

FINANCE POLICY November 2024 to include Scheme of Delegation

PURPOSE OF THIS POLICY

The purpose of this document is to explain how Coventry Diocese Mothers' Union deals with its financial obligations.

INTRODUCTION

It is important that a governing body (in this case the Board of Trustees of Coventry Diocese Mothers' Union) and members of staff not only act in a legal and ethical manner but are also seen to do so. In May 1996, the Nolan Committee published a report on standards in public life applicable to local public spending bodies. The report identifies seven principles that should be applied in public life.

It could be argued that the key principles that those responsible for finances ought to demonstrate in all their work and transactions are:

- Objectivity
- Accountability
- Openness
- Integrity
- Honesty
- Selflessness
- Leadership

These seven principles are the foundation of the concept of probity and should be reflected in the organisation's financial regulations and financial procedures. The application of these principles not only protects the organisation from impropriety but also safeguards those involved in the financial processes of the organisation from accusations of impropriety.

The failure to apply these principles can lead to three different levels of impropriety:

Control Failures – an occasional lapse of unintentional error, a complete lack of or breakdown in the organisation's systems of internal control (most frequent, least serious)

Irregularities – a deviation from the accepted practice or procedures, or impropriety in the use of money

Fraud – a deliberate deception to obtain illegal or unjust financial advantage. Intentional misrepresentation perpetrated by one or more employees or third parties (least frequent, most serious)

The Trustees of a charity are responsible for ensuring that the following reasonable steps are taken to prevent and detect any of these levels of impropriety:

- Being able to provide reasonable assurance that activities are conducted honestly and assets are safeguarded

- Ensuring that to the best of their knowledge and belief the financial information reported is reliable
- Establishing arrangements designed to deter financial irregularities or fraudulent conduct and detect any that occurs

If fraud or other financial irregularities occur or are suspected, Trustees must carry out a vigorous and prompt investigation, taking appropriate legal or disciplinary action, and effect any necessary changes to systems and procedures to minimise the risk of recurrence.

AIMS

This policy aims to ensure that Coventry Diocese Mothers' Union has an agreed, written policy stating how Trustees will:

- Attribute responsibilities for finances
- Record financial transactions
- Ensure financial probity
- Ensure internet banking security
- Ensure that financial data is secure and retrievable

The actual procedures to be followed for documenting financial transactions are set out and agreed by Trustees.

APPLICABILITY

This policy applies to the Trustees, Member Volunteers for example, Branch Leaders, Contacts and Treasurers and employed staff of Coventry Diocese Mothers' Union.

POLICY

1. There will be a designated Trustee (*known as the Chair of Finance*) who will have day to day responsibility for the compliance of the Finance Policy.
2. Assistance to the Financial Trustee will be provided by the Diocesan Mothers' Union Finance Administrator & Diocesan Treasurer (duties & responsibilities set out in prepared Job Descriptions)
3. Financial records will be transparent and comprehensive and will provide a complete audit trail of the organisation's financial transactions
4. Financial records will be such that they enable the Trustees of Coventry Diocese Mothers' Union to:
 - a. Monitor the organisation's income and expenditure
 - b. Pay its bills in a timely fashion to ensure sound cash flow
 - c. Set budgets and monitor budget performance
 - d. Produce its annual statement of accounts
5. A financial report will be tabled at each meeting of the Board of Trustees to enable budget monitoring

6. All financial transactions (income and expenditure) will be logged following the principles of double-entry book-keeping, i.e. every transaction will be referenced, recorded and allocated to an income or expenditure stream
7. No one person will be responsible for approving financial expenditure – there will always be at least one other person involved in the process. All expenses will be submitted for payment with an expense control sheet and the original receipts signed by the person requesting payment and counter signed by the Diocesan President. If DP expenses need approval, then DP expenses will be counter signed by a member of the Trustee Board
8. Financial transactions will be reconciled to bank statements monthly to ensure bank accuracy
9. Bank reconciliation will be undertaken by the Diocesan Treasurer and ratified by the Chair of Finance.
10. Access to internet banking will be restricted to persons with designated authority
11. Electronic records of financial transactions will be backed-up to the Coventry Diocesan Cloud to mitigate against computer theft or failure
12. End of year accounts to 31 December will be produced in a timely fashion before 31 October in any financial year
13. All financial records will be available for scrutiny at any time
14. End of year accounts will be subject to an external examiner at a cost payable by Mothers' Union Coventry Diocese

To enact this intent, Trustees, Diocesan Treasurer & Finance Administrator of Coventry Diocese Mothers' Union will:

- Agree a *Chair of Finance* to have responsibility for the presentation of financial data to the Board of Trustees. This designation will be agreed at the start of each financial year. This position is approved by the Board of Trustees
- Agree procedures for the recording of financial transactions and set these out in written form
- Agree an annual budget and a best-efforts Annual Forecast at the start of each financial year and minuted at the first Trustee meeting of the financial year where possible
- Agree those persons responsible for approving financial expenditure at the start of each financial year (Currently Diocesan President, Diocesan Treasurer & one other Trustee)
- Expect the Finance Trustee to present a report of financial performance against budget at least at each bi-monthly regular meeting of the Board of Trustees and more frequently if required

- Restrict access to internet banking to three persons with designated authority and the names of these persons will be agreed at the start of each financial year
- The Diocesan Treasurer will be responsible for undertaking monthly bank reconciliation
- Expect those with designated authority for internet banking to have access to statements for each and every Coventry Diocese Mothers' Union bank account as these become available at the end of each month and to print a copy of each and keep on file in anticipation of preparation of the end of year accounts
- Expect bank reconciliation to be undertaken by the person(s) with designated authority within 15 days of them becoming available at the end of each financial month, ratified by Chairman of Finance
- Expect the *Chair of Finance* to make known to all other Trustees any queries about bank reconciliation or financial concern at the earliest opportunity and no later than 14 days after the issue comes to light
- Expect electronic records of financial transactions to be backed-up to the Coventry Diocese Cloud
- Expect a copy of the previous week's electronic financial records to be backed-up onto the Coventry Diocesan Cloud
- Make all financial records available at any time to any of the current Trustees and to any member of Coventry Diocese Mothers' Union who requests scrutiny
- Appoint an independent examiner to examine and sign off on the end of year accounts which may necessitate a cost to the Diocese
- Produce end of year accounts by August and present these to all members of Coventry Diocese Mothers' Union at members evening or by the latest 31 October for submission to the Charity Commission
- File end of year accounts with the Charity Commission as per their requirements by the deadline set of 31 October in the year
- Investigate any concern about possible financial irregularities identified by any Trustee, paid staff member or Mothers' Union member in the Coventry Diocese. An initial enquiry will commence within 7 days of concern being raised and an initial response to the complainant made within 14 days, where possible
- Take action to remedy any financial irregularities identified: such action will include review and amendment of policy and procedures; removal and/or replacement of designated financial responsibilities from individual Trustees or staff members; disciplinary warning for employed staff; and dismissal in the case of proven fraud.

It is the personal responsibility of all Trustees:

- To support the designated *Chair of Finance*, Finance Administrator & Diocesan Treasurer when they request assistance
- To ensure that this policy is adhered to at all times
- To review and question accounts and budget monitoring when these appear as agenda items at Trustee meetings
- To raise any concerns about possible financial irregularities as soon as these are identified

MONITORING

This policy will be monitored by the Chair of Finance

DATE OF POLICY ADOPTION plus attachments

November 2024

DATE FOR POLICY REVIEW

November 2026

Appendix 1

Scheme of Delegation – November 2024

The Trustee Board have agreed this Scheme of Delegation, given below, established as a formal schedule that distinguishes between matters reserved exclusively to Trustees' approval or decision, and matters delegated to the Finance committee. The Scheme of Delegation includes the financial limits and signatories applicable to such matters such as placing orders, contracts and issuing cheques.

This is a key document which forms the basis for all financial controls in MU Coventry Diocese and has been approved & minuted at the Trustees meeting of MU Coventry Diocese in March 2022.

A. Powers and Duties Reserved for the Trustee Board

The Trustee Board shall be responsible for: -

A1. Approval of a written scheme of delegation of its financial powers and duties to its Finance Committee. The scheme must satisfy the Trustee Board's ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the MU Coventry Diocese. The Scheme of Delegation should be operated in conjunction with the Financial Regulations of MU Coventry Diocese. The Trustee Board has overall responsibility for the administration of the MU Coventry Diocese Finances.

Audit

A2. Arrangement for the appointment of external examiner.

A3. Receiving the draft financial statements prior to audit and approval of the final audited accounts from the external examiner and of the Finance Committee.

A4. Receiving the reports of the Diocesan Treasurer on the use of resources, systems of internal financial control, and discharge of financial responsibilities.

Budgets/Budgetary Control

A5. Reviewing the draft financial statements prior to audit and approve the audited financial statements.

A6. Considering budgetary control reports at every meeting from the Finance Committee with relevant explanations and documentation where required.

A7. Authorisation of all payments in excess of £300 between or within budget headings. Details of all payments, approved and authorised by the Finance Committee over £150 but less than £300 are to be noted to the Trustee Board.

Contracts

A8. Acceptance of tenders for contracts or quotations for services or purchases other than the lowest and/or most financially favourable over £300.

A9. Maintenance of a Register of Business Interests for all Trustees and those members involved in the shortlisting or awarding of contracts.

Reserves

A10 Reviewing (at the start of each financial year) the Reserves held by the MU Coventry Diocese, to ensure that unrestricted funds are maintained at a level equivalent to at least one year's Diocesan expenditure.

Expenditure being the total office and general running costs of the MU Coventry Diocese, plus an estimated amount to cover the additional costs should the charity become financially unsustainable and have to be wound up.

Unrestricted funds in excess of this level will be reviewed regularly by the Trustees to ensure these funds are spent most effectively and in a way that is consistent with the Aims and Objectives of Mothers Union.

Any reduction in excess unrestricted funds will be undertaken on a gradual basis over the medium to long term.

B. Powers and Duties Delegated to the Finance Committee by the Trustee Board

The Finance Committee shall be responsible for: -

General

B1. Exercising the powers and duties of the Trustee Board in respect of the financial administration of the MU Coventry Diocese, except for those items specifically reserved for the Trustee Board.

B2. Reporting for noting, on material decisions taken under delegated powers to the next meeting of the Trustee Board.

Accounts

B3. The operation of financial processes within MU Coventry Diocese, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.

B4. Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.

Audit

B5. Ensuring that all records and documents are available for audit by the appointed external examiner.

B6. Reviewing the draft financial statements and highlighting any significant issues to the Trustee Board.

B7. Ensuring the annual accounts are produced in accordance with the Companies Act and Charity Commission

B8. Reviewing the reports of the Treasurer on the effectiveness of the financial procedures and control. These reports must also be reported to the Trustee Board.

Budgets/Budgetary Control

B9. Preparing a draft budget and reviewing this MU Coventry Diocese budget prior to the start of each financial year and recommending its acceptance or otherwise to the Trustee Board for formal approval by the Trustee Board at the first Trustee meeting of the financial year.

B10. Considering budgetary control reports on the MU Coventry Diocese's financial position at every meeting, take appropriate action to contain expenditure within the budget and report to the Trustee Board.

B11. Reviewing and payment of sums between and within budget headings, subject to a maximum limit of £300. Details of all payments approved and authorised by the Treasurer, *up to a* maximum of £150 are to be formally notified to the Finance Committee who shall minute the notification, at every Finance meeting.

B12. Reporting to the Trustee Board all significant financial matters and any actual or potential budget overspending.

Contracts and purchasing

B13. Acceptance of tenders for contracts or quotations for services or purchases up to a value of £300 other than the lowest and/or most financially favourable. The decision must be minuted and reported and noted by the Trustee Board.

B14. Authorising the award of contracts or purchases up to £300. Such contracts are to be executed by two members of the Finance Committee, including the Chair of the committee.

Orders for goods, works and services

B15. Authorising the Treasurer, up to a limit of £300, to order or receive goods and certify invoices for payment, ensuring the appropriate division of these duties between the staff, and reporting to the Finance Committee any payments made.

Payments

B16. Ensuring that all correct invoices, up to a maximum limit of £150 each or £300 collectively, are duly certified by authorised staff before payments are made, ensuring maximum supplier terms are taken and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons. Two authorised signatures are required for any payment.

Banking Arrangements

B17. Maintaining proper records of account and reviewing monthly bank statements with monthly bank reconciliations.

B18. The day-to-day management of financial issues including the establishment and operation of a suitable accounting system. Authorised signatures will be Diocesan Treasurer, Diocesan President & one another Trustee. Two authorised signatories are required at all times.

Income

B19. Ensuring that all income is accurately accounted for and is promptly collected and banked intact.

Salaries, Wages and Pensions

B20. Ensuring that any matters affecting payments to self- employed staff are implemented accurately and in a timely manner.

Insurances

B21. Ensuring that arrangements for insurance cover are in place and adequate. Refer to MSH for completion and payment, so Coventry Diocese insurance policy is in operation and appropriate cover held for all MU Coventry Members and Staff.

Security of Assets

B22. Ensuring that there are annual independent checks of MU assets and the asset register held as a working document.

B23. Authorising the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value of up to £250 and reporting such authorisations to the Trustees.