



FINANCIAL AND RISK MANAGEMENT POLICY AND PROCEDURES

Policy Statement

KidsAid affirms its commitment to upholding the principles of financial responsibility and accountability in all aspects of its operations. Financial responsibility shall be defined as the organisation's obligation to undertake only those commitments for which it possesses adequate financial resources. KidsAid shall ensure the timely discharge of all financial obligations, maintain precise and comprehensive financial records, and actively pursue the prompt collection of all outstanding receivables.

Financial accountability requires the organisation to produce and disseminate financial reports that are accurate, timely, and transparent, thereby enabling stakeholders to assess the organisation's financial standing with clarity and confidence.

The Finance Subcommittee, acting under the authority of the Board, bears responsibility for ensuring the prudent, effective, and efficient management of the organisation's financial resources. In doing so, it shall act in the best interests of KidsAid and in alignment with its mission and governance responsibilities.

Policy Purpose

The purpose of this policy is to establish the framework by which KidsAid's financial resources are managed. Adherence to this policy will support the organisation in maintaining financial responsibility, accountability, and prudent stewardship of its assets.

Scope

This policy applies to all financial transactions undertaken by, for, or on behalf of KidsAid. All individuals authorised to carry out financial activities on the organisation's behalf are required to comply with its requirements.

Responsibilities

The Board

The Board serves as the guardians of the charity's finances and other assets, with responsibilities that include:

- Ensuring that the charity's financial obligations are fulfilled and that robust financial controls are established to guarantee the proper receipt and application of all funds, as well as the accurate recording of all assets and liabilities.
- Acting with reasonableness and prudence in all matters concerning the charity, consistently prioritising the charity's best interests.
- Overseeing the development and implementation of an effective fundraising strategy.
- Maintaining accountability for the charity's ongoing solvency.
- Regularly reviewing the condition and utilisation of any properties and land owned by the charity.
- Recognising, leveraging, and safeguarding intangible assets such as organisational knowledge and expertise, intellectual property, the charity's brand, reputation, and goodwill.
- Ensuring that key risks to the charity are systematically identified, assessed, and reviewed, with appropriate systems in place to mitigate or minimise these risks.

The Finance Subcommittee

The Finance Subcommittee operates under delegated authority from the Board of Trustees to ensure the effective implementation of this policy, in line with the Terms of Reference set by the Board.

Led by the Finance Trustee, the Subcommittee provides KidsAid with expert financial insight and strategic oversight of the charity's financial strategy, operations, and long-term sustainability. It is responsible for scrutinising and reviewing financial plans, budgets, and forecasts, and for monitoring cash flow, expenditure, and reserves to ensure ongoing financial stability.

The Subcommittee ensures that the charity upholds a reputation for prudent financial stewardship, consistent with its values. It oversees the establishment and maintenance of robust financial controls and systems to ensure accurate reporting, transparency, and accountability.

In supporting long-term sustainability and growth, the Finance Subcommittee ensures that financial practices are aligned with the organisation's strategic goals. It also assesses financial risks and identifies potential vulnerabilities.

The Subcommittee is responsible for approving all financial transactions, except where authority has been delegated to the CEO in accordance with the Expenditure Delegated Authority Levels. It also approves the annual budget and any subsequent variations before these are presented to the Board of Trustees for final approval.

Additionally, the Finance Subcommittee reviews and recommends the annual financial statements and external audit findings to the Board, ensuring full compliance with all relevant financial regulations, reporting standards, and best practices in financial management.

The CEO

The CEO holds overall responsibility for the effective implementation of this policy and the financial management system of KidsAid. Where responsibilities are delegated to members of the Senior Leadership Team or the Bookkeeper, those individuals assume full accountability for carrying out the delegated tasks.

The CEO is responsible for:

- Developing and maintaining an effective financial management system in accordance with this policy.
- Overseeing the effective day-to-day management of the charity's finances.
- Ensuring all financial transactions are properly documented.
- Leading the annual budgeting process, ensuring it is informed by internal consultations, and submitting it to the Finance Subcommittee for approval.
- Ensuring any necessary variations to an approved budget are clearly evidenced and submitted for re-approval by the Finance Subcommittee.
- Arranging the annual audit or independent examination of accounts, in consultation with the Finance Trustee and in coordination with the appointed external auditor or examiner.
- Ensuring the regular review of this policy to meet the evolving needs of the charity, supervising the review process in consultation with the Finance Trustee, and submitting the updated policy to the Finance Subcommittee for approval.
- Overseeing the production and presentation of regular financial management reports and the preparation of annual accounts, in collaboration with the Bookkeeper and Finance Trustee.

The Senior Leadership Team and Bookkeeper

The Senior Leadership Team (including the CEO) and the Bookkeeper are responsible for the day-to-day implementation of this policy and the operational aspects of financial management at KidsAid.

They are jointly responsible for:

- Ensuring that all financial transactions are properly recorded, and that all required financial records are complete and accurate.
- Ensuring timely payment of all bills, salaries, expenses, and other financial obligations, avoiding surcharges, penalties, or fines.
- Prompt collection of all income owed to KidsAid, including grant funding, and ensuring all monies received are accurately recorded and banked.
- Producing regular financial management reports for submission to the Finance Subcommittee.
- Preparing the annual accounts of the charity and submitting them to the external auditor or independent examiner, in collaboration with the Finance Trustee.

Financial Procedures

A. Accounting.

1. A monthly cash flow report, and quarterly management report detailing the financial status of the charity must be prepared and presented to the Finance Subcommittee.
2. The annual accounts must be prepared in accordance with all legal requirements and appropriate good practice as recommended by the relevant professional bodies.
3. The draft accounts must be prepared not more than three months from the end of the financial year of the charity. The review by management, Trustees and external examiner must be completed in a timely fashion to ensure that the accounts and returns are submitted to the Charity Commission and Companies House ahead of any filing deadlines.
4. KidsAid must retain all accounting records for as long as is required by relevant legislation.
5. No financial record must be destroyed before the statutory period has expired.

B. Audit / Independent Examination and System Review.

1. An annual external audit or examination by an appropriate professional chosen by the Finance Subcommittee must be arranged for the purpose of carrying out an examination of the financial and related systems of KidsAid to ensure transparency, accountability, and prudence.
2. The Auditors / Independent Examiners will review, appraise, and report on the annual accounts of the charity, the effectiveness and adequacy of the internal control mechanisms and the suitability and reliability of financial and other management data.

C. Authorisation and Certification.

1. The CEO has delegated authority to certify the following categories of expenditure on behalf of KidsAid:
 - Orders for work, goods, and services for staff and volunteers, up to a maximum value of £3,500 per transaction.
 - Payment of expenses.
 - Salary and wages documentation prepared by the Payroll Company.
2. All other expenditures, including the payment of salaries and wages must be reviewed and checked by the Finance Trustee.

D. Banking Arrangements

1. All funds must be held in a bank account in the name of KidsAid at a bank/building society decided upon by the Finance Subcommittee.

2. The charity shall operate a current account for the purpose of receiving income and paying bills. Any monies/funds not immediately in use must be deposited in a high interest yielding account in the same name.
3. The Finance Subcommittee must decide upon the interest yielding account for maximum benefit to the charity after seeking professional advice.
4. All bank accounts must be reconciled at least once each month.
5. All cheque books must be under the control of the CEO and the Bookkeeper.

E. Bank Signatories and Payment Authority

1. The authorised bank signatories for KidsAid are the CEO, Finance Trustee, and Bookkeeper. The Bookkeeper is primarily responsible for making bank payments. In the absence of the Bookkeeper, the Finance Trustee must assume this responsibility.
2. The CEO should only make bank payments in exceptional circumstances. When this occurs, a full record of the payment and the reasons for CEO involvement must be documented and reported to the Finance Subcommittee.

F. Budget.

1. The annual budget projections must show the actual income and expenditure for the previous financial year, the original approved and revised estimates of income and expenditures for this financial year and the estimated income and expenditure for the coming financial year.
2. Sufficient supporting information must be provided by the CEO for variations between budget headings to be analysed. The detailed format of the annual budget must be decided by the CEO in consultation with the Finance Trustee in line with the general directions of the Finance Subcommittee.
3. The Finance Trustee, in conjunction with the CEO, is responsible for regularly monitoring the charity's actual income and expenditure against the approved budget for the current financial year. This budget review must be a standing agenda item at every meeting of the Finance Subcommittee, which will assess any significant variances and determine appropriate corrective actions as required.
4. Financial resources must be used only for the approved budget purposes.
5. Designated or restricted funds must be recorded in the accounts as having been received for the purpose for which they were given and must only be utilised for that purpose.

G. Cash Handling for Staff and Volunteers.

1. The Fundraising Manager is responsible for overseeing all cash-handling activities conducted by staff and volunteers on behalf of KidsAid. In their absence, designated members of the Development Team may assume this responsibility, as authorised by the Development Lead.
2. All cash received must be promptly recorded, and a receipt must be issued for every transaction, regardless of the amount. At the conclusion of each cash-handling event, cash must be counted, reconciled, and verified by either the Fundraising Manager or the Development Lead.
3. Any discrepancies identified during the reconciliation process must be reported immediately to the Development Lead.
4. Until deposited, all cash must be securely stored in a locked cash box or safe. Access is restricted to the Fundraising Manager, Development Lead, and CEO only.
5. All cash collected must be banked in full by the Fundraising Manager within three business days of receipt. Partial banking or the withholding of funds is not permitted.
6. Cash must never be used for personal expenses or removed from the premises except for the sole purpose of banking.

H. Claims for Expenses and Allowances.

1. All claims and expenses from staff must be paid through the wages system or by bank transfer. All staff expenses must be submitted at the end of each month with a receipt and be authorised by the CEO or member of the Senior Leadership Team.
2. Any cash payments made by staff or volunteers must be properly authorised in advance and supported by appropriate documentation, including receipts or payment vouchers.
3. Claims must only be allowed for expenses incurred for work done wholly and exclusively on behalf of KidsAid.
4. Claims must be submitted within three months of the expense being incurred.
5. Certification by or on behalf of the CEO must be taken to mean that such expenses were necessary, and the claims have been authorised as satisfactory, and that the expenses were properly incurred and payable by KidsAid.
6. Personal expense claims exceeding £250 from the CEO will be submitted to the Finance Trustee for approval.

I. Insurance.

The CEO has the delegated authority to affect all insurance cover and negotiate claims on behalf of KidsAid.

J. Inventories.

1. A Fixed Asset Register must be maintained by the Office Manager to record all of KidsAid's fixed assets.
2. The register must include a detailed description of each asset, including the date of purchase, cost, serial numbers and normal location. All portable items of furniture, fittings, equipment, and machinery with an expected useful life of more than twelve months must be included.

K. Investments.

The CEO has delegated authority, after consultation with the Finance Subcommittee and on the advice of a professional independent financial adviser, to arrange for the independent management of any/all investments of KidsAid. All such investments must be held in the name of the charity.

L. Orders for Work, Goods and Services.

1. Official orders for work, goods, and services exceeding the expenditure threshold set annually by the Finance Subcommittee must be signed by the CEO and countersigned by the Finance Trustee.
2. The CEO must retain a copy of the order.
3. As no official order needs to be written out for public utility services (water, electricity, gas telephone etc.), a record must be maintained to avoid duplicate payments and to monitor significant trends in consumption.
4. Payments for invoices, processed by the bookkeeper, will always be made after receiving approval from the CEO.
5. Three written estimates must be obtained when ordering goods or services over two thousand pounds to ensure value for money.
6. Payments for goods and services must always be made against an appropriate invoice or similar document.

M. Salaries / Wages and Pensions.

1. All payments of salaries, wages, pensions, compensation, and other earnings to staff, volunteers, or former employees must be processed by the Bookkeeper.
2. The CEO is responsible for notifying the Finance Trustee and Payroll Company of any matters related to earnings and payroll processing, including extended staff absences due to prolonged illness or other reasons (excluding approved leave), as well as providing all necessary information to maintain accurate records for pensions, income tax, and National Insurance.
3. All-time records and payroll-related documentation must be maintained by the Payroll Company. Access to these records is limited to the CEO, Bookkeeper, and Finance Trustee.

N. Security.

1. The CEO has delegated authority for introducing and maintaining any security measures to ensure the safety and security of all the charity's personnel, assets, and property.