Logo, company name

Description automatically generated

Shetland Community Benefit Fund

Financial Controls and Governance Policy

**Contents**

**1 Purpose and Scope**

1.1 SCBF Income

**2 Accounting and Other Financial Records**

2.1 Bank Access

2.2 Delegated Authority

2.2 Making Payments

2.3 Card Transactions

2.4 Petty Cash

**3 Financial Reporting**

3.1 SCBF Financial Year and Year End Accounts

3.2 Regular Reporting to SCBF Board

**4.1 Tendering Process for Expenditure**

**1 Purpose and Scope**

The Board of Directors are responsible for:

* Safeguarding the assets of the organisation
* Preventing fraud
* Avoiding mistakes
* Keeping financial records in accordance with the organisations governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc).
* Preparing Annual Accounts in accordance with the governing document and relevant legislation
* Ensuring accountability

To enable the Board of Directors to carry out these responsibilities, the Financial Procedures detailed in this document must be followed at all times by all Directors, staff and volunteers.

A copy of this policy and procedures will be given to all Directors on their election/appointment to the Board, and to all relevant staff and volunteers.

The policy and procedures will be reviewed annually by the Audit and Governance sub-committee and revised as necessary.

* 1. **SCBF Income**

The sources of money managed by SCBF are from the owners of renewable energy schemes (community benefit funds), bank interest, investment dividends and individual shareholders nominal payment (£1) per member.

To spread the financial risk, of having more than £85,000 in any one bank, SCBF will invest some of the monies between bonds and a Cash Management portal. SCBF also hold a few savings accounts independently of the Cash Management portal. Money in the Cash Management portal and these savings accounts can only be moved within SCBF accounts or to the nominated current account. The SCBF Investment Policy gives further guidance.

At this stage a SCBF scheme of scrutiny for money laundering seems unnecessary.

**2 Accounting and other financial records**

The organisation maintains a computerised accounting system which records:

* Cheques, cash and Internet Banking Transfers received
* Cheque payments, Internet Banking Transfers and other amounts paid from the bank accounts

Every transaction will be entered into Xero and the appropriate spreadsheet and will include:

* The date of the transaction
* The name of the person or organisation the money was received from or paid to and the full amount
* A brief description of why the money was received or paid
* An analysis of each amount under its relevant budget heading and funding stream

All documents relating to receipts and purchases will be filed and kept for a minimum of 7 years.

**2.1 Bank Access**

There are 3 persons who have access to all SCBF bank accounts. They are,

* Treasurer
* Fund Manager

Chair

In addition, the SCBF Current account also has the additional signatories

* Vice-Chair
* Administration Officer

All transactions from the Business current account must be verified by **two** of these people.

**2.2 Delegated Authority**

The following table breaks down the delegated authority for approving payments from the SCBF current account.

**Grant Payments**

|  |  |  |
| --- | --- | --- |
| **Payment Value** | **Approval** | **Bank Transactions** |
| Up to £5,000 | Community Council or Fund Management Group | Administration Officer + Fund Manager (staff) |
| £5,000 to £25,000 | Community Council or Fund Management group | Administration Officer + SCBF Officer |
| >£25,000 | SSE Renewables and Community Council or Fund Management Group | Administration Officer + SCBF Officer |

**SCBF Business Expenditure**

|  |  |  |
| --- | --- | --- |
| **Payment Value** | **Approval** | **Bank Transactions** |
| <£500 | SCBF Staff | Administration Officer + Fund Manager (staff) |
| £500 to £1,000 | Treasurer or Chair | Administration Officer + Fund Manager (staff) |
| £1,000 to £5,000 | SCBF Officers | Administration Officer + Fund Manager (Staff) |
| £5,000 to £10,000 | SCBF Officers | Administration Officer + SCBF Officer |
| >£10,000 | SCBF Board | Administration Officer + SCBF Officer |

**2.2 Making Payments**

Most payments by SCBF are made to grant recipients. The organisation in receipt of a grant must provide a bank statement dated within the last 6 months at the time of SCBF making payment.

The Administration Officer is responsible for creating payees. They must accurately enter all payee details and the amount to be paid through the online banking system. Once complete, the details are sent to the second authoriser, as detailed in the delegated authority table, for final processing along with a copy of the applicants grant offer letter and bank statement or invoice (for non-grants).

**2.3 Card Transactions**

There are 3 persons who have a SCBF Bank Card linked to the SCBF current account. They are,

* Treasurer
* Fund Manager
* Chair

All transactions must be accompanied by a receipt for the transaction. Where possible, this should be a VAT receipt. Any transaction over £500 using a SCBF bank card should be approved in advance by the Treasurer or in their absence, the Chair.

Payments of more than £500 should be paid by bank transfer rather than debit card with dual authorisation if at all possible.

**2.4 Petty Cash**

The SCBF office will hold a petty cash sum of £200. A separate policy for Petty Cash covers the management of these monies.

**3 Financial Reporting**

**3.1 SCBF Financial Year and Year End Accounts**

The SCBF financial year runs from the 1st April to the 31st March. SCBF staff are responsible for submission of the year end accounts and collate all invoices, bank statements and any other evidence of expenditure which is then sent to an independent accountant who prepare the end of year accounts and financial statements for SCBF.

Full accounts for the year will be provided for the SCBF AGM.

**3.2 Regular reporting to SCBF board**

A standard summary of SCBF management costs and grant funding spends will be provided to the Board of Directors every 2 months.

**4 Tendering Process**

Where available, and when competitively priced, SCBF aim to purchase goods and services locally. Expenditure greater than £10,000 should go out to tender. A group will be formed consisting of a minimum of 3 SCBF directors who will review the tenders and interview potential applicants. A scoring system will be used to ensure all candidates are consistently marked against the criteria of the tender.