



Sussex Clubs for Young People Finance and Expenses Policy

Reviewed 23rd February 2022

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Policy Statement

This policy sets out the financial systems and procedural rules adopted by Sussex Clubs for Young People (SCYP) and how they relate to all areas of the organisation, managers, staff, volunteers, and young people.

The Directors are responsible for:

- approving the budget for the year
- approving signatories to the bank accounts
- appointment of the CEO and senior managers
- receiving and reviewing reports from the staff
- approving exceptional items of expenditure
- monitoring the financial position based on reports
- approving the annual accounts, auditors report and appointment
- approving annually staff salaries and allowances.

Ordering supplies and services

Staff need to be aware that expenditure is committed when an order is placed on behalf of SCYP, not when the invoice is received. Therefore, it is important that all orders are placed properly, and are within agreed budgets.

Orders can include (this is not an exclusive list):

- purchases of fuel for vehicles
- purchases of resources or equipment
- hall or venue hire
- cinema or theatre trips
- residentials

- training

Budget holders can place orders for goods or services within their budget areas, subject only to cash flow restraints and approval limits. Budget holders can be Team Managers and / or Youth Workers in Charge. Orders of £50 to £1,000 require approval from the Operations Manager or CEO.

The CEO is responsible for ensuring that all budgets are monitored and reported to the board.

All orders of £1,000 or more must be authorised by the Chairman or the Treasurer except where they have been pre agreed and allocated to the correct budget.

Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract. **This must be countersigned by the CEO, Treasurer and/or Chairman.**

Orders must be placed in writing. If payment is needed on or before delivery or where no credit is given, a 'pro-forma' invoice, purchase order or confirmation email should be raised on Quickbooks clearly stating which project budget the payment should be allocated to.

Purchases on Amazon or other online systems should be allocated to the correct project budget.

While claims for small items of expenditure may be made via petty cash, adequate supporting documentation, preferably receipts must be obtained. Large items requiring cash payment must be checked with the CEO or Operations Manager (up to £200) before the arrangement is confirmed.

If using an online payment card such as Soldo then all receipts should be recorded with details of the project budget and account code.

Payment authorisation and Purchase Ledger

All invoices must be authorised for payment by the budget holder. The authorising person is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. The Treasurer must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason.

Once authorised as above, suppliers will be paid within the appropriate timescale.

This is generally 30 days or end of the month or following month. If there are any specific supplier arrangements, these must be communicated to the Treasurer.

Cheque writing and signing

SCYP have three cheque signatories, currently the Chairman, CEO and Administrators.

Any new cheque signatories must be approved at a directors meeting before the bank(s) is/are notified. Any change in signatories should be notified immediately in writing to the bank and to any other relevant institutions (i.e., building society, savings accounts, etc). The directors should have sight of written confirmation from these institutions that all changes in account signatories have been implemented.

All cheques and online banking require two signatories.

Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque.

No blank cheques should be signed. Cheques and the cheque stub should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.

A photocopy of each cheque should be filed by the treasurer with the supplier invoice.

Handling of cash

SCYP is seeking to reduce and remove cash payments wherever possible. We understand that where tuck is sold, or subs collected this unavoidable.

Petty cash will be topped up to £20 maximum when required; it is intended for small items, up to £20. Anything over this should be paid by cheque or using Soldo or Amazon where possible. The petty cash balance will be reconciled with receipts whenever the £20 has been spent on the project termly report.

Specific extra cash floats (for activities, etc.) should be arranged, giving us much notice as possible, with the Administrator. Funds will be transferred to the Soldo card for the staff member organising the event. This person will then be responsible for ensuring cash and receipts are returned as soon as possible after the event to be reconciled and banked by the Administrator. No further floats may be issued to that person for a similar purpose unless the previous float has been accounted for.

Mixing money or receipts from different events and petty cash sources creates accounting problems. In a real emergency, where another cash float must be used for something, a clear record must be kept, and brought to the Treasurer's attention.

Any cash income will be banked via the Administrator after each event, and not used for petty cash expenditure.

Salaries, Payroll, and Freelancers

SCYP is required to operate the PAYE system, and make annual returns to the

Inland Revenue. All people working directly for SUSSEX CLUBS FOR YOUNG PEOPLE, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they can't. All salary payments are currently paid by BACs.

It is the nature of SCYP's activities that from time to time specialist freelance consultants will be utilised. Freelance consultants will only be taken on when authorised in accordance with section 1 above. Consultants will be treated as self-employed, and contracts with such people must clearly indicate this.

Salaries will be paid on the 24th of the month, or nearest working day, apart from in December, when it will be the 18th.

All pay scales and new posts/re-structuring should be approved by the Directors.

The Treasurer, working with Marsh & Co accountants, is responsible for ensuring that:

- Each employee is paid in accordance with the approved terms and conditions, and payslips are issued in a timely manner.

- A PAYE system is used, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
- The correct deductions for Income Tax, NI, and any other appropriate deductions are made, and the necessary returns completed when required.
- The correct policies are administered with regards to the Statutory Sick Pay and Statutory Maternity Pay schemes, alongside any additional related benefits provided by SCYP.

Reimbursement of expenses

SCYP wants to ensure that staff, trustees, and volunteers are not out-of-pocket for the work they do for us, while also looking to get the best use of limited funds.

HM Revenue & Customs expenses and benefits rules recognise that reimbursement of standard business expenses (such as travel) are not taxable. SCYP's policy is guided by these rules, and we do not pay expenses that will give rise to tax or National Insurance.

In order to comply, any amounts claimed must be for actual costs incurred by staff 'wholly, exclusively and necessarily in the performance of the duties of their employment', and that adequate records are submitted with each claim.

General rules

- Expenditure incurred by staff, trustees, or volunteers of SCYP should be necessary to achieve our goals and represent good value to the organisations that fund us.
- Each staff member is responsible for familiarising themselves with these rules and understanding the limits of their authority, as SCYP may not reimburse any expenses considered unreasonable or outside this guidance.
- All expenses should be itemised, with supporting receipts attached on recognised claim forms.
- Expenses under £10 that have no supporting receipt may be accepted at the discretion of the manager approving. Expenses over £10 with no supporting receipt require a signed letter by the staff member explaining the purpose of the expense and the reason why a receipt is not provided. SCYP may decline to reimburse an expense claimed with no supporting receipt.

Eligible expenses

The specific rules for eligible expenses that may be claimed by staff are listed and described below:

Public transport fares

Expenses associated with public transport such as trains, buses, underground and short haul flights within Europe are eligible for expenses claims.

Staff are expected to make use of any special reduced fare arrangements, such as cheap day and period returns, where possible.

Use of personal vehicle

Staff may use their own vehicles for business travel if they wish, at their own risk.

Travel between home and your regular place of work is considered your normal commute and is not classed as business travel. If staff travel onto any other place of work in the same day, then this may be considered business travel.

Examples:

1. A member of staff travels from home to hall A for one session. They then travel to hall B for another session. They then travel home. The member of staff regularly works at both halls. Therefore, they can claim for travel from A to B but NOT for any of the journeys to and from home.
2. A member of staff regularly works at hall A but is asked to cover sessions at hall B. They can claim for journeys from A to B, for B to their home, but NOT for travel from home to hall A.

Where practicable staff should travel together to minimise costs. Any member of staff using his or her vehicle for business purposes must have a full UK driving licence, and the vehicle must have an in-date MOT certificate, be fully taxed vehicle and insured for business use. A mileage allowance may be claimed by staff using their own vehicle for business travel. Current mileage allowance rates are as follows:

- Car or van 40p per mile (up to [10,000 miles, 25p] thereafter)
- Motorcycle 24p per mile
- Bicycle 20p per mile
- Passenger on business travel (car or van only) 5p per mile (paid to driver)
- Parking fees, congestion charges and toll charges will be met by SCYP, but not parking fines.
- Taxis

The cost of travel by taxi will be reimbursed in the following circumstances:

- There is no reasonable or practical alternative to getting to the destination.
- The staff member has been required to work so early or late, that public transport is not reliably available, or the individual's safety is compromised.
- A 'heavy load' is being transported, which would be unreasonable to carry on public transport.
- The individual has a disability such that public transport is not appropriate.

The reason why the staff member has chosen to travel by taxi must be described in the expenses claim form, and a receipt provided showing the date, place of departure and destination.

Subsistence

The reasonable cost of meals purchased while staff are working at a temporary workplace or while travelling within the UK and abroad will be reimbursed by SCYP. Please note that the costs of buying meals for colleagues (other than when both parties are travelling on SCYP business) may not be claimed.

Overnight accommodation

Reasonable costs for overnight accommodation will be reimbursed where it is necessary for SCYP staff to perform their duties away from their usual workplace.

Medical costs

SCYP will reimburse the reasonable cost of eye tests. These may be requested by all staff regularly using computers.

Making claims

All claims for travel and subsistence expenses, from trustees, staff, and volunteers, must be completed online for Soldo, People HR or using SCYP's claim form. To comply with HMRC rules, staff need to record:

- When and where they have travelled and the purpose of all journeys.
- If paying for food for anyone other than themselves, who else was present and the purpose of the meeting.
- Claims by staff and volunteers should be authorised by the appropriate line manager, or, for the CEO by the Chair.
- Claims by trustees should be authorised by the CEO.
- Claims should be submitted monthly.
- Receipts must be attached to the record.

Petrol receipts must be attached to mileage claims – but not necessarily to each claim. Petrol receipts may be attached to a single mileage claim in a period to cover all claims.

Managers will authorise expenses on Soldo / PeopleHR reviewing that necessary information and receipts have been provided and that expenditure has been correctly allocated to any project or account code.

Grants, Donations and Trading Income

Income is received by SCYP in the form of grants, contracts with parishes, district/borough councils or members, private donations, donations from charitable trust funds and activity participant fees. Currently there is no membership fee charged to affiliated clubs.

Information about all income must be passed to the Administrator with the cheque or remittance advice. This will be filed and used to ensure such income is correctly recorded in the accounts and grant conditions noted.

It is the responsibility of the person gaining the grant to ensure all grant income is claimed as it becomes due or available, and that all staff/directors are aware of relevant grant conditions and exactly how the grant is to be expended. All end of grant reports should be completed when required by the funder.

All grants or donations should be recorded on the appropriate databases. The Administrator will monitor these records, ensuring they are completed correctly, and reconcile payments on Quickbooks.

Bank accounts

SCYP hold the following bank/savings accounts:

With NatWest:

- current account
- savings account
- Dorothy Parsons funds
- CAF Account – Savings only

The Administrator/s is/are responsible for banking all cheques and cash received.

All bank and cash transactions are recorded on Quick Books which is linked online to our Natwest accounts. The Administrator and Marsh & Co reconcile all transactions.

Budget setting

A yearly income and expenditure budget will be prepared by the Treasurer in time for final approval by the Directors in March, before the start of the financial year under consideration. The Treasurer will work closely with the Chairman and CEO in the preparation of this budget.

The approved budget will be used as a base to construct a cash flow forecast for the year, which will be updated regularly by the Treasurer.

Reserves Policy

Review of the risk scenarios

It is the policy of SCYP to maintain designated funds comprising unrestricted funds set aside by the trustees for several risk scenarios. Keyman insurance will be taken out on the CEO to cover risks if something untoward were to happen.

Risk of donations not covering core costs

The charity has a wide range of contracts and is therefore not over reliant on any one source of funds. The Treasurer will review the total income during the year and consider what surplus is available from contracted income to cover core costs. Where there is insufficient then donations will need to be sought and a reserve set aside to cover any shortfall.

Costs incurred on winding up the charity

SCYP has tightened its financial control and conservatively budgets forward a year in advance. Risks associated with the closure of SCYP are taken into account in the planning process, so no additional reserves need to be set aside.

Costs of alternative or additional offices and equipment

Risks are taken into account when setting the annual budget for the year ahead, so no additional reserves need to be set aside.

Costs of expanding SCYP

Costs of expanding services are considered when budgeting a year ahead therefore no additional reserves are set aside.

Financial monitoring and audit

The Directors and staff will receive appropriate, regular reports of income and expenditure against budget, including detailed breakdown of activity, Dorothy Parsons and other expenditure.

SCYP's financial year is from 1st April to 31st March. Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions. Final draft should be ready for and passed by Directors in June, with audited accounts signed at the September meeting.

Role of Treasurer

The Treasurer works in close co-operation with the Chairman and CEO, provides support and advice to the Directors. Specific responsibilities, with support from the auditors and Chairman are to:

- Prepare for approval budgets, accounts, and financial statements, within a relevant policy framework.
- Keep the Directors informed about their financial duties and responsibilities.
- Advise the Board on the financial implications of strategic plans and key assumptions included in the annual budget.
- Confirm that the financial resources are sufficient to meet present and future needs.
- Understand the accounting procedures and key internal controls, to be able to assure the Directors of SCYP's financial integrity.
- Ensure that the accounts are independently inspected, and accepted recommendations of the auditors are implemented.
- Formally present the accounts at the AGM, drawing attention to important points.
- Monitor SCYP's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities.
- Ensure that all Charity Commission Guidelines are followed.