



Tees Heritage Trust Ltd

Financial Policies and Procedures

1. Background

Tees Heritage Trust's (THT) financial aspirations are:

- to ensure all financial transactions completed in the name of THT are transparent;
- to be operationally self-sustaining through:
 - development of income through increased activity and judicious and prudent management of funds;
 - development of other income-generating activities;
 - maintaining/building reserves to facilitate cash flow in the early stages of projects and to cover at least twelve months of the annual operating costs (including grants committed though not received);
 - securing grant income/loans to cover any project costs and only proceeding with projects when they are fully funded;

2. Aim of these procedures

The aim of these procedures is to set out requirements for financial procedures that will ensure:

- the safe and responsible operation of all THT financial business;
- clear and visible records with an appropriate audit trail;
- efficient payment of invoices (with regard to any agreed budget);
- the efficient external examination of THT business by appointed independent examiners annually;
- the prompt and regular reporting of the financial position to the Council of Management;
- the prompt and regular reporting of the financial position to Companies House and the Charity Commission;

These procedures are formally adopted by the Council of Management, and are subject to annual review. Most day-to-day transactions will be dealt with by the Hon. Treasurer appointed by the Council of Management.

3. Financial Planning and Budgeting

- 3.1 **Budgeting:** The Council of Management shall require a budget only when a project(s) involving significant capital and revenue expenditure is anticipated. Whenever such a situation arises, the Council of Management shall prepare and approve a budget setting out the proposed income and expenditure figures for the project and for that year or part thereof.
- 3.2 The Council of Management shall have considered a cash-flow forecast setting out the financial implications of any budget before approving that budget.

- 3.3 Upon approval the right to incur expenditure within a budget head up to the total approved, having regard to the likely final expenditure figure, shall be given to the Hon. Treasurer.
- 3.5 The Hon. Treasurer or Chair may from time to time produce proposals for the Council of Management for revising the budget.
- 3.6 **Financial planning:** in the above circumstances where a budget is required a three-year business plan with detailed income and expenditure forecast for year 1 and outline forecast for years 2 and 3 shall be prepared by the Hon. Treasurer and presented to the Board on a regular basis, at least annually.

4. Capital Appraisals

- 4.1 All projects, developments or items defined as capital expenditure in excess of £100 (that have not been agreed previously in the annual budget) will need approval by the Chair and/or the Board.
- 4.2 All projects over £10,000 will require an appraisal and budget before approval by the Board.

5. Control of Income

- 5.1 The Hon. Treasurer will prepare a financial report for each meeting of the Council of Management to allow monitoring of income and expenditure and performance against any approved budget.
- 5.2 The report will comprise:
- a statement of income and expenditure to date, set against budget and performance where appropriate;
 - a revised cash flow forecast for the forthcoming six months;
 - a list of debtors;
 - a note on any likely future events which may significantly affect the ability of THT to perform within the agreed budget.

6. Land and Property

- 6.1 All acquisitions, disposals or leases of land and property require the approval of the Council of Management.

7. Banking Arrangements and Authorisation

- 7.1 The Chairman and Hon. Treasurer jointly shall be authorised to initiate with THT's bankers the opening and closure of such bank accounts as they think necessary.
- 7.2 Ratification of bank account opening and closure and/or applications to vary the signatories of existing accounts shall require the Council of Management's approval.
- 7.3 Currently THT's bank accounts are as follows: -
- HSBC Community (current) Account which provides most banking services free of charge, except for overdrafts which THT does not wish to have. This bank account is intended for community and charity organisations that principally operate under £100,000 per annum. If transactions rise to a level near or over this amount HTN will need to review its banking arrangements. The funds held in this account are unrestricted.

- HSBC Business Money Manager (deposit) Account, also provided free of bank charges and with a small rate interest earned on deposits. This account is used as a 'feeder' account to the current account. The funds held in this account are unrestricted.
- Virgin Money Charity Savings Account in which the Trust's reserve fund is held. This fund comprises unrestricted and restricted sums. The restricted sum is a bequest received and earmarked as a grant towards the cost of repairs to the Church of St Cuthbert, Kirkleatham.

Bank statements shall be reconciled to the paid invoices at least once a month and any difference investigated and resolved as soon as possible. Any unexplained differences should be reported to the Council of Management immediately.

7.4 Authorisation

7.4.1 It was agreed by Trustees on 4th February 2016 that there should be four signatories to the accounts at HSBC – all of them directors: -

Charles H. Morris
R. Stewart Ramsdale
Peter Morgan
John K. Harrison

of which two signatures are required.

7.4.1 And three signatories to the account at Virgin Money – all directors: -

Charles H. Morris
R. Stewart Ramsdale
Peter Morgan

of which two signatures are required.

7.4.3 The following authorisations limits are:

- Hon Treasurer – online/BACS payments up to £500.
- Hon. Treasurer and one other signatory – payments over £500.

8. Insurances

8.1 The Chair and Hon. Treasurer shall effect public liability insurance cover for Tocketts Mill, and make arrangements for the negotiation of all claims.

8.2 The Council of Management will be kept informed of all new risks which require to be insured and of any material alterations affecting existing insurances.

9. Legal Matters

9.1 All legal matters and expenditure should be reported to the Board.

10. Procurement

10.1 Where possible and practical, no orders are to be issued without competitive quotations being obtained from suppliers. THT shall follow the procurement procedures required of recipients of grant bodies from which grants are received.

11. Income

11.1 Arrangements for the collection of all money due to the Trust shall be approved by the Council of Management.

- 11.2 All money and cheques received by THT shall be banked within 10 working days of the day of receipt and recorded accordingly.
- 11.3 All cheques awaiting payment into bank shall be kept in a secure place at all times and paid in promptly. All cash must be kept in a locked receptacle at all times.
- 11.4 Where debts cannot be collected Council of Management approval is required before debts can be written off.

12. Payment of Accounts

- 12.1 The normal method of payment of accounts shall be by BACS (up to £500) or cheque.
- 12.2 Expenditure up to £500 can be authorised by the Hon. Treasurer who must satisfy him/her self that:
- i. the work, goods or services to which the account relates have been received;
 - ii. the prices, calculation, discounts, VAT, etc. are correct;
 - iii. the relevant expenditure has been properly incurred against an approved budget;
 - iv. the account has not been previously passed for payment and is a proper liability of THT;
 - v. that payment terms of suppliers are being adhered to and advantage taken of any cash discount terms offered.
- 12.3 All invoices and vouchers shall be retained for inspection by the independent examiners.

Adopted on: 18th November 2020.

Last reviewed:.....[date]
