



THE BIRMINGHAM & MIDLAND INSTITUTE

9 Margaret Street
Birmingham
B3 3BS

Charity No. 522852

FINANCIAL MANAGEMENT POLICY

This policy has been adopted in an attempt to safeguard the assets of the institute so far as possible and to provide clear procedures for controlling the finances of the Institute. They may not be exhaustive. Vigilance is needed at all times from all concerned with finance, both paid staff and Trustees, and any matters of concern should be discussed with the Vice President, Honorary Treasurer or Honorary Secretary, as appropriate.

Responsibility for Implementing this Policy

Both the Board of Trustees and paid staff share responsibility for implementing this policy and the sound management of the institute's assets as a whole. The Honorary Treasurer is delegated the task of reporting to the Board of Trustees on the financial position of the institute and issues relating to this policy. All Trustees and paid staff are required to abide by these policies and procedures. Where specific responsibilities are allocated, these are stated within the policies and procedures.

These financial controls will be reviewed annually.

Accounting System

The institute uses the XERO Accounting System, which can be accessed by the Honorary Treasurer and Finance Officer.

Bank Account

- A current cheque book bank account will be administered in the name of The Birmingham & Midland Institute at a bank chosen by the Trustee Board.
- The bank mandates, and access to internet banking, will always be approved and minuted by the Board of Trustees as will all changes to it.
- The bank will be chosen according to quality of service (including value for money in terms of interest paid, bank charges, etc.). No borrowing will be undertaken by the institute without a decision being taken at a meeting of the Board of Trustees.

- A deposit account may also be administered in the institute's name in an appropriate Society or Company, and surplus funds may be invested in appropriate Societies in accordance with the Trustees Investment Act (which allows part of the funds to be invested in equities as well as fixed interest stock). The institute will not speculate with funds in investments which carry any significant risk.

Authorisation of Expenditure

- Authorisation to sign a contract, legal agreement or lease committing the institute to expenditure must be taken at a meeting of the Board of Trustees and must be signed by two trustees.
- Before committing the institute to any expenditure, staff need to obtain authorisation from the Finance Officer
- The Finance Officer can authorise expenditure up to £2,000 if it is in the institute budget and up to £500 if it is not in the budget but there are sufficient funds to meet the cost. Expenditure over these amounts will be referred to the Board of Trustees.
- The institute may administer a debit card account with delegated authority for expenditure as above.
- Commitments to urgent expenditure between £2,000 and £5,000 can be made by the Finance Officer, provided that permission is obtained from the Honorary Treasurer and another Honorary Officer, who will make a decision on behalf of the Board of Trustees. At all times two Honorary Officers must approve the expenditure on behalf of the Board of Trustees.
- Direct debits and standing orders will be authorised by the Finance Officer and a Trustee.
- Blank cheques will never be signed. The relevant payee's name will always be inscribed on the cheque before signature; the cheque stub will always be completed. Cheques must not be signed by the person to whom they are made payable.
- No payment should be authorised until the signatory is satisfied, through sight of an order form, invoice, or similar written evidence, of the validity of the payment.

Cash

- A petty cash float for the use of the institute of up to £250 will be held within the safe in the institute's office.
- A till is used on Reception, and all money taken is recorded on a spreadsheet. The limit in the till may not exceed £250 and upon reaching this limit should be removed and stored in the safe or taken to the bank. When the money has been banked, the Operations Officer will send details to the Finance Officer.

The Operations Officer will run the Zed Report which prints all transactions off the till and will pass this to the Finance Officer to reconcile entries by category to the XERO Accounting System.

- Payments from petty cash should not normally be made in excess of £20. All payments should be backed up by a receipt or invoice. In exceptional circumstances, if no receipt or invoice is available, a petty cash slip should be made out and countersigned by another staff member.
- When the petty cash box is topped up, the amount being put in will be verified by a second person and both people will initial the entry in the petty cash account book.
- Payments received in cash will be kept in a separate cash box to that used for petty cash.

Banking Cheques and Cash

Cash receipts will be banked intact, credited to the appropriate nominal ledger code and not used for other purposes. Payments received will be entered into the book kept with the cash box. Receipts will be issued on request. Cash receipts should be paid in monthly (or sooner if the total amount exceeds £50).

Cheque receipts will be banked weekly (or sooner for large receipts, particularly for grant funding) and be credited to the appropriate nominal code. Sales invoices lower than £5 may be settled in cash.

Annual Budget

Annual estimates of income and expenditures need to be made and reported to the Board of Trustees by the Honorary Treasurer in consultation with the Finance Officer and Operations Officer.

The estimates shall show the actual expenditure and income for the preceding financial year, the original approved and revised estimates for the current year and the estimated income and expenditure for the ensuing year.

Financial Reports and Audit

The relevant staff member(s), in conjunction with the Honorary Treasurer, will prepare regular reports to the Board of Trustees on the institute's financial situation and any issues requiring the Board's approval or action. These will include quarterly reports setting out actual income and expenditure compared to the budget.

An annual audit (or independent examination as required by the Charity Commission) will be carried out by a qualified auditor (or independent examiner), appointed each year by the Trustees, in accordance with the requirements of the Charities Act and Companies Act. The auditor's report will be discussed and approved by the Board of Trustees

Records

- Careful records will be kept of all income and expenditure, using a system and books approved from time to time by the Honorary Treasurer.
- Transactions will be reconciled against bank statements monthly by the Finance Officer.
- Once set up regular transfers shall be authorised by the Finance Officer.

- Chief responsibility for the maintenance of records will rest with the Honorary Treasurer and Finance Officer. All institute financial records shall be treated confidentially. All institute financial records will be kept for seven years in accordance with the Charity Act 2011.

Claims for Expenses and Allowances

Rates for expenses or allowances will be those agreed from time to time by the Board of Trustees. Staff, volunteers and Trustees must complete and sign a claim form. Whenever possible, receipts should be provided.

Insurance

The Honorary Secretary will effect insurance cover at a sufficient level to cover assets and possible liabilities as directed by the Board of Trustees or delegated to a smaller committee including the Honorary Treasurer and the Finance Officer.

Inventories

The Finance Officer will be responsible for maintaining an inventory of all furniture, equipment and artefacts worth in excess of £1,000. The inventory will be audited and reviewed annually by suitable members of the institute.

Fixed Assets

Fixed Assets will be capitalised (above a level of £1,000) and written off over their useful lives on a straight-line basis. The useful lives are estimated to be:

Leasehold Improvements	5 years
Computer & Office Equipment	3 years

Salaries and Pensions

The Finance Officer will ensure that all salaries, wages and other emoluments to all employees of institute are paid in accordance with statutory requirements and any policies adopted by institute. Salaries due to be paid to staff will be confirmed by a Trustee (usually the Honorary Treasurer) before payment is processed.

Approved by the Board of Trustees: 29th June 2020

Next Review Date: June 2021