

NVN Financial Management Policy

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Section 1 Introduction

Definitions

Throughout this manual the following abbreviation is used:

- NVN Natural Voice Network

Purpose of this manual

The NVN exists (as expressed in our constitution) to advance the art of natural voice singing with the public through the maintenance, development and improvement of the practice of natural voice and community song, and in particular the development of practitioners.

The policies and procedures explained in this manual have been developed so that we can manage our finances and resources effectively to enable us to succeed in delivering these aims.

We have no staff so all trustees and any regular freelance contractors are expected to familiarise themselves with the sections of the manual that are relevant to their work, and to comply with the procedures. If for any reason procedures are not followed, the circumstances surrounding this must be reported to the board of trustees immediately.

This is a working document, and we welcome recommendations and feedback on the policies and procedures, for example if you have suggestions from your experience for ways to make a process easier or more streamlined please discuss these with the treasurer.

Financial Objectives

- The trustees have agreed that the NVN aims to break even each year in order to be able to continue to provide a service to our beneficiaries.
- The trustees have agreed that the “bottom line” in the Network’s bank account should always be 50% of the annual membership income. There are no plans for entering any sort of loan agreement at all (though we have the power to under our constitution). The trustees use a forecasting tool to ensure that the above figure remains in the account looking ahead over a 12 month period despite fluctuations in the account due to surges of income or expenditure.
- The trustees have identified the following three core activities and will seek to finance these through income streams that are as secure and long term as possible
 1. Supporting the membership to network with each other – sharing information, ideas, materials, skills and experience
 2. Supporting the membership to gain appropriate training in Natural Voice work
 3. Publicising and promoting the work of the organisation and the activities of singing practitioners and choirs

General Points

Financial Year runs from: 1st August to 31st July.

The NVN is required by the Charity Commission to have an independent examination.

Accounts will be drawn up after each financial year within three months of the end of the year (i.e. by the end of October). These will be presented, after independent examination, to the Board via electronic transfer (not expected to be at a meeting of the Board) and then to the Annual General Meeting where they will be approved by the membership.

Review date

This manual was approved by the trustees at their meeting on 12th January 2020 and will be reviewed every 3 years.

Section 2 FINANCIAL RESPONSIBILITIES

Delegation of authority

The board of trustees recognises that the treasurer has day-to-day responsibility for financial management of the organisation and implementation of organisational financial policies, but that accountability remains with trustees.

The board of trustees is responsible for:

- approving the finance strategy, and reserves policy
- approving NVN’s financial policies and key financial procedures
- establishing financial management priorities, responsibilities and levels of delegated authority

- approving properly budgeted project plans when necessary
- monitoring performance against these budgets and approving budget variations
- approving the trustees' annual report and accounts
- appointing the independent examiner

The treasurer is responsible for:

- preparing, and presenting for approval, properly budgeted project plans when necessary
- reviewing NVN's activities regularly, monitoring compliance with organisational policies and reporting to the board of trustees against agreed performance standards
- ensuring that all trustees and any regular freelance contractors understand their responsibilities under these procedures
- ensuring that finance systems and processes which support these policies are set up, documented and implemented
- ensuring that sufficient records are maintained to show and explain NVN's transactions, in order to disclose accurately the financial position of the NVN at any time
- formal communications with the independent examiner and liaising with the independent examiner to produce the statutory accounts
- managing the budgeting process for any current project plans
- presenting financial reports at each trustees' meeting which give the board of trustees an understanding of NVN's overall finances, and advice and information to support decision making

Reserves policy

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. The NVN maintains restricted reserves (as described in Section 1)

- to provide cover for risks such as unforeseen expenditure or unanticipated loss of income

Conflict of interest policy

Trustees have a legal duty to act in NVN's best interests when making decisions, and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other business interests could influence their decision making. The NVN expects a similar obligation from any regular freelance contractors and members acting as volunteers.

Segregation of Duties Policy

In order to reduce the risk of errors and fraud, the processes in finance will be designed such that no individual is in a position to oversee a transaction through all its stages from start to finish. The stages are as follows:

- Initiating/authorising transaction
- Allocating custody of assets relating to transaction
- Recording transaction in accounting records
- Reconciling accounting records

For example, a person who requests a purchase cannot authorise it, pay for it and record it in the cashbook, without another person being involved as a check and balance.

Section 3 EXERCISING BUDGETARY CONTROL AND MONITORING

Project plans and budget approval

From time to time the board of trustees may define new projects and a project manager on the board will be nominated for the duration of each project. (For instance, the person on the board responsible for the Annual Gathering each year)

With the treasurer, the project manager will draft a plan for the project to present to the board of trustees for discussion and approval at their next meeting. This will include sections detailing the resources required to deliver the plan, a budget which matches this and an income and expenditure forecast.

The financial section will include written explanations of the estimates and assumptions underlying the figures, and identify potential risks.

Reporting and monitoring income and expenditure

The treasurer will produce regular reports which provide clear financial information to underpin decision-making and support trustees to discharge their responsibilities.

Reports to each trustee meeting will include:

- any changes to the normal day to day financial operations observed by the treasurer
- financial aspects of any projects that are currently active including explanations of any material variances from the project plan, and suggestions for corrective action where necessary
- income and expenditure forecast for the following 12 months.

The treasurer will also report any of the above to the trustee board immediately should the situation be thought to require urgent action.

Regular financial reports will also be given to project managers by the treasurer covering the areas for which they are responsible. The frequency of these reports will be determined mutually.

Project managers are expected to manage their projects but since they generally do not have direct access to the financial information, they rely on the treasurer's regular reports and are responsible for identifying any variations from the plan. They should notify the treasurer immediately if they foresee any material differences in income or expenditure.

The treasurer will ensure that the project managers are given suitable assistance to help them manage project finances successfully.

Section 4 CONTROLS ON INCOME

The main source of income for the NVN is membership subscriptions. In addition to this there is a small amount of income from the sale of teaching books and sound files. There is also income from organised events such as the Annual Gathering. Generally the NVN does not apply for grants or seek donations but might obtain these from time to time, should suitable opportunities arise.

All of the normal streams of income are self-regulating, since no goods or services are provided without prior payment, hence there is no need to have any provision for late payment.

Should any grants, donations or legacies be received by the NVN then the following will be applied but not for any income below £500.

Due diligence policy on accepting funds

The NVN must exercise due diligence prior to accepting significant donations and ensure that any funds accepted:

- fulfil our mission
- are not in conflict with our values
- do not present a risk to our reputation or independence.

To inform decisions, the NVN will evaluate the profile of the funder or donor, taking into consideration the original sources of their funding, the purpose of the funds and whether any conditions attached are reasonable, ethical and achievable.

Grants

Applications

New opportunities for grant funding may be identified by any member. The trustee board will determine whether an application is to be made, and will approve the application.

Management

Should the grant provider need reports on the progress of a grant-based project, the trustee board will appoint a named trustee who will be responsible for ensuring that reports are submitted to grant funders in accordance with grant conditions.

Legacies

The treasurer will keep records of any legacies notified to the charity, and will follow up on an annual basis to review progress on collection of outstanding legacies.

Section 5 CONTROLS ON EXPENDITURE

The aim of this policy is to ensure that expenditure is only incurred where it is:

- in pursuance of NVN's charitable purposes

- an effective use of NVN’s resources
- in compliance with any requirements relating to funding

All people connected with the NVN need to be aware that NVN is committed to expenditure when an order is placed, or contract is signed, not when the payment is made, so it is vital that orders are made responsibly, and only with the express approval of the board of trustees.

Expenditure falls into one of two categories.

1. Day to day. These are purchases which are usually of low value and are directly related to the day to day running of the organisation: phone bills, board member expenses, regular payment to contractors, maintenance of websites and the like. These have the common factor that they are needed for the day to day running of the organisation and there is either little choice of supplier/provider or there has been a previous agreement from the board of trustees that a specific supplier/provider is to be used. Examples here might be the choice of phone service provider, or the choice of a specific subcontractor for administration services.
2. Special. These purchases are for a specific purpose, for example, a potential new website or the videographer we employed for the 2020 Gathering.

Procurement, estimates and tendering

All ‘Special’ purchases must follow this process.

In order to ensure value for money for significant purchases, research should be carried out on the goods or services in question and a relevant specification drawn up. Written quotes should then be obtained dependent on value as follows:

Value of Purchase	Action Required (minimum)
£0 to £100	No quotation required
£100 to £1000	One written quote or a copy of a website page
over £1000	Three written quotes

Where three written quotes are specified, but a specialist item or service is required for which it is not possible to obtain more than one quote within a reasonable amount of time, a business case must be made and signed off by the trustees.

Where the supplier chosen is not the cheapest, the reasons for this choice must be documented.

Where an item falls into a higher category it is not allowed to make multiple applications at lower levels to avoid the additional requirements. For example, making a case for two amounts of £60 to cover an item valued at £120.

Expenditure

All purchases above £1000 (even if they are verbal, or via an electronic ordering system) may only be made with the approval of the board of trustees.

All payments are made with the approval of at least two members of the board of trustees and they must be sure that the payment approval relates to a previously agreed purchase, or that it is a reasonable payment that it is necessary for the NVN to make. Expenses claims would fall into this category.

Payment Process

All payments follow the same process with the exception of standing orders and direct debits which are discussed later in this section.

A payment is first triggered by some form of request to pay. This is handled by the NVN administrator. The request would be an invoice received, or an expenses claim, or perhaps a request from the board of trustees to make a payment. It is important that any member of the board of trustees (or other persons acting as representatives of the NVN) should pass on to the administrator without delay any invoice that they receive in connection with the NVN.

The administrator then contacts the members of the board of trustees using an emailed approval document that details the requested payment. At least two approvals must be received from members before the payment may go ahead. The following rules apply to these approvals:

- The approvals shall not include the treasurer
- No trustee (or someone connected to the trustee) who is receiving a payment as a result of the approval should be counted in the two approvals
- No trustee who has a significant interest in a project should be counted in any approval of a payment related to that project
- In cases where multiple approval requests are made in one document (often the case with trustee expense claims), it may be that several approvals are required to comply with our process. In this case the administrator should ensure that sufficient approvals have been received

The administrator shall record sufficient approvals to cover these requirements.

Regular payments of the type that use bank standing orders or direct debits are handled in a slightly different way. Here a general approval is sought once a year and the payments for that year go ahead without further approval. Phone bills and sub-contractor's monthly payments fall into this category.

Section 6 INVESTMENT AND BORROWING

The NVN does not invest or borrow money for any purpose at the time of writing and is not expected to do so in the foreseeable future. If the situation changes then the trustee board should take steps to cause this section to be revised.

In the case of moving money into a simple savings account with a well-known bank or building society, all that will be required is the application by the treasurer to the trustee board for approval. After that the funds will be monitored in the same way as the current account.

Section 7 CONTROLS ON THE FINANCIAL ASSETS/RECORD KEEPING

Apart from members and contractors who work with us, money is one of NVN's main assets. Our policies and procedures are set up to ensure that it is safeguarded and only used for genuine expenditure.

Bank account policies

- Bank accounts in NVN's name must only be used for NVN business, they must not be used to receive or transfer money for the private benefit of individuals or third parties
- The opening or closing of bank accounts and the approval/removal of signatories on bank accounts are determined by the board of trustees and recorded in the minutes
- The treasurer will prompt a discussion with the trustees every three years to verify that the current bank still meets the requirements of the NVN. It is suggested that this is done towards the end of the term of office of the treasurer
- Cheques, online payments, standing orders, direct debits and other withdrawals from bank accounts are authorised by two signatories
- The treasurer is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date

Bank account procedures

Making Payments

- There are four signatories to the bank accounts who are able to sign cheques and authorise online payments, standing orders and direct debits:
 - treasurer
 - two members of the board of trustees
 - administrator
- Provided that the payment has first been approved as detailed in 'Controls on Expenditure', the administrator sets up the payment with the bank and one other signatory authorises the payment before the bank releases the money
- No person can authorise any payment involving themselves or any related party, or for any project that they are promoting or managing
- NVN no longer uses cheques for banking. Should the bank send out any cheque books, these will be destroyed immediately
- The administrator is responsible for keeping documents, setting up payments by direct debit or standing order, and for monitoring arrangements so that the NVN can ensure that they are cancelled when the NVN stops using the goods or services being supplied. This process is overseen by the treasurer
- When making a payment, the person authorising must check the invoice (or similar evidence) and then make the appropriate electronic approval to the bank

Credit and debit card policy

- The NVN will issue a debit card only to the treasurer where there is an operational requirement. This will be authorised in each case by the board of trustees.

- The NVN will not issue a credit card to anyone.
- The debit card will only be used by the named cardholder for the purchase of goods or services on behalf of NVN.
- The cardholder will be responsible for ensuring that the card is kept in a safe place at all times, and that the PIN is protected.
- There will be set limits for all transactions for each card. These will be subject to the same approval methods as other payment and so are always pre-approved.
- Claims for the purchase of any items that do not comply with the NVN's expenditure policies will be rejected and the cardholder will reimburse the NVN for such expenditure.

Cash handling policy

Cash is the asset most obviously at risk of misappropriation and fraud and is rarely handled within the NVN. In order to ensure the security of our cash and the protection of individuals, our procedures are set up with the following criteria:

- Cash received is counted by at least two unrelated people if possible, although it is recognised that the administrator often works in isolation and this may not be possible
- Cash received is paid into the bank as soon as possible
- The use of cash for payments is kept to a minimum, and is properly controlled
- All cash is securely locked up
- No payments are made directly out of cash received

Cash handling procedures

Income through the post

- All cash and cheques received are listed on the appropriate spreadsheet and the data checked by the bookkeeper when entering into the cashbook.
- The cash/cheques must be banked at the earliest opportunity.

Income in person

- Any cash/cheques received in the office are recorded alongside the income received through the post.
- If there is no other documentation, a receipt/acknowledgement will be given to the person who delivered the cash, detailing the amount and purpose of the income. A copy of the receipt should be kept with the finance records.

Safety when handling cash

When banking or collecting cash, the safety of individuals is paramount. Individuals should on no account put themselves into situations of danger, and should give up/not seek to recover cash or valuables if in physical danger.

Petty cash

Petty cash is not used within this organisation.

Accounting records policy

The NVN will keep accounting records which are sufficient to explain all transactions and show the charity's financial position at any time. These will include:

- cashbook
- bank statements
- records of all expenses
- records of all income
- grant files if appropriate

All accounts files will be kept for a period of eight years from the date of occurrence (as agreed by the board of trustees). The bookkeeper is responsible for keeping these records.

Bank reconciliations

Reconciling the entries in the cashbook to the bank statements is a central financial control. Bank reconciliations will be carried out promptly (by the bookkeeper) after receiving each bank statement. At the end of the financial year all records are checked by an independent examiner.

Section 8 CONTROLS ON HUMAN RESOURCES COSTS

People are the NVN's most valued asset, and also where it spends significant amounts of money. We therefore have these policies and procedures to ensure that this money is spent effectively. The NVN has no employees and has two contract persons who are responsible for administration and bookkeeping activities. This section focuses on the financial aspects of interactions with the contractors and any other people the NVN may consult with or work with under contract.

Contract and consultancy

The NVN has decided that it will be better to use contract staff to achieve our objectives, rather than employ people. This decision should be reviewed by the trustees from time to time and the following factors should be taken into account:

- Is this approach is the best value for money?
- Do the contractors have suitable skill sets for the (ever changing) requirements of their roles?
- Are there any other ways that the function of the contractors could be realistically achieved?

All proposals for working with contractors or consultants must be approved in compliance with the procedures on exercising budgetary control and procurement prior to any appointment.

There must always be a written agreement, approved by the board of trustees with contractors and consultants, covering the following matters:

- specification of the role
- arrangements for payment
- responsibility for insurance (if appropriate)

- intellectual property (if appropriate)
- variations to the contract
- resolution of disputes
- termination
- additional payments for expenses

Section 9 REIMBURSEMENT OF EXPENSES

The NVN wants to ensure that trustees and volunteers are not out-of-pocket for the work they do for us, while also looking to get the best use of limited funds.

HM Revenue & Customs expenses and benefits rules recognise that reimbursement of standard business expenses (such as travel) are not taxable. The NVN's policy is guided by these rules and we do not pay expenses that will give rise to tax or National Insurance.

In order to comply, any amounts claimed must be for actual costs incurred by individuals 'wholly, exclusively and necessarily in the performance of their duties', and adequate records must be submitted with each claim.

General rules

- Expenditure incurred by trustees or volunteers of the NVN should be necessary to achieve our goals and represent good value to our members and any organisations that fund us
- Each individual is responsible for familiarising themselves with these rules and understanding the limits of their authority, as the NVN may not reimburse any expenses considered unreasonable or outside this guidance
- All expenses should be itemised, with supporting receipts attached on the NVN's claim form
- Expenses under £5 that have no supporting receipt may be accepted. Expenses over £5 with no supporting receipt require a signed letter by the claimant explaining the purpose of the expense and the reason why a receipt is not provided. The NVN may decline to reimburse an expense claimed with no supporting receipt

Eligible expenses

The specific rules for eligible expenses that may be claimed are listed and described below:

- Public transport fares
- Use of personal vehicles
- Taxis
- Subsistence
- Overnight accommodation

Public transport fares

Expenses associated with public transport such as trains, buses, underground and short haul flights within Europe are eligible for expenses claims. All such claims should be for second class travel if available.

Individuals are expected to make use of any special reduced fare arrangements, such as cheap day and period returns, where possible.

Use of personal vehicle

Individuals may use their own vehicles for business travel if they wish, at their own risk, when it is considered that public transport would result in a significantly longer journey time or would cause an overnight stop or is otherwise impracticable. Where practicable staff should travel together to minimise costs. Any member of staff using his or her vehicle for business purposes must have a full UK driving licence, and the vehicle must have an in-date MOT certificate, be a fully taxed vehicle and insured for business use. A mileage allowance may be claimed by people using their own vehicle for NVN travel. Current mileage allowance rates are always in line with HMRC

<https://www.gov.uk/expenses-and-benefits-business-travel-mileage/rules-for-tax>

Type of vehicle	First 10,000 miles	Above 10,000 miles
Cars and vans	45p	25p
Motorcycles	24p	24p
Bikes	20p	20p

Parking fees, congestion charges and toll charges will be met by the NVN, but not parking fines.

The reference to 10,000 miles relates to the HMRC's annual allowance for an individual. The NVN have chosen to place a single journey threshold for all travel to discourage the use of personal transport for longer journeys. Only the first 150 miles are paid at the higher rate and thereafter the lower rate is used.

Taxis

The cost of travel by taxi will be reimbursed in the following circumstances:

- There is no reasonable or practical alternative to getting to the destination
- The member has been required to work so early or late, that public transport is not reliably available, or the individual's safety is compromised
- A 'heavy load' is being transported, which would be unreasonable to carry on public transport
- The individual has a disability such that public transport is not appropriate

The reason why the member has chosen to travel by taxi must be described in the expenses claim form, and a receipt provided showing the date, place of departure and destination.

Subsistence

The reasonable cost of meals purchased while members are working at a temporary workplace or while travelling within the UK and abroad will be reimbursed by the NVN. Please note that the costs of buying meals for colleagues (other than when both parties are travelling on NVN business) may not be claimed.

Overnight accommodation

Reasonable costs for overnight accommodation will be reimbursed where it is necessary for individuals on NVN business to perform their duties away from their usual workplace.

As a guideline, accommodation is expected to be a bed and breakfast or small hotel or equivalent.

Making claims

- All claims for travel and subsistence expenses, from trustees and volunteers, must be completed on the appropriate form
- Claims should be made as soon as possible after the event and always within six weeks of the event
- All claims are approved by members of the board of trustees

Section 10 EXPENSES CLAIM FORM

On the following page there is a copy of the expenses form.

Natural Voice Network Expense Claim Form for NVN members

Claiming Expenses

The Trustee Board has agreed that NVN members as volunteers can claim:

- Travel – second class train fare; car 45p per mile for first 150 miles of return journey and 25p a mile thereafter.
- Shared lunch expenses for meetings.
- Other reasonable expenses.

If you are not sure about what you can claim, ask the Treasurer.

Please:

- Attach receipts where possible and send completed form to the Administrator, at admin@naturalvoice.net Please note that expenses under £5 that have no supporting receipt may be accepted. Expenses over £5 with no supporting receipt require a signed letter by the claimant explaining the purpose of the expense and the reason why a receipt is not provided. The NVN may decline to reimburse an expense claimed with no supporting receipt.
- Claim as soon as you can and certainly within six weeks of expenditure.

If you have questions about expenses, you may want to refer to the Financial Management Policy Section 9 which is available in the members' area of the NVN website with the members' handbook documents.

NAME		
ADDRESS		
DATE OF EXPENDITURE	PURPOSE AND DESCRIPTION*	AMOUNT
	TOTAL:	
Pay into my bank account:		
Sort code:	Account number:	
<i>*Please explain whether this expense is related to</i> <ul style="list-style-type: none"> • <i>general costs (meetings or general Trustee Board business)</i> • <i>Annual Gathering/AGM</i> • <i>fundraiser</i> • <i>other (please specify)</i> 	<i>And the sort of thing it's for – e.g.</i> <ul style="list-style-type: none"> • <i>travel</i> • <i>stationery</i> • <i>postage</i> • <i>telephone</i> • <i>lunch</i> 	
SIGNED	DATE	

Section 11 CONTROLS ON PHYSICAL ASSETS

The NVN does not have any significant assets other than the stock of any songbooks and accompanying data storage devices. The stock usually has a value (based on cost rather than resale value) of less than £5000. The stock is held with the administrator and is not thought to have enough value on the open market to present a significant risk, however the trustees should review this from time to time to establish that they are happy with this arrangement. The bookkeeper logs the stock value as part of the end of year accounting.

There are a number of items that are used at the Annual Gathering which are stored by a member who lives near to the location of the event. These have a total value which, if presented as a total loss would not impact upon the organisation in any significant way. The trustees should review the value of these items (including allowing for depreciation) from time to time and confirm that the value is still insignificant.

There is no insurance currently applied to any items of stock.

Section 12 DELEGATED AUTHORITIES

All matters are dealt with by the board of trustees. Some matters may fall under a procedure detailed in this document and so may be completed by a small group from the board, such as authorising payment of an invoice or expenses but any matter not covered in that way is dealt with by the whole board either at meetings or by electronic communication.

Section 13 DOCUMENT CONTROL

This section tracks changes to the document.

Issue

Issue 1.00 Initial version as approved at the meeting of the trustees on 12th January 2020.