

ACTIVE LIFE FOR A HEALTHIER YOU CIC

FINANCE POLICY AND PROCEDURES

No. ALFP003

Introduction

The Active Life for a Healthier You Company No. 07873843 (hereafter referred to as Active Life) Financial Policy and Procedures provides the policies and procedures for finance transactions within the business in line with the Company's Articles of Association. It provides the guidelines Active Life will use to administer these policies, with the correct procedures to follow.

The purpose of financial management in the operation of all Active Life activities is to fulfil the organisation's mission in the most effective and efficient manner and to remain accountable to stakeholders, including clients, partners, funders, employees, volunteers and the community. To accomplish this, Active Life commits to providing accurate and complete financial data including monthly profit & loss and balance sheet figures, together with cashflow forecast for internal and external use by the Board, at least quarterly, so that they are able to manage, plan, monitor and review the performance of the organisation against an annual budget and rolling cash flow/financial forecast. Active Life will provide adequate training to members of the Board to enable each member to fulfil his or her financial oversight role. This Financial Policy and Procedures forms part of the Staff Handbook and must be followed by all Directors, staff and volunteers.

Active Life will keep all financial policies current and relevant. The Financial Policies and Procedures will be reviewed by the Board of Directors at least once every two years. From time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures once approved by the Board.

Any suggestions, recommendations or feedback on the policies and procedures in this manual are welcome.

Finance Authorisation Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

All finance transactions as noted in this policy are to be authorised by the noted authorised person prior to the transaction being undertaken.

This policy is to be read in conjunction with other specific finance policies where relevant.

Procedures

The Board is ultimately responsible for the financial management of all activities.

The Finance Director (FD) is authorised to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board and is responsible for the day-to-day financial management of the organisation.

Prior to any of the following finance transactions being undertaken, the authorising person noted must authorise the transaction.

Finance Transaction	Authorised Person
Bank Accounts	Finance Director (FD) Managing Director (MD)
Business Debit Card	Finance Director (FD) Managing Director (MD)
New Funders/ Customers	Managing Director (MD) Finance Director (FD)
New Suppliers	Managing Director (MD) Finance Director (FD)

Finance Transaction	Authorised Person
Purchasing equipment and assets for the business.	Managing Director (MD) Finance Director (FD)
Reserve Fund Expenditure	Board of Directors
PAYE Wages Processing & Authorisation	Finance Director (FD) Managing Director (MD)
Year Financial Statements	Finance Director (FD) Managing Director (MD)

Bank Account Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

This policy sets out the requirements for use of all bank current and deposit accounts, including opening, closing authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

Procedures

Opening Bank Accounts

Any new bank accounts to be opened for the business must have the authorisation of the FD and MD

For each new bank account opened, the financial system must be updated and the bank account registered by the FD.

Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque, EFT or other online payment method, there must be two Directors authorising for each payment (as per bank mandate). Each payment made must be supported by invoice, receipt or other appropriate documentation.

Variations to Bank Account Terms and Conditions

Any variations to banking arrangements can be made or varied by the FD, who is responsible for updating the financial system and/or bank account register with the new information.

Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, will authorise the closure of the bank account.

The FD will be required to complete the following:

- ensure all transactions with respect to the account (including cheques drawn) have been completed;
- lodge with the bank a letter or appropriate documentation, signed by two Directors (as per bank mandate) advising of the closure of the account;
- meet the bank's requirements with respect to account closure; and
- update the financial system and bank account register.

Bank Account Transactions

All deposits received must be banked within 2 working days from receipt. Unallocated direct deposits of more than 1 month will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated to suspense account to keep these funds separate and identifiable.

Cheques outstanding for more than 12 months will be reallocated back to the business through the financial system.

Where a payment stop on a cheque/payment is required, this will be authorised and processed by the FD.

Use of Business Debit Card Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

This policy provides guidelines for the issue and use of business debit cards.

Procedures

Directors, employees, casual staff and volunteers will only be issued or have use of a debit card once the Debit Card Authorisation Form has been completed.

The business debit card can only be used for travel, authorised entertainment and purchases of small value expenses or equipment up to the value of £500.

No cash advances are to be taken using the business debit card unless authorised by the MD or FD.

The use of the business debit card is not to be used for personal expenses.

Where a business debit card is lost or stolen, then the owner/user of this card is to notify the FD or MD. The FD is responsible for notifying the issuing agency and ensuring the card is cancelled.

All holders/users of business debit cards are required to submit valid receipts for all payments made on the debit card

All business debit cards are to be returned to the business when the person is requested to by the FD or MD or where they are no longer associated with the business.

New Funder/Customer Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

All new customers/funders to the business must be reviewed and accepted in accordance with this policy.

Procedures

Appointment of a new Funder/Customer

The appointment of a new Funder/Customer will be authorised by the MD. A new Funder/Customer must support Active Life with good credit quality and adhere to Active Life's payment terms.

All relevant details of the new Funder/Customer will be entered into the financial system by the FD once approval is obtained from the MD

Funder/Customer Payment Terms

The Funder/Customer must be informed by the MD or FD of the payment terms of 30 days from invoice, application for payment or delivery start and must agree to these terms. Where a Funder/Customer has requested longer payment terms than the policy, this should be referred to and authorised by the FD

Reports on aged debtors must be run every month by the FD. When payment terms have been breached all relevant staff, Directors and Board will be notified. Any outstanding delivery should be stopped until the breach in payment terms has been rectified. All staff working on delivery for the Funder/Customer should not carry out further work until authorised by the FD or MD

The FD must make a list of all outstanding payments. The FD or MD must contact the customer/funder and explain that delivery cannot take place until the account has been paid.

If the customer/funder is having difficulty with payments, the FD is to make a schedule of payments to bring them back in line with their credit limit. Where necessary, the FD is to look at further steps to recover any outstanding payments.

New Supplier Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

Procedures

Choosing a New Supplier

A new supplier must provide Active Life with quality product, great service, competitive pricing and efficient delivery. Active Life may award business to any supplier and is not required to accept the lowest cost proposal.

All new suppliers to the business, including instructors, venues (and general purchases above £500) must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the business objectives.

Appointment of Supplier

The appointment of a new supplier will be authorised by the FD/MD

All relevant details of the supplier will be approved and entered into the financial system by the FD

The FD will verify the supplier bank account or other payment details of the supplier to ensure payments made are to the correct supplier

Supplier Payment Terms

All supplier payment terms must be a minimum of 14 days. Any variation to the above must be authorised by the FD or MD

Request for Purchase

This policy provides guidelines for the purchase of goods, services, equipment and assets for the business over £500.

All purchases for business items above £500 must be authorised by the FD/MD and be supplied by an authorised supplier as above. For items over the value of £1,000, quotations from three separate suppliers must also be obtained. Any variation to the above must be authorised by the FD or MD

Equipment Asset Purchases

All equipment and asset purchases to follow the New Supplier Policy and be entered in to the financial system by the FD with the following details included:

- Date of purchase, supplier and invoice number
- Relevant description, make, model, Serial No. and location.

Tangible Fixed Assets will be depreciated at the rate of 25% reducing balance to write off each asset over its estimated useful life.

Asset Protection

To ensure that the assets of Active Life are adequately protected and maintained, the Board shall:

- Insure against theft and casualty losses to the organisation and against liability losses to Board members, staff, or the organisation itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organisation, its board, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorised access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

Asset Lock

It is the responsibility of the FD to follow Asset Lock procedures set out in the Company's Articles of Association.

Service Agreements

All agreements for the provision of services to the business in excess of £500 are to abide by this policy.

Reserve Fund Expenditure

The Board must approve any use of the designated reserve fund.

Staff Wages & Payroll Policy

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

This policy provides guidelines for the payment of staff both through the Company payroll and as casual staff.

Procedures

The MD is authorised to hire and supervise new staff. The FD determines as to whether the member of staff should be paid through the payroll or as casual staff by invoice by following HM Customs Employment Status rules.

Casual Staff

Casual staff will be paid following supplier policy procedures. The FD is to advise the member of staff that they are responsible for payment of their Tax and National Insurance contributions.

Appointment of an employee

All relevant details of the new employee will be checked and approved by the FD and entered onto the payroll system run by an authorised payroll software provider by the FD.

The FD will review information entered onto the payroll system and independently verify the bank account or other payment details of the employee to ensure payments made are to the correct employee.

Where appropriate the employee will be enrolled into the relevant pension scheme by the FD.

All employees will be paid their net salary on the last working day of each month in arrears. All deductions from gross salary, including tax, NIC and pension contributions will be paid to the relevant organisation such as HM Customs and Pension Provider by the FD.

Financial Transactions with Associates

No advances of funds to directors, employees or volunteers are authorised. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed as per individual contracts.

In no case shall Active Life borrow funds from any director, employee or volunteer of the organisation without specific authorisation from the Board.

Gift Acceptance

Active Life shall accept contributions of goods or services other than cash that are related to the programmes and operations of Active Life. Any other contributions of non-cash items must be reviewed and approved by the Board before acceptance.

Financial Statements & Reporting

Policy Number: ALFP003

Policy Date: March 2021

Purpose of the Policy

To ensure accounting records are kept to comply with Sections 386 and 387 of the Companies Act 2006 and prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirement of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the small companies regime.

To comply with the requirements of the Companies Acts as to maintaining a members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of annual reports, annual returns; and annual statements of account.

To keep day to day accountancy records up to date to ensure monthly and yearly budgets are set and adhered to for the management of Active Life.

Procedures

The FD is to prepare a yearly budget taking into account income from Restricted Grants already received and/or invoiced together with forecasted cash sales, against expenditure relating directly to these funds, together with management and overhead costs for the year ahead. This yearly budget is to be forward to the Board for agreement at the last monthly Board meeting of the preceding year.

The FD is to keep financial records up to date on a day to day basis as well as running profit & loss and balance sheet statements monthly. These figures to be set against the budget forecast and reported to the board at least quarterly to ensure that the year budget is being adhered to. Any changes to the year budget is to be agreed by the Board.

It is the responsibility of the FD to collate information for submission to the contracted Chartered Accountants for year end Statements to be prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

Once prepared, the draft year end Statements are to be sent to the Board for approval no later than 6 months after the year end. Once approved it is the responsibility of the FD and MD to sign the Accounts where applicable for submission to Companies House and HM Customs by the contracted Accountants

It is the responsibility of the FD to ensure any Corporation tax due is paid before the due date.

Appointment of a New Accountant

The Company's contracted Chartered Accountant should have the relevant qualifications, be regulated by a professional body and have professional indemnity insurance. The Accountant should provide Active Life with great service, competitive pricing and efficient delivery.

Any change in the Company's chosen Chartered Accountants is to be agreed by the Board. No less than 3 separate Chartered Accountants should be put forward to the Board for selection. Active Life may award any qualified Chartered Accountant the business and is not required to accept the lowest cost proposal. A new Accountant must be reviewed and accepted in accordance with this policy to ensure that the service is aligned with the business objectives. The final decision on the appointment of a new Accountant will be made by the FD.

All relevant details of the Accountant will be approved and entered into the financial system by the FD, verifying the bank account or other payment details of the Accountant. Accountant payment terms will follow supplier payment terms in the New Supplier Policy.