

Cianna's Smile

Financial Policy – Procedures January 2020

Financial management

Our plans for achieving the charity's aims and the finances needed to support them are reviewed at Trustee meetings and decisions taken to ensure that our aims are achieved as follows:

1. Where funding is required, the Trustees decide where it is to be obtained from – including planning for how to reduce any associated risks by agreeing a reserves policy.
2. Where restricted funding is obtained, the Treasurer is responsible for separating those funds in the accounting records and identifying expenditure covered by them in accordance with the terms imposed by the provider of those funds.
3. The Trustees are responsible for agreeing, establishing and reviewing financial policies and procedures as regularly as appropriate, and ensuring that staff and volunteers (where used) are involved and understand the controls in place at least once a year.
4. The Trustees set an annual budget which identifies the charity's aims and objectives and how to achieve them - including the cost of activities and how they will be resourced.
5. The Trustees monitor financial performance by comparing on a regular basis actual income and expenditure against the annual budget; including project reports/financial reviews as a standing item on the agenda for Trustees' meetings
6. The Treasurer is responsible for preparing annual accounts.
7. The Chairperson is responsible for preparing the Trustees' Annual Report in accordance with the requirements and standards that apply to the size and legal structure of our charity.

Internal financial controls

All trustees have a duty to protect their charity's assets and resources and to make sure they are only used to further the charity's aims. To the extent possible bearing in mind the charity's size, we have introduced robust internal financial controls to protect funds from misuse as follows:

1. The Treasurer is responsible for looking carefully at areas of high risk such as controls over payroll systems and ordering of goods and services.

2. The Treasurer is responsible for keeping the Charity's accounting records up to date and accurate.
3. The Treasurer is responsible for regularly reconciling the charity's accounting records to the bank account.
4. The Treasurer is responsible for identifying and making Gift Aid claims on a regular basis.
5. The Chairperson is responsible for obtaining and keeping invoices and receipts for all expenditure made, and for regularly providing them to the Treasurer to check against the accounting records.
6. The Chairperson is authorised to make payments of up to £5,000 under their sole signature. Payments in excess of that amount can only be made by the Chairperson and the Treasurer acting jointly.
7. The Trustees carry out appropriate checks when making grants or allowing the use of their charity's property by another organisation. Trustees ensure (as far as is possible) that these assets and resources will be used only to carry out the charity's aims.
8. The Treasurer is responsible for preparing an annual cash flow forecast for adoption by the Trustees.

Charity reserves

The charity needs to be able to meet unexpected expenses and take advantage of changes and opportunities for development when they arise. This is achieved by setting aside income, when the charity can afford it, as a reserve earmarked for particular uses rather than used immediately for the charity's aims.

The trustees regularly assess the appropriate level of reserves to be held in order to avoid putting the charity's solvency, future development or activities at risk as follows:

1. The Trustees aim to keep cash in the bank at a level that meets at least 6 months' anticipated expenditure.
2. The Treasurer is responsible for ensuring that the charity complies with the annual reporting requirements of the Charities Commission, including setting out the charity's reserves policy in order to show the level of reserves the charity holds and to explain why it needs to retain them at that level

3. The Treasurer is responsible for identifying which of the charity's funds have restrictions on their use, i.e. reserve funds that are freely available to spend are distinguished from funds that may have restrictions on their use set by their donors
4. The Trustees regularly consider whether and how reserve funds should be invested.

Income generation

(a) Financial investment

Where the trustees make investments, they are made in the best interests of the charity. This is achieved as follows:

1. On the advice of the Treasurer and independent advisers if appropriate, the Trustees agree the purpose of the investment assets, the level of risk and the investment time horizon, the suitability of any investment for their charity, and the need for diversification before any investment is made.
2. The Trustees review any restrictions or additions to their general powers of investment that are contained in the charity's governing document, and comply with them.
3. The Trustees act to certain standards (their duty of care) when investing.
4. The Trustees make periodic reviews of the charity's investments.
5. The Treasurer is responsible for recording and regularly reviewing investment policy, including:
 - a description of the overall investment objectives including return expectations and income targets
 - the level of investment risk the Trustees are prepared to accept to achieve their investment objectives
 - liquidity requirements
 - anticipated cash flow needs from the investments
 - the investment time horizon
 - the charity's position on responsible or ethical investment.
6. The Trustees regularly consider whether it would be in the interests of the charity to adopt a responsible or ethical approach to investment in order to prevent investments which could directly conflict with the aims of the charity, might alienate beneficiaries or supporters or might not reflect its values and ethos.

7. When appropriate, the Trustees consider whether to delegate the management of the charity's investments to a specialist such as a unit trust or appointing a professional investment manager.

(b) Fundraising

The charity has systems in place to ensure that it complies with fundraising law and follows good practice in all aspects of fundraising as follows:

1. The Trustees delegate the management of day to day activities to the Chairperson and such other persons as the Chairperson decides is appropriate.
2. The Chairperson is responsible for ensuring that:
 - the appropriate agreements are in place with professional fundraisers and commercial partners when using others to fundraise on their charity's behalf appeals
 - the funds raised for special purposes are separately managed and accounted for separate from the charity's general funds
 - she is familiar with standards of fundraising practice set out by the Fundraising Regulator
 - proposed appeals are well planned, in line with the charity's aims and values and take into account any financial or reputational risks connected with an appeal, including, where appropriate, the production of a business plan, a budget and professional advice
 - an open and accessible complaints procedure is established in order to raise public confidence in the charity and help to identify improper or fraudulent fundraising activity

(c) Trading

It is not currently proposed that the charity undertakes any trading activities.

Insurance

As part of their general duty to protect and safeguard their charity's assets and resources, the Trustees consider ways of protecting the charity's property from loss or damage and to manage the risk of a third party making claims against the charity's funds. Insurance is one appropriate way for the trustees to discharge this duty and manage these risks.

The Chairperson is responsible for taking out insurance cover as appropriate.

Buying and selling land

It is not currently proposed that the charity acquires any land.

Trustee expenses and payments

The charity can reimburse its trustees for their legitimate expenses. The Charities Act also sets out certain circumstances in which a charity can pay its trustees for the provision of goods and services.

Payments of expenses to Trustees are dealt with as follows:

1. The Trustees are aware of any provisions in the charity's governing document that either authorise or prohibit payments to trustees.
2. The Trustees are aware that the payment of a Trustee to be a Trustee or a paid member of staff (where this is in the charity's interests) will need a specific authority either from its governing document, the Commission or, if necessary, from the courts. Currently the charity has no intention to pay Trustees or take on any employees.
3. Trustees are entitled to have any legitimate expenses they incur on the charity's behalf paid from its funds. Any claims for expenses made by a Trustee must have been approved by the Chairperson prior to the expense being incurred and be supported by an invoice or receipt.
4. Any reimbursement of expenses must be approved by the Chairperson or, if incurred by the Chairperson, must be approved by the Treasurer.