these responsibilities, the Financial Procedures detailed below must be followed at all times by all Trustees, staff and volunteers.
A copy of this policy and procedures will be given to all Trustees on their induction to the Board, and to all relevant staff and volunteers.
The policy and procedures will be reviewed every two years by the Board of Trustees and revised, as necessary.

**Financial Procedures / Audit & Monitoring**

**Organisational Information**

a) Our Financial Year runs alongside the academic year, from September to August.

b) Name of Bankers: Barclays Bank, King Edward Street, HULL.

c) Name of Auditor/Independent Examiner: Smailes Goldie Group, Hull

**Bank Accounts**

1. All bank accounts must be in the name of the organisation.
2. No account may ever be opened in the name of an individual or individuals.
3. New accounts may only be opened by a decision of the Board of Trustees, which must be minuted.
4. Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted.
5. Two people should be involved in counting cash receipts.
6. All cheques must be signed by two signatories.
7. The signatories are responsible for examining the cheque for accuracy and completeness.
8. All Internet Bank Transfers must be authorised by two signatories.
9. The Treasurer is responsible for ensuring accuracy and completeness prior to transmission.
10. The signatories are responsible for examining the payment documentation prior to signing the cheque or authorising an Internet Transfer.
11. Blank cheques must **never** be signed.

**Signatories to the accounts (any two to authorise)

Main account – \*\*\*\*\*917**

Carl Wheatley
Jamie Wilks
Jules Blenkarn
Sam Kind

**Savings account – \*\*\*\*\*525**

Carl Wheatley
Jamie Wilks
Jules Blenkarn
Sam Kind

**Savings account – \*\*\*\*\*408**

Carl Wheatley
Jamie Wilks
Jules Blenkarn
Sam Kind

**Annual Budget**

An annual budget, setting out the organisation’s financial plan for the year, will be prepared so that the Board of Trustees can approve it before the start of each financial year.

This draft budget will be prepared by the Chief Executive.

**Delegation of authority**The board of trustees recognises that the Chief Executive has day-to-day responsibility for management of the organisation and implementation of organisational policies, but that accountability remains with them.
The Trustees must approve the purchase of any out of budget item over £10,000.

The Board of Trustees are responsible for:

* approving the finance strategy, risk management policy and reserves policy
* approving NAPA’s financial policies and key financial procedures
* establishing financial management priorities, responsibilities and levels of delegated authority
* approving properly budgeted annual plans
* monitoring performance against these plans and budgets
* approving the trustees annual report and accounts
* appointing the independent examiner/auditor and formal communications with them

The Chief Executive is responsible for:

* preparing, and presenting for approval, properly budgeted annual plans
* reviewing NAPA’s activities regularly, monitoring compliance with organisational policies and reporting to the Board of Trustees against agreed performance standards
* ensuring that all staff and volunteers understand their responsibilities under these procedures
* risk management

**Reserves policy**

Reserves are that part of a charity’s unrestricted funds that is freely available to spend on any of the charity’s purposes. NAPA maintains reserves of the equivalent of **3** months of salaries and running costs to the value of **£75,000.**

* to provide a level of working capital that protects the continuity of our core work
* to provide a level of funding for unexpected opportunities
* to provide cover for risks such as unforeseen expenditure or unanticipated loss of income

The Board of Trustees will at times designate funds from free reserves for significant project costs or replacement of major assets.

**Conflict of interest policy**

Trustees have a legal duty to act in NAPA’s best interests when making decisions, and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other business interests could influence their decision making. NAPA expects a similar obligation from staff and volunteers.

**Segregation of Duties Policy**In order to reduce the risk of errors and fraud, the processes in finance will be designed such that no individual is in a position to oversee a transaction through all its stages from start to finish. The stages are as follows:

* Initiating/authorising transaction
* Custody of assets relating to transaction
* Recording transaction in accounting records
* Reconciling accounting records

For example, a person who requests a purchase cannot authorise it, pay for it and record it in finance system, without another person being involved as a check and balance.

**Financial Reports**

A financial report will be prepared by the Chief Executive for every Board of Trustees meeting.The financial report will consist of:

* Profit & Loss
* Balance Sheet

Each Financial Report will be circulated to all Board of Trustees members and discussed at the Board meeting.

**Accounting and other financial records**

The organisation uses Xero cloud accounting software which records:

* Payments received and banked
* Internet banking transfers and other amounts paid from the bank accounts
* Invoices paid

NAPA also uses Receipt Bank/Dext to collate incoming invoices and scan them into Xero for reconciliation.

Every transaction will be entered into the appropriate section and will include:

* The date of the transaction
* The name of the person money was received from or paid to and the full amount
* A brief description of why the money was received or paid
* An analysis of each amount under its relevant budget heading, where applicable
* An electronic copy of any invoice paid

**Payroll**All employees (including sessional and part time employees) must be asked to complete the relevant PAYE form/s before they receive any payment.

All staff changes and changes to terms and conditions of employment must be authorised and minuted by the Board of Trustees.

Payroll and all calculations will be made by Jamie Wilks, Administrator, using HMRC online systems.

**Insurance**Appropriate Insurance policies will be maintained to cover:

* Employer’s Liability
* Public Liability
* Contents

An inventory of all physical assets of the organisation will be kept and regularly updated.

**Selection of Suppliers/ Procurement**

Trusted suppliers provide specialist products and services that can save NAPA time and money. These suppliers may offer exceptional value, preferential rates for charities, outstanding quality, or have lots of experience working with voluntary organisations.

Good procurement is essential in order for our organisation to deliver its strategic aims and day to day operations efficiently conserving charity funds. All staff involved in procurement/purchasing have a responsibility to conduct the procurement legally and ethically and to secure value for money.

Responsibility for Procurement:

* The CEO is responsible for the procurement of items under their revenue budget control.
* Responsibility for the procurement of capital items is agreed during the budgeting process.

Policy

* When judging value for money we will consider economy, effectiveness and efficiency.
* Achieving value for money does not always mean accepting the lowest price but, making decisions based on the above principles and the detailed criteria below:
* Price
* Quality of product or service
* Fit of product with need
* Reputation and capacity of provider
* Range of goods and services and suppliers available
* Reliability
* Responsiveness
* Delivery times
* Environmental impact
* The person making any purchase on behalf of NAPA should always ensure they have considered the principles laid out above before entering into a supply agreement with any external supplier. They may be asked to evidence their decision for a particular purchase order they issued, so it is wise to note and file the reasoning at the time the decision is made, particularly if not choosing the least expensive option.
* Formal quotes and tenders: Generally NAPA’s financial limits/procedures should be observed. (These may be overridden by agreement of the CEO or Trustees for specific kinds of purchase by particular services). A contract award report will be produced for significant purchases.
* The thresholds apply to the total order and in the case of contracted services to the annual contract cost. Contracts must not be artificially split in order to avoid appropriate tendering.
* For goods and services between £5,000-£10,000 two written quotes should be obtained. Purchases over £5k must be discussed between the Chair and the CEO.
* For goods and services between £10,000-£30,000 three written quotes should be obtained. Purchases over £10k must be discussed between the Chair and the CEO.
* For goods and services over £30,000 an open tender process should be issued. The trustees will advise on how this should be done.
* Where the service is highly specialist and we cannot identify potential alternative supplies, or where there is benefit to be gained from knowledge from a relevant previous collaboration with one particular supplier, we may select a preferred supplier.

Ethical Standards and the impact of our charitable purpose:

* Procurement processes must be fair to suppliers:
	1. There should be no discrimination against Protected Groups under our equalities obligations.
	2. The selection criteria should be equal.
	3. Any conflicts of interest must be declared.
	4. Suppliers should be paid at agreed date, normally no longer than 30 days from receipt of invoice.
	5. Payment should not be unreasonably withheld, and suppliers should be advised in writing explaining why payments are being withheld.
* Consideration should also be given to third sector suppliers where available by including them in tender shortlists.
* In services where we have an explicit service objective about building links with the community, preference may be given to local suppliers.
* Managers and staff making purchases should always have regard to the status of the organisation as a charitable organisation and avoid using any supplier with whom having a business relationship could be seen by the general public or our key stakeholders as being inappropriate. If in any doubt on this, the question should be raised with the Board of Trustees.

**Fundraising & Sponsorship**

**Fundraising**

NAPA applies the support it receives only for its charitable purposes. We welcome donations and other funding from individuals, companies, local and national government and other charities. If we receive an offer of funding for work which has not been planned by the charity, we will decide on whether the proposed work fits within our strategic objectives. This will involve a discussion between the trustees, the CEO and relevant staff where appropriate. If it does not, the offer of support will be thankfully declined.

If funding cannot be used due to a change of circumstances the funder will be contacted with an alternative.

**Legal issues:**

Where we have reason to believe that we have been passed the proceeds of any crime, or money belonging to someone other than the donor, we shall contact the police or other relevant authorities.

**Gifts in kind:**

NAPA welcomes gifts in kind which will assist us in our work. This should be logged in the Gifts and Hospitality Register (see Staff Code of Conduct Policy for more information.)

**Publicising support:**

We acknowledge our sources of funding publicly, for instance in our annual report, and identify major donors unless the donor wishes to remain anonymous.

**Sponsorship:**

NAPA is happy to negotiate with any potential funders who may wish to promote their support of the charity. The CEO will then decide whether there is a net benefit to our work of accepting the support. This may require a difficult judgment, balancing these two issues:

* any publicity which may be negatively construed, or associates us with an organisation who does not share our values; and
* the benefit of their potential support to the lives of the young people we work with.

**Tax:**

We will seek to obtain such tax or other fiscal benefits as are permissible when receiving funds and shall advise potential donors of our willingness to receive donations under covenant or Gift Aid.

**Making fundraising applications**

These will be co-ordinated by the CEO, in consultation with the Fundraiser, staff and Trustees.

**Reason for fundraising:**

NAPA aims to “foster, encourage and provide opportunities for people of all ages to participate, increase their confidence and enjoy being involved in creative performing arts” (NAPA Strategic Plan, 2016)

Applications to funders will be based on these aims.

Once a grant is approved, the CEO must ensure that the grant is received and all conditions complied with, including necessary record keeping.

**Financial procedures:**

All involved must adhere to and comply with current financial procedures of NAPA and general principles and expectations of good practice.

**Sustainability:**

In preparing reports for approval, staff must address the issue of what will happen with the work programme/activity at the end of the funding. The answer may be that NAPA will have to reapply or apply somewhere else.

**Charitable donations:**

NAPA is a registered charity and is therefore accountable for the way in which its funds are used and should only use its funds to further its purpose as laid down in its Governing Document and Strategic Plan.

NAPA does not therefore normally make donations to charities, or to individuals or groups participating in fund raising activities.

**Sponsorship:**

Sponsorship requests normally take the form of requests for payment in return for branding or advertising opportunities. Requests are received by the CEO and staff at NAPA. This policy includes the principles by which requests will be assessed, and the process used.

Any requests for sponsorship will be assessed against the criteria described below. Where a request meets one or more of the criteria and is approved by the CEO they will decide whether the request can be met.

**Criteria for sponsorship:**

**Requests must:**

* Be in keeping with NAPA’s values
* Not contravene other policies, for example the ethical fundraising policy

Sponsorship requests will only be considered where one or more of the following criteria are met:

* Increases brand visibility
* Opens up opportunities for future collaboration
* Strengthens NAPA’s brand
* Enables NAPA to try new ideas
* Is something NAPA is unable to do itself
* Offers value for money

**Expenses**This outlines how NAPA deals with claims for reimbursement of expenses, includingtravel, accommodation, subsistence and hospitality. It does not form part of anyemployee's contract of employment and we may amend it at any time.

Reimbursement of expenses:

* We will reimburse expenses properly incurred in accordance with this policy. Any attempt to claim expenses fraudulently or otherwise in breach of this policy may result in disciplinary action.
* Expenses will only be reimbursed if they are:
	+ 1. submitted to the CEO on the appropriate claim form with a full explanation
		2. submitted within three months of being incurred
		3. supported by relevant documents (for example, VAT receipts, tickets, and credit or debit card slips); and
		4. authorised in advance where required
* Claims for authorised expenses submitted in accordance with this policy will be paid directly into your bank/building society account via bank transfer
* Any questions about the reimbursement of expenses should be put to the CEO

Travel expenses:

We will reimburse the reasonable cost of necessary travel in connection with NAPA business. The most economic means of travel should be chosen if practicable [and you should use existing travel cards or season tickets wherever possible].
The following are not treated as travel in connection with NAPA business:

* + 1. travel between your home and usual place of work
		2. travel which is mainly for your own purposes; and
		3. travel which, while undertaken on our behalf, is similar or equivalent to travel between your home and your usual place of work.

**Trains**: We will reimburse the cost of standard class travel on submission of a receipt with an expenses claim form. First class travel will be reimbursed only in cases where it is cheaper than standard class. The expense claim should show both the standard and first-class fares to show that the lesser amount is being claimed.

**Taxis**: We do not expect you to take a taxi when there is public transport available, unless it is cost effective due to a significant saving of journey time or the number of staff travelling together, or after 9pm with the prior agreement of the CEO. A receipt should be obtained for submission with an expenses claim form.

**Car**: Where it is cost effective for you to use your car for business travel, provided that your own car insurance policy includes business travel, and you have been authorised to do so, you can claim a mileage allowance on proof of mileage. A copy of your car insurance policy must be provided to the CEO and a copy must be kept on file. Details of the current mileage rates can be obtained from the CEO. You can also claim for any necessary parking costs which must be supported by a VAT receipt.

**We will not reimburse penalty fares or fines for parking or driving offences, other than at our discretion in exceptional circumstances.**

**Accommodation and overnight expenses**:

If you are required to stay away overnight in the course of your duties, you should discuss accommodation arrangements with the CEO in advance. Accommodation is subject to an upper limit per night of £250.00 (London) or £150.00 (outside London).

We will reimburse your reasonable out-of-pocket expenses for overnight stays provided they are supported by receipts as follows:

* + 1. breakfast up to a maximum of £10.00 a day.
		2. lunch and an evening meal [including non-alcoholic drinks] up to £15.00 a day for lunch, £20.00 a day for an evening meal or, where both are incurred on the same day, an overall maximum of £ 30.00; and
		3. up to £20.00 for each night spent away from home for incidental expenses.

**Entertaining**The CEO may, from time to time, be required to entertain actual or prospective supporters. Costs incurred in such entertaining should be ***reasonable and proportionate*** relative to the client or customer. All entertaining should be pre-arranged and any member of staff who intends to entertain an actual or prospective client or customer must obtain approval from the CEO in advance and agree an appropriate budget. You will be required to fund any difference between the amount claimed and the budget agreed for the entertaining.

You will be required to submit receipts with any expenses claim submitted. Persons present, their organisation and the reason for the expenditure should be recorded on the expenses claim. Prior approval and receipts for expenses claims are essential for audit purposes and to justify to the Charity Commissioners that expenses are being properly incurred.

For the avoidance of doubt, NAPA will not reimburse you for expenditure incurred in the purchase of alcohol except in the course of a meal, where it must be deemed reasonable and proportionate.

You must also ensure that the provision of any such hospitality is not viewed as a bribery or any form of corruption.