



Chorlton Community Land Trust

Finance Policy and Procedure

1 Introduction

The **Chorlton Community Land Trust ("the CLT")** Financial Policy and Procedures Manual sets out the requirements for finance transactions within the business which must be followed by all staff and Board members. It also provides guidelines the CLT will use to administer these policies.

The CLT will keep all financial policies current and relevant. From time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures.

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

These policies and procedures apply to all Board Members, Officers and Employees.

2 Finance Authorisation Policy

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

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

Where additional policy is noted, this policy must also be adhered to when undertaking the finance transaction.

Finance Transaction	Authorised Person	Additional Policy
Bank Accounts	Chair, Vice-Chair, Chief Executive, Secretary & Treasurer	Bank Account Policy
Authorising New Suppliers	Chair, Vice-Chair and Chief Executive	New Supplier Policy
Purchasing Incidental Items / Stock	Chair, Vice-Chair and Chief Executive	
Purchasing Assets	£100 or under – One Board Member Over £100 – Three of Chair, Vice-Chair, Chief Executive & Treasurer	
Payment of Invoices	Chair, Treasurer & Secretary	



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3 Bank Account Policy

Purpose of the Policy

This policy sets out the requirements for use of bank 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 CLT Board.

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

Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque or other method, there must be two persons authorising each payment.

The authorised persons for bank account payments are:

- . Christopher Peacock (Board Member and Chief Executive)
- . Steve Goslyn (Board Member and Chair)
- . Margaret Manning (Board Member and Vice Chair)
- . Charles Ward (Board Member and Treasurer)

Each payment made must be supported by invoice, receipt or other appropriate documentation and the authorisations must be attached to this documentation prior to payment.

Payments by debit card from the Bank Account must be authorised **in advance** by two of the authorised persons above.

Variations to Bank Account Terms and Conditions

Variations to banking arrangements can only be made or varied by the Board of the CLT.

The Treasurer is responsible for updating the financial system and/or bank account register with the new information.



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Closing Bank Accounts

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

The Treasurer will then 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, signed by two authorised signatories 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 seven working days.

Cheques outstanding for more than two months, will be investigated and the recipient contacted. Where instructed to do so by the recipient, the cheque will be stopped and redrawn.

Where a payment stop on a cheque is required, this will be authorised by the Treasurer.

The Treasurer will be responsible for carrying out the following duties in regard to payment stop on a cheque:

- ensuring the cheque has not already been presented at the bank;
- getting authorisation to action the stop payment using appropriate forms from the bank;
- ensuring the bank receives notification of the stop payment notice;
- receiving confirmation of action from the bank of the stop payment.



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4 New Supplier Policy

Purpose of the Policy

All new suppliers to the business must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the CLT's business objectives.

Procedures

Choosing a New Supplier

A new supplier for services costing over £500 must provide **a quality product, competitive pricing and efficient delivery**. Where possible, at least two quotations must be received for the services costing over £500 although there is no requirement to select the lowest cost provider if other factors are more important. For each supplier under consideration, the following information should be collected:

<u>Supplier Selection Review</u>	
Are the supplier pricing terms competitive? Attach list to this checklist	
What are the payment terms for this supplier?	
Does the supplier provide warranties, guarantees etc.?	
Are the supplier's representatives knowledgeable of the products/ services and industry?	
Is there an alternative to this supplier, has the alternative supplier been considered?	
What are the delivery services of the supplier?	

For services costing between £100 and £500 the Chief Executive, Chair or Vice-Chair can authorise the selection of a new supplier.



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For services costing under £100, any Board member can select a supplier subject to the requirement for the services having been approved by the Chair or Chief Executive.

Suppliers must also meet the requirements of the CLT's policies in relation to ethics and sustainability.

Appointment of Supplier

The appointment of a new supplier will be authorised by the Board of the CLT.

All relevant details of the supplier will be entered into the financial system by the Treasurer once approval is obtained from the Board.

For each new supplier of services costing over £500 the following information table must be completed prior to agreeing services.

<u>Supplier Selection Background Information</u>	
Business Name of Supplier	
Location of Supplier	
Products/Services provided by supplier (attach a list if necessary)	
Name of business owner/ sales representative	
How many years has the supplier been trading?	



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5 Employment and contractors

Purpose of the Policy

This policy sets out the requirements for the payment of employees and associated employment taxes.

Procedures

For each new employee or contractor, the Treasurer is to be supplied with the following information:

- Employees: copy of employment contract, full name, gender, address, date of birth, income tax code and National Insurance number
- Contractors: name of business / individual, address, contract/agreement and VAT registration number (if applicable).

The Treasurer will be responsible for maintaining an up-to-date list of employees and contractors from time to time.

The Treasurer will be responsible for arranging payment in line with the agreed contractual terms, reporting to HMRC and ensuring that all relevant employment taxes are paid from time to time.

If payroll services are required in due course, a supplier will be appointed in line with the procedures set out in the Supplier Policy.



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6 Financial reporting

Purpose of the Policy

This policy sets out internal financial reporting requirements and responsibility for external reporting

Procedures

The Treasurer will be responsible for recording and reconciling all financial transactions in a timely manner on the Board's chosen accounting software (currently Xero) so that it is available for audit by the Board or external advisers from time to time.

Based on this information, the Treasurer will prepare a finance report for each Board meeting setting out the following:

- Cashflow report;
- Management accounts for the accounting year to date;
- Reconciliation of spending to grant income in order to monitor compliance with grant conditions; and
- Projected cashflow for the next 3 months.

Annual accounts

The Treasurer will prepare draft annual accounts for approval by the Board within three months of each financial year-end.

Following approval of the accounts, the Treasurer will ensure that accounts are filed with the relevant authorities.

Agreed by Board on	5 November 2019
Chair	
Secretary	
Previous Versions	None
Next review	November 2020



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