



# Kent Refugee Action Network

## **FINANCE POLICY**

### **Version Control**

Version	<b>1</b>
Date Created	
Approved by	<b>Board of Trustees</b>
Approved Date	<b>27.09.2023</b>
Review frequency	<b>Annual</b>
Next review date	<b>September 2025</b>

## Statement of Intent and sign-off

KRAN's Finance Policy 2023 sets out our procedures on finances, the functions and responsibilities of the Finance Sub Committee members and the auditor.


The policy applies to all:

- Employees
- Trustees
- Volunteers
- Sessional staff

It relates to all areas of business including (but not limited to):

- Finance
- HR
- Learning for Life
- Advocacy & Support

It relates to our provision of services for refugees and asylum seekers. Employees, trustees, volunteers, sessional staff and third parties are required to comply with the policy in all circumstances.

Signed:  Date: 25/07/24

Chair of the Board of Trustees

Signed:  Date: 25/7/24

CEO

This Finance Policy covers the main elements of KRAN's policies and procedures in relation to the finances of KRAN and is overseen by the Finance Sub Committee of the Board of Trustees.

### **Finance Sub Committee Membership:**

Chair and Treasurer of the Board of Trustees.

CEO who is also the Company Secretary.

KRAN's Finance Officer.

### **Bank Accounts:**

When choosing any Bank and Building Society account, research must be undertaken to reassure the Board that the Bank is ethical and have principles that adhere to KRAN's core purpose regarding refugees and asylum seekers. The choice of accounts is made by the Board with a recorded majority decision, preferably unanimously.

### **Current Account**

The charity will have a current bank account for all day to day transactions. This is currently set up with CAF Bank, along with a Gold account giving a low interest rate and two debit cards (held by the Finance Officer and CEO kept in the office under lock). The debit cards have a daily upper limit and are topped up by the Finance Officer and are used mainly for petty cash withdrawals and online purchases requiring a card. A paper trail is kept of all card transactions for auditing purposes.

Cheques can be issued with the same authorisation applying as with BACS below, but the usual payment method is through Bank transfer and online payments of invoices, or if required debit card payments. Bank payments are set up by the Finance Officer, and require authorisation by the CEO, Treasurer or Chair. Authorisation will follow the following requirements:

1. Designated signatories from the Board of Trustees will be the Chair and Treasurer, and if required the Deputy Chair. CEO and Finance Officer, are staff employees and will also be designated signatories.
2. Regular payments under £500 can be set up as normal by the Finance Officer and authorised by the CEO. For payments over £500 permission must

be sought from a trustee for authorisation. Payments over £1,000 must be authorised by a Trustee on the Finance Sub Committee as well as the CEO.

3. In the event that a Trustee on the Finance Sub Committee is unavailable for staff salary payments or other large payments on the due date, email permission must be sought from a Trustee, who will subsequently check that payments have been made as detailed in the payroll or invoice.

## **Interest Accounts**

The Board have agreed at their July 2023 Board meeting to open up high interest accounts given our cashflow and carry forward. It has been agreed that the interest income can be used for reserves and the AMAL / Destitution Fund. See Annex A for all bank account details.

### **Instant access high interest accounts**

There are various instant access accounts with high interest, in order to make sure that as much of the charity funds are protected as possible by the Government Protection Scheme. One of these must be at the same bank as the current account in order to facilitate easily accessible funds. The Trustees must be made aware of the balance of each account in the Board meetings.

### **Delayed access High Interest Account**

From time to time, it may be possible to deposit funds in higher interest accounts, to maximise interest income but that have a delayed withdrawal time. Only authorised Trustees can authorise a transfer of funds to the High Interest Accounts (instant access and more long-term higher interest accounts) with the oversight agreement of the Board on an annual basis, or earlier if there is a need to review this earlier. These funds can be drawn down to aid cashflow when required by a Trustee on the Finance Sub Committee.

## **ACCOUNTS and PROCESSING**

SAGE Software is used to keep an accurate record of KRAN's financial activity. Transactions from the bank account are entered into SAGE through the Current Account nominal. For each payment, the amount is transferred from the relevant SAGE account into the Current Account, a Bank Payment can then be made. For income, a Bank Receipt is generated into the Current Account and then funds are transferred into the relevant SAGE account.

Each funder will have its own SAGE account to ensure accurate reporting. In some cases, a collection of smaller funders will be grouped together if they are in relation to the same project.

KRAN General account is for unrestricted donations and will be used to fund any shortfalls for projects, core running costs and salaries. At the end of the financial year, the KRAN General balance will be recorded as reserves.

Direct Debits - can be set up if one staff member and one Trustee authorise the Mandate form.

Debit Card - there are 2 KRAN debits cards. One is kept locked in the KRAN office and one is kept with the Finance Officer. Card payments are used to make regular office purchases. For larger purchases ie. laptops, the Finance Officer will seek authorisation from the CEO. Debit card payments will be kept below £500, if a larger purchase is required the Finance Officer should seek approval from a Trustee. At the request of the Treasurer, the Finance Officer shall produce a list of debit card transactions (POS) and provide evidence of spend.

Petty Cash - cash purchases are kept to a minimum. The Destitution Fund requires a regular cash float, roughly £100 per week and records are kept in accordance with the DF policy and procedures.

### **Wages**

KRAN is part of the Living Wage Employer scheme and reviews its payscales to ensure that they are above the minimum living wage annually.

Monthly payments are made to HMRC for statutory deductions (and pension).

KRAN's policies relating to HR include Employment Contracts and Sessional Agreements for those who are self-employed. All personnel files are kept by the Finance Officer under lock. Any variation in salary or hours is confirmed in writing and added to the staff files. All wage payments are made by BACS.

### **Staff and Volunteer Expenses**

Payments of expenses and reimbursements are in line with KRAN's expenses policy and must be authorised by the designated line manager after they have been incurred. All expense claims include a self-declaration that the claim is accurate and incurred on the business of the charity. Reimbursements are made by BACS. Travel claims are

checked for distance travelled and the mileage rates for travel – are the rates in accordance with HMRC approved rates.

### **Checks on expenditure records**

Treasurer can request from the Finance Officer, evidence that bank transactions are accurate and have been recorded properly.

Treasurer to make spot checks on transactions to ensure there are no discrepancies in the process of invoice, payment and SAGE reporting.

There are currently no fixed assets at KRAN. Small items of equipment such as laptops and phones are recorded by the Finance Officer. There is also teaching and sports equipment all with a value under £500. These items should be covered under our insurance policy. An annual check by the Finance Officer should be made on the condition and whereabouts of these items and included with the papers sent to the auditors.

Finance Officer to Prepare an annual budget at the beginning of the financial year of expected income and expenditure with bimonthly updating estimated figures with actual and explanations to larger variations.

Gift Aid - Gift Aid is automatically claimed through CAF donate. All records of Gift Aid claimed through CAF are available through our CAF donate account. Additional Gift Aid claims will be processed by the Finance Officer and the Corporate and Community Fundraiser every 1-2 years.

## **FUNCTIONS AND RESPONSIBILITIES**

### **Board of Trustees**

To maintain regular oversight of the finances, income and expenditure and make decisions regarding changes to these as required.

To regularly receive reports from the Treasurer and Finance Sub Group.

To authorise the setting of the budgets at their March meetings, and review cashflow forecasted to ensure that these are in line with the budget and that any variations are accounted for.

To review the cashflow forecast on an annual basis to confirm the extension of staff contracts.

To review and agree policies and procedures relating to Finance, the Destitution Fund and Amal Fund.

To review the position of the lease annually making sure any action/decisions that may be needed are made well in advance of any break or renewal.

### **Finance Officer –**

To maintain a record of day to day financial transactions on behalf of KRAN.

To look after debit cards, payroll, invoicing, statements and invoices.

To carry out appropriate back up routines on Sage with a 2<sup>nd</sup> back up on a USB.

To set up payments on CAF bank, ensuring all invoices have been authorised by appropriate SMT staff, or trustees.

To complete order/purchase forms and donation forms for transactions and attach them to the relevant evidence, for a complete paper trail.

To ensure all moneys are paid in, in a timely manner, and run the petty cash top ups, checking all cash payments.

To reconcile bank statements, debit card payments and petty cash books, making these available to the Finance Sub Committee as required.

To prepare 2 monthly summaries of budget to actuals on the cashflow forecasts for the Board of Trustees, with access to updated spreadsheets by the Finance Sub Committee.

To prepare papers for the independent auditors to review in order to produce the Audited Accounts for approval by the Board of Trustees and the members at the Annual General Meeting (AGM).

To check annually, the whereabouts and then record the condition of all items of small equipment like phones, computers, laptops and larger sports equipment etc.

### **CEO –**

To have Operational oversight of spend in line with budgets.

To give Authorisation of destitution and AMAL fund as per procedure, and other spend as needed under £500.

To agree budget proposals for fundraising in line with KRAN's Strategic Objectives and operational needs.

To allocate funding received to cover ongoing costs of KRAN.

To file annual reports and returns to Charity Commissioner and Company House in line with our regulatory requirements.

### **Treasurer –**

To verify bi-monthly the accuracy of Sage and spot check of paper trail as required (on behalf of Finance Committee).

To present 2 monthly reports to the Board of Trustees and an annual report to the AGM.

To present an annual budget to the Board of Trustees March meeting for approval in consultation with the CEO and Finance Officer.

To Authorise payments of wages on CAF together with other payments in accordance with authorisation policy, with Chair as reserve.

### **Auditor –**

Annually audits the years transactions.

Annually reviews the organisations internal control procedures and practices in compliance with the Charity Commissions (SORP).

## **AUTHORITY LEVELS**

### **Authorising Officers – Chair, Company Secretary/ CEO, Treasurer.**

Approve normal office expenses (electricity, water, telephone, office supplies, rent etc) provided that they are within budget and there are funds available.

Approval of project expenses, provided they are within funders budgets and the plan agreed by the SMT.

Approve abnormal office expenses up to £500 ( Company Secretary/CEO) and up to £1,000 ( Chair and Treasurer) and normal items not in the budget or more than 10% over the budget amount. Any amount above £1,000 must be approved by the Chair and Treasurer (by email), and reported to the Board of Trustees.

### **Reimbursable Expenses**

All expenses incurred by trustees and volunteers on behalf of KRAN will be reimbursed, provided that they are approved in advance by the SMT for



volunteers and Chair/Treasurer for trustees. Such expenses may include travel expenses incurred specifically for the purposes of KRAN.

Paid staff will be reimbursed all expenses incurred by them on behalf of KRAN provided that they are approved in advance by the SMT. Such expenses may include travel expenses when working from home or to another location, but not to travel to and from the main KRAN office.

### **Electronic Banking**

All staff laptops are kept secure with up to date antivirus and spyware software. CAF bank offers two factor authentication for logging in and for each payment authorised.

The debit card PIN and Password should be regularly changed.

All Electronic Banking transactions are recorded on SAGE.

All staff and trustees that have access to banking facilities will receive full training.

Procedures will be monitored by the CEO to make sure that any restrictions put on use of funds are observed.

### **Reserves and High Interest Accounts/Investment Policy**

The Board of Trustees have approved a Reserves Policy of a minimum of 3 months overheads to be held primarily in the High Interest account and only called upon when there are insufficient funds in the current account to cover weekly expenses.

Diversification of investments is currently through high interest bank accounts as KRAN does not have an investment portfolio. It has been agreed by the Board that KRAN has at least 4 accounts, 2 current, and 2 high interest accounts, one of which can be with restricted access for up to 3 months.

All opening and closing of accounts must be reported to the Finance Sub Group and agreed by the Board of Trustees. We currently have our old Barclays Account which is being used to support.

Annual reviews will be undertaken by staff, unless there is a need to review earlier of the costs benefits and risks of the current and deposit accounts and of the investments and income from investment in high interest accounts. This is reported to the Finance Committee initially and then to the Board of

Trustees.

The transfer of funds from the instant Access Accounts to the Current Account can be made by the Finance Officer but reported to Finance Sub Group at the bimonthly meetings. Notice given for transfer of monies from High Interest Account to instant access accounts must be authorised by the Treasurer or Chair and reported to the Board of Trustees at the following meeting.

## **APPENDIX**

Bank Account Details:

CAF Bank

Account Name: Kent Refugee Action Network

Sort Code: 40 52 40 Account Number: 00034965

IBAN: GB15CAFB40524000034965