



Lyvennet Community Pub Ltd

Financial Control Policy

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Introduction

The Board of Lyvennet Community Pub Ltd (LCP) recognises the importance of keeping accurate and transparent financial records so that:

- ✓ LCP meets its legal and other statutory obligations, such as Company Law, HM Revenue, Customs & Excise and common law.
- ✓ The Board members can fully exercise their responsibilities as Company Directors by having proper financial control of LCP.
- ✓ LCP meets the contractual obligations and requirements of its funders and investors.

This Policy paper includes references to staff. At present LCP does not employ any staff and therefore any staff roles mentioned in this Policy will be undertaken by the Chair and/or Treasurer, either jointly or singularly.

1 Internal controls

- 1.1 No single individual will have complete control over the entire sequence of financial transactions
- 1.2 Day to day responsibility for monitoring the finances of each project undertaken by LCP lies with the Treasurer and Chair with input from other Board members.
- 1.3 The Treasurer has specific responsibility for overseeing the financial management of LCP and ensuring that the information is presented in a clear and understandable way to the Board.
- 1.4 Any specific duties undertaken by the Treasurer and Chair do not reduce the Board's collective responsibility to make sure that the financial affairs are being managed in a professional and prudent manner and that risks are minimised.

2 Accounts

- 2.1 The Treasurer will maintain monthly accounts supported by a clear audit trail to allow analysis of transactions.
- 2.2 The Chair/Treasurer will have access to all account details and transactions at any time by access to an internet-based bank account.

- 2.3 If required it will also maintain a petty cash book if cash payments are being made.
- 2.4 Accounts must be drawn up at the end of each financial year within 6 months of the end of the year and presented to the next Annual General Meeting for approval.
- 2.5 The AGM will appoint the Charity's accountants and determine the need for independent auditing.

3 Banking

- 3.1 LCP will bank with the Cumberland Building Society and accounts will be held in the name of LCP.
- 3.2 The bank mandate will list a maximum of 3 Board Members who can sign cheques and authorise electronic transactions on LCP's behalf. These individuals will always be approved and minuted by the Board as will all the changes to it.
- 3.3 Each cheque / transaction from the account will be signed / authorised by at least two of the approved signatories.
- 3.4 A cheque must not be signed by the person to whom it is payable
- 3.5 LCP will require the bank to provide statements every month.
- 3.6 LCP will look to set up an electronic payment system and account monitoring facility but only in line with the same protection controls expressed for non-electronic payments.
- 3.7 LCP will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the Board.

4 Receipts

- 4.1 All monies received will be recorded and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc.). LCP will maintain files of documentation to back this up.

5 Payments

- 5.1 All expenditure will be on LCP business only and will be properly authorised so that this can be demonstrated.

- 5.2 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 5.3 Blank cheques will NEVER be signed.
- 5.4 The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 5.5 No cheques should be signed without original documentation (see 5.7 below).
- 5.6 Every payment from LCP's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). The original invoice will be retained by LCP and filed. One of the cheque signatories should ensure that the invoice is referenced with:

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|-------------------------------------|---------------|
| 1. Authorisation for payment | 2. Cheque No. |
| 3. Date cheque drawn / payment made | 4. Value |

- 5.7 The only exceptions to cheques / transactions not being supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, VAT, etc..
- 5.8 Where an original invoice is not available payment can be made subject to the provision of a valid receipt
- 5.9 Expenses/allowances. LCP will, if asked, reimburse out-of-pocket expenditure paid for personally by Board members, volunteers and staff, providing:
- ✓ Fares are evidenced by tickets.
 - ✓ Other expenditure is evidenced by original receipts.
 - ✓ Car mileage is based on local authority scales.

6 Shareholding

- 6.1 All shares have a value of £1 and the minimum investment is £250
- 6.2 The maximum investment is £5,000 per individual and £10,000 per household
- 6.3 Any annual interest payment to be made will be determined by Resolution approved at an Annual General Meeting. Any agreed payment will then be made on or shortly after 1 September of the AGM year.

6.4 Interest payment will be either through

a) a BACS payment

b) an increase in individual shareholding

6.5 Share withdrawals will be authorised only after the share value has been resold by LCP.

7 Other rules

7.1 LCP will not accept liability for any financial commitment unless properly authorised.

7.2 Any orders placed or undertakings given which are likely to cost LCP in excess of £1,000 must be authorised and minuted by the Board.

7.3 In exceptional circumstances such undertakings can be made by the Chair and Treasurer. When this rule is exercised full details will be provided to the next meeting of the Board.

7.4 All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of LCP with the prior approval of the Directors or in urgent situations the approval of the Chair who will provide full details to the next Board meeting.

7.5 LCP will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets.

7.6 LCP will maintain a property record of items of significant value, with an appropriate record of their use.

7.7 Funding Monitoring - LCP may have funders requiring specific monitoring information. The Board is expected to meet these monitoring requirements. If deadlines for monitoring returns are unable to be met, the Chair should be informed and he/she will approach the funder with an explanatory letter and negotiate a possible new deadline.

7.8 Insurance – LCP will comply with employers and public liability insurance as necessary. In addition, any building owned by LCP will be covered by insurance. LCP will ensure adequate cover is in place for all business activities with a recognised insurer that has clear claims procedures.