

Financial Controls

1. Reimbursement of Expenses & Purchases

Scope

Trustees and volunteers are entitled to be reimbursed by LCL for all travelling and other expenses actually, necessarily, reasonably and incidentally incurred by them in carrying out their duties, on submission of an appropriately authorised claim form and relevant supporting point-of-sale receipts.

“Actually” means that the claimant actually incurred the claimed expenditure. eg: the bus fare for a journey cannot be claimed if the claimant had decided to leave earlier and walk the journey instead;

“Necessary” means that the charitable activity could not have been undertaken efficiently and effectively without incurring the expenditure;

“Reasonable” means that the cost of the expense must be commensurate with prudent, value-for-money use of LCL’s funds to promote and deliver its charitable purposes. Thus, the cost incurred must be similar to the costs of alternatives of similar quality and suitability-for-purpose. However, this does NOT mean that the cheapest goods/services must always be purchased. Where the additional benefits to the charitable activity being promoted/delivered demonstrably outweigh the additional cost of more expensive goods/service they can be chosen in preference to the cheaper alternatives. However, the claimant must always be ready and able to give a credible justification for their choice if challenged.

“Incidental” means that the expense(s) must not have been determined by considerations unrelated to the charity activity being promoted/delivered. For example: the claimant had attended a meeting the venue for which had been chosen specifically because it also enabled the claimant to visit a nearby friend. In such a scenario, even though the costs of attending the meeting in that venue would otherwise have been necessary and reasonable, they would not also have been incidental and, therefore would not be eligible for reimbursement.

Authorisation Expenses may only be incurred, and subsequently reimbursed by the Charity, in respect of activities which are part of the Charity’s agreed and budgeted programme of charitable activities (ie: by prior agreement with the relevant budget-holder). Likewise, goods and/or services may only be purchased on behalf of the Charity, and subsequently reimbursed, in respect of activities which are part of the Charity’s agreed and budgeted programme of charitable activities

Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

Some Trustees or volunteers may choose to waive, or not to claim, a reimbursement of expenses and/or purchases to which they would otherwise be entitled. LCL greatly appreciates the generosity of all who choose to act in this way.

However not claiming reimbursement of legitimate expenses/purchases can have some side effects. For example:

1. It causes the real costs of LCL’s activities (ie: including those costs which are subsidised by supporters) to be under-recorded and, therefore, under-reported (eg: in the Annual Report);

2. It can undermine effective budgeting if a volunteer who has hitherto not claimed their expenses is unable to continue to do so, or is replaced by someone else who is unwilling to do so;
3. It hides the true generosity of the Charity's supporters, particularly their financial generosity which goes unrecorded and, therefore, unreported;
4. It means that the effective gift of their expenses is not eligible for supplementation by Gift Aid;
5. Under-reporting the Charity's costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for the Charity.

Accordingly, LCL encourages all those who can legitimately claim reimbursement of their expenses to do so. This includes those supporters who are minded to waive or not claim their reimbursement as a personal gift to the Charity. Rather they should claim the reimbursement to which they are entitled and then back-donate it to the Charity, thereby making it eligible for Gift Aid.

Submitting Claims for Reimbursement of Expenses & Purchases

1. Claims for the reimbursement of expenses must be submitted on LCL's approved claims form;
2. Claims for the reimbursement of expenses must be accompanied by documentary evidence of the expense (eg: point-of-sale receipt, travel ticket, etc). Where such evidence is not available the claimant must provide a written explanation to the Treasurer for approval;
3. The Charity reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided;
4. Volunteers' completed expenses claim forms must be authorised by the Treasurer.
5. Trustees' expenses must be authorised by the Chairman or Treasurer;
6. All expenses claims should be submitted within 30 days of the relevant activity.

Travel Expenses

1. Public transport should be used wherever possible.
2. When it is not practical to use public transport, or where more than one Trustee or volunteer is travelling the same journey, travel by private vehicle is allowed and a mileage allowance will be paid.
3. Private cars can only be used in connection with LCL business if, at the time of each journey, it has a valid:
 - certificate of insurance for the kind of journey involved;
 - road tax (if required);
 - MOT certificate (if more than 3 years old).

4. Parking costs incurred when on charity business away will be reimbursed.
5. Taxis (preferably pre-booked mini-cabs rather than “on demand” hire) may be used where either no public transport is available or the journey time by public transport is unreasonably long (particularly where the journey involves multiple changes).

Other Types of Expenses

The above examples of expenses claims are illustrative, not definitive. Expenses not detailed above will only be paid if authorised (in advance whenever possible) by the Treasurer or, if not available, a person appointed by the Trustees to act on his/her behalf.

2. Petty Cash

Scope:

It is important that LCL establishes accountability for the proper handling of cash including receipts, storage, payments and record keeping.

Procedures

All cash received at outreach centres must be checked by two people and kept in a Petty Cash box stored in a secure place. Cheques received should be banked as soon as possible.

The cash/cheques must be entered to a Petty Cash book with date, amount, and name of donor.

In the event that any of the cash is used to cover authorised expenditure as listed in section 1 above, a signed Expenditure Voucher and point-of-sale receipt must support each transaction.

Each outreach centre must provide a monthly statement of Petty Cash receipts and expenditure to the LCL Treasurer as well as if requested.

This information is required to ensure LCL meets its legal obligation to report the real costs of its activities in the Annual Report.

The LCL Treasurer is authorised to conduct random checks on Petty Cash books and boxes to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.

3. Delegated Authorities

Scope

All expenditure must be properly authorised under a standardised procedure for dealing with expenditure items.

Authorities

Where budgets have been set, budget-holders may order items within their own budget and up to £150 in value.

For purchases outside of budget or over £150 and up to £250 value, the authorisation of the LCL Treasurer is required.

Items over £250 and up to £1,000 in value must be authorised by the Chair, Treasurer and Secretary.

For any purchase over £1,000 in value, a formal Board of Trustees' resolution is required.

Cheques and Other Instruments (eg: On-Line BACS, Direct Debit):

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment.

All cheques and other instructions to the bank, including instructions made on-line (eg: for BACS payments) must be signed by two authorised persons (see list below).

Where a cheque or other instructions to the bank – including instructions made on-line (eg: for BACS payments) – is for an amount exceeding £1,000 the payment must be authorised by the Board of Trustees unless the purpose for which the payment is being made has already been approved by the Board.

The authorisation of the payment can be made by written resolution, including by e-mail where appropriate (ie: the authorisation does not necessarily require the convening of a Board meeting).

Purchases Using Debit Cards

List of Authorised Signatories and Card Holders

Cheques

Cheques must be signed by any 2 signatories, as of 1/11/2021 the current signatories are:

Alan Wilson (Chair)
Karen Mayor (Treasurer)
Dawn Nightingale (Larder Co-ordinator)
Joan Bennett (Volunteer Co-ordinated)
Mandy Laurence

Further signatories can be added as agreed by the Board of Trustees.

Debit Cards

We currently have 3 debit cards in use as of 1/11/2021. The holders are:

Dawn Nightingale (Larder Co-ordinator)
Joan Bennett (volunteer Co-ordinator)
Wendy Mason (Trustee)

A further card can be obtained as agreed by the Board of Trustees.