



Steel Valley Beacon Arts

Company No: 12845448
Charity No: 1192514



Finance Policy and Procedures

The **Mission** of Steel Valley Beacon Arts is to offer the opportunity to anyone in our area to develop their performing arts skills in a safe inclusive environment in order to create quality theatre productions for our community.

The **Vision** of Steel Valley Beacon Arts is to be an excellent example of community theatre; working together, building individual and group confidence and self-esteem to provide quality entertainment in the community.

The purpose and scope of this policy statement

The purpose of this policy statement is to:

- set out the overarching principles that guide our approach to financial management and accounting
- ensure that we operate in line with our values and within the law when undertaking our activities and events

The policy applies to the Board of Trustees, members of staff and volunteers authorised to manage the resources of Steel Valley Beacon Arts (SVBA).

We believe that

- financial management is essential to the governance and sustainable operation of Steel Valley Beacon Arts

We recognise that

- sound financial management is linked to the achievement of Steel Valley Beacon Arts' objectives
- all areas of Steel Valley Arts finances need to be managed

We will undertake financial management by:

- appointing a Lead Trustee to manage our finances, known as the Treasurer
- appointing a budget holder for each production from within the Production Team
- ensuring financial risks are identified and mitigated as part of our risk management framework
- reviewing finances at each Board of Trustees meeting

Legal framework

This policy has been drawn up on the basis of legislation, policy and guidance that relates to the financial management of charities in England.

Roles and responsibilities

Trustees of Steel Valley Beacon Arts are collectively responsible for ensuring that the charity's resources are properly managed and accounted for.

The following definitions are used within the Policy and Procedures:

Board: The Board is the Board of Trustees of Steel Valley Beacon Arts

Financial Year: SVBA's financial year is 1 January to 31 December.

Treasurer: The Treasurer is the member of the Board who leads the strategic and operational responsibility for the financial management of SVBA

Finance Officer: The Finance Officer¹ is the person who has the day-to-day responsibility for the administration of SVBA's financial transactions.

Authorised Person: Authorised persons are those persons authorised by the Board of Trustees to approve financial instruments (cheques, purchase orders, invoices, *etc*) on its behalf.

Our policy and procedure for the following aspects of financial management can be found in the relevant sections:

1. [Budgeting and Control](#)
2. [Income](#)
3. [Payments to employees and volunteers](#)
4. [Purchasing](#)
5. [Petty Cash](#)
6. [Accounting and Audit](#)
7. [Fundraising](#)
8. [Donations and Legacies](#)
9. [Anti-Money Laundering](#)
10. [Expenses](#)

¹ It may be the case from time-to-time that the Treasurer and the Finance Officer are the same person. For that reason, these policies and procedures are constructed in a way which does not require or imply that one role acts as a monitor/validator of the other.

Contact details

Treasurer

Name: **Barbara Caswell**

Phone/email: caswbrb@sky.com

We are committed to reviewing our policy and good practice annually.

This policy was last reviewed on 16th September 2020.

Signed: *Barbara Caswell*

Date: 16th September 2020

1. Budgeting and Control

The purpose of budgeting and control is:

- to provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;
- to provide a structure for monitoring and controlling expenditure and allow authorised budget-holders the flexibility to manage their respective budgets within the limits laid down by the Board.
- to ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet SVBA's financial commitments as they arise.

Budgets will provide budget-holders with the authority to spend within the amounts specified under each budget heading. The amounts budgeted for the income and expenditure, both within budget categories and overall, of SVBA cannot be exceeded, transferred or altered without the authorisation of the Board.

The Finance Officer will provide budget-holders with regular reports (informal reports will be provided monthly as appropriate, formal reports will be provided quarterly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Finance Officer will ensure that the Board (via the Treasurer, where appropriate) is informed where any breaches of this policy may occur.

Budget-setting process

A budget is a plan translated into money for a defined period of time.

The operational budget for the financial year will be prepared after the Board has clarified its aims and objectives for the year ahead, supported by feasibility and production plans.

The budget will ensure:

- co-ordination of SVBA activities towards a single plan;
- the setting and communication of financial targets;
- the allocation of resources are maximised;
- the identification of financial problems;
- the establishment of a system of control by having a plan against which actual results can be compared;
- organisational planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time. The Treasurer will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year.

The draft budget and any explanatory notes will be circulated to the Board for review. Any necessary revisions will be made and a final draft budget presented to the Board for approval and adoption no later than the last day in the financial year prior to that to which it applies.

Through the year budgets will be prepared for each production by the producer for approval by the Board. No spending on a production should take place without budget approval by the Board.

Monitoring and Revision

The Finance Officer will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

2. Income

The purpose of this process is to:

- to safeguard, monitor and control income including grants, fees, ticket sales, donations and contributions in the form of BACS, cheques and cash
- to outline the structure of authorisation for dealing with income, credit-control and cash management.

Membership Charges

The Board are responsible for reviewing and setting the membership charges on an annual basis to ensure the income generated from members can support the objectives set out in the Strategic Plan.

Membership charges comprise of:

1. an annual membership subscription; and
2. monthly fees

All participants in Steel Valley Arts activities are required to be enrolled as members and pay an annual subscription. This will fall due on 1st January each year and should be paid no later than 31st January each year. It is vital that those participating in our activities are members for insurance, health and safety and data protection purposes.

All members will be required to pay a monthly fees which should be paid on 1st of the month and no later than 8th of the month.

Members will be advised of charges for the forthcoming year at the Annual General Meeting.

Invoicing Standard

Invoices should be issued whenever it is appropriate and should include the following details:

1. SVBA's logo;
2. a statement that SVBA is a registered charity, and its charity number;
3. the name and address of the person or organisation being invoiced;
4. the date of the invoice, which must be the date it is posted to the accounts;
5. the nature of the services and/or goods being charged for;
6. the rate at which services and/or goods are being charged for;
7. the purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
8. if the invoice is to a funding body it should state the funding period to which it relates;
9. the invoice total; and
10. SVBA's payment instruction & terms of payment.

Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format. Otherwise the invoice shall be printed

and sent by post. In either case the invoice must be despatched within 2 working days of being produced.

Outstanding invoices

The Treasurer will review the outstanding invoices every month.

If an invoice hasn't been paid within 28 days of being issued, then a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Board to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (e.g. the provision of goods or services, or access to any of SVBA's facilities or resources) until the outstanding debt has been repaid in full.

Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

Recording Payments

Payment by BACS

Where payments are made directly into the bank account via the BACS payment system the Finance Officer will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

When payment by cheque or cash is received

When cheques or cash arrive the Finance Officer will ensure that cheques are properly signed and made payable to SVBA and be banked the same day where possible but at least once per week. Any cheques or cash not banked immediately must be locked away in a safe overnight or until it is banked. A maximum of £250 cash may be held overnight.

Cash in Transit

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Chair of Trustees must be informed immediately and take the appropriate action.

The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money. If the amount of cash (i.e. excluding cheques) being banked is greater than £250 then two people should take the cash to the bank.

Gift Aid

SVBA will utilise Gift Aid, whereby for any donation from a UK taxpayer, a further 25p can be reclaimed from HMRC. Additionally, using the Gift Aid Small Donations scheme, SVBA may be able to claim a top –up payment on small donations. SVBA will keep a supply of Gift Aid declaration forms.

3. Payments to employees and volunteers

Employees

An employee is defined as anyone whose services are engaged, for payment, by Steel Valley Beacon Arts. These are normally those with specialist skills required to deliver the organisation's activities and events, such as the Artistic Director, Musical Director, Choreographer and musicians.

Rates of payment and hours to be worked will be agreed between the employee and the Board prior to engagement.

All payments to employees will be made monthly in arrears by BACS transfer on receipt of an invoice from the employee.

Volunteers

A volunteer is defined as someone spending time, unpaid, doing something that benefits Steel Valley Beacon Arts.

Volunteers are urged to claim any expenses incurred while working for SVBA in line with our [expenses procedures](#).

Volunteers can spend up to £30 without approval of the budget holder. The Treasurer will inform the Board in the event of any claims thought to be excessive.

4. Purchasing

The purpose of this process is to ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

Orders - Goods and Services

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.

Budget-holders may order items within their own budget and up to £100 in value. For purchases outside of budget or over £100 and up to £500 value the authorisation of the Treasurer is required.

Items over £500 in value must be authorised by the Board.

For any purchase over £1,000 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Delivery notes must be checked and initialled by the budget-holder and be filed in the delivery notes file. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Treasurer must be informed.

Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Treasurer for payment. In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

Purchases - Depreciable Assets

SVBA uses a Receipts and Payments accounting procedure, which means it need not account for any depreciable assets.

Payments by Cheque and Other Instruments (eg: Online BACS, Direct Debit)

Where appropriate, authorised persons who are not Trustees may be established by resolution of the Board. The resolution must state the reason for the authorisation and the date on which it will expire.

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.

The Charity Commission guidelines recommend that all cheques and other instructions to the bank, including instructions made online (e.g. for BACS payments)

be signed by two authorised persons. However, where this is not practical for small payments, the Trustees may decide to allow of amounts of up to £100 to be approved by just one authorised person, provided that that decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made.

Where a cheque or other instructions to the bank – including instructions made on-line (e.g. 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 (i.e. the authorisation does NOT necessarily require the convening of a Board meeting).

On-Line Purchases Using Credit/Debit Cards

It is recognised that the increasing availability of on-line purchasing means that it is very often possible to secure products at very competitive prices.

SVBA's bankers do not provide a credit/debit card to allow such purchases to be online with direct charging to SVBA's bank account. This means that SVBA can only take advantage of competitive online pricing where budget holders are willing and able to make such purchases using their own personal credit/debit card and reclaim the expenditure from SVBA. SVBA accepts that, provided that due care is taken to ensure probity, that this is a reasonable and beneficial way of proceeding. All such online purchases must have the prior approval of a Trustee who is not otherwise involved in the purchase, in addition to the budgetary approvals specified earlier.

Online purchases of items for SVBA **must not** include within the same order any item for the personal use of the person placing the order.

The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by SVBA. The reimbursement of individuals for purchases made on behalf of SVBA will always be by cheque signed by two Trustees who are not otherwise involved in the purchase (including reimbursement which are within the single-signature limit in Small Charity Support's bank account mandate).

5. Petty Cash

The purpose of this process is:

- to ensure all cash is properly handled including storage, payments and record keeping.
- to establish accountability for the proper handling of cash.

SVBA will avoid the maintenance of Petty Cash accounts except where absolutely necessary for practical operational reasons.

All cash must be kept in the Petty Cash boxes provided which should be kept in a secure place.

A signed Expenditure Voucher and point-of-sale receipt must support all transactions.

All petty cash boxes must be reconciled monthly by the petty cash holder, or named responsible person.

Requests for replacement cash must tally with the sum of the vouchers.

The Treasurer shall operate random checks on Petty Cash boxes to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.

Administration and Accounting

Payments from Petty Cash are recorded and signed for using Expenditure Vouchers as they are paid out against point-of-sale receipts.

Petty Cash floats operate on the imprest system where the total of the cash and Expenditure Vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Treasurer immediately for investigation and action. The amount of float held in a Petty Cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £50).

At the end of the month the Finance Officer will enter the petty cash expenditure into the main accounts.

Cash Handling

SVBA will have controls in place when handling the money received

- At least two people are involved in handling and recording
- All cash is banked as soon as possible without deducting expenses.

6. Accounting and Audit

The purpose of this process is:

- to ensure that SVBA meets the statutory accounting requirements of the Charities Commission and Companies House
- to provide accurate and useful data for the Board and staff.

SVBA's accounts will be managed electronically using appropriate software approved by The Board and SVBA's Auditor/Examiner.

The Board of Trustees appoints the Auditor/Examiner at the AGM, or at other times when circumstances require.

The Treasurer, in conjunction with the Finance Officer where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes.

The Treasurer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Annual General Meeting has agreed that: *“That, for as long as it is entitled to do so under the relevant Companies legislation, SVBA will exercise its option to exemption from the requirement to obtain an audit of its financial activities”*

The Treasurer will meet with the Auditor/Examiner to ensure that audit/examination queries are resolved and that accounts are completed and signed within six months of the year end.

The Treasurer will ensure that the audited/examined accounts are filed with: Companies House within 9 months of the financial year end and the Charity Commission within 10 months of the year-end.

Retention of Accounting records

SVBA will retain most accounting records for a period of six years. A full list of exceptions to this rule can be found at [http://www.buzzacott.co.uk/retention-of-accounting-records-and-other corporate-records](http://www.buzzacott.co.uk/retention-of-accounting-records-and-other-corporate-records)

7. Fundraising

Steel Valley Beacon Arts will engage from time to time in raising funds effectively and legally, protecting the public's trust confidence in its work. Our approach to Fundraising will be set out in our Fundraising Policy.

SVBA will use many ways to raise funds, including:

- Pubic collections and street fundraising
- Gaming such as lotteries and raffles (for which we hold a licence)
- Events such as performances

SVBA will plan fundraising effectively by considering:

- how much we want to raise
- the purpose of the fundraising
- the timescale
- who will raise the funds

SVBA will ensure we have effective procedures in place to comply with the laws on fundraising legal duties and consult the Charity Commission checklist at <http://www.gov.uk/government/publications/charities-and-fundraising-cc20>. These will be set out in our Fundraising Policy.

8. Donations and Legacies

The purpose of this process is:

- to ensure Steel Valley Beacon Arts have a process to handle Gift Aid donations
- to ensure Steel Valley Beacon Arts have a process to handle legacies
- to ensure Steel Valley Beacon Arts have a process to handle donations

Steel Valley Beacon Arts will ensure that for all donations and legacies we will ensure we:

- know who the donors are and their background
- understand their relationship with the organisation
- undertake any necessary identify checks
- check the donors are UK taxpayers
- subject Gift Aid donations to the three tests, to ensure they shouldn't be treated as a tainted charity donation
- know what form the money is being received (e.g. cash, cheque or BACS)
- know of any public concerns about the donors or their activities? If there are, what is the nature of the concerns and how long ago were they raised? Did the police or a regulator investigate the concerns? What was the outcome?
- understand whether any adverse publicity about the donor would have a damaging impact on the organisation

Gift Aid Donations

Steel Valley Beacon Arts will annually check that:

- we maximise the lawful take up by its donors of Gift Aid
- regular checks are made to ensure all eligible tax repayments are obtained
- the organisation keeps the records required by HMRC for Gift Aid claims

Legacies.

If a legacy is received by the organisation the Board will apply the questions set out above.

The organisation will identify and monitor the receipt of large legacies and ensure that they are correctly included in the accounts.

Tainted charity donations and substantial donors.

The organisation will apply the questions set out above to any substantial donation or suspected tainted donation.

As a small charity the number of such donations will be small and each one will be carefully assessed according to the questions set out above before being accepted.

9. Anti-Money Laundering

The purpose of this process is to ensure:

- Steel Valley Beacon Art's compliance with anti-money laundering, bribery and corruption laws and regulations,
- to assist law enforcement in combating illegal money laundering, and
- to minimise the risk of charity resources being used for improper purposes.

We will achieve this by ensuring that Steel Valley Beacon Arts:

- does not get used by third parties for the purpose of money laundering
- does not receive bribes that are intended to influence our decision
- making
- is subjected to corrupt, dishonest and or illegal behaviour.

This policy applies to all employees, volunteers, suppliers, students, those on work experience, members and their families, beneficiaries and the Trustees.

The Board of Trustees are responsible for ensuring that everyone is aware of the policy through its induction process. Failure to comply with this policy could result in disciplinary action.

Money-Laundering

By definition, money laundering is the practice of cleaning up money that has, for some reason, been obtained illegally. Often there is a complex trail involved so that the practice cannot be easily identified or traced.

Money laundering can occur in many ways. It may happen by dispersing money through many different bank accounts (to hide its origins), but can occur when the charity is used unwittingly as a "trading partner". This could be directed at the charity or through an organisation where we have a close relationship, such as a funder.

Roles and Responsibilities

The Finance Officer will act as the Money Laundering Reporting Officer (MLRO) to receive disclosures from anyone involved in the charity of any suspected money laundering activities.

The Treasurer will act as temporary MLRO if the MLRO is not available.

The MLRO will be responsible for carrying out the charity's anti-money laundering procedures. The MLRO will ensure that proper records are maintained on all the relevant activities and steps taken to deal with them.

Due diligence

Steel Valley Beacon Arts will carry out procedures that help to identify donors or other providers of income before entering into a relationship or transaction with them (see [Donations and Legacies](#)).

Steel Valley Beacon Art's will, where applicable:

1. Identify the donor and verify their identity;
2. Take adequate measures where some donors need or want their privacy;
3. Accept that in some cases, the identity of the donor may not be easy to verify, in which case other measures need to be developed;
4. Continuously monitor the situation and;
5. Maintain proper records of all checks made.

Disclosure

If anyone knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing, they must report such matters to the MLRO immediately. Disclosure should be made on a standard form available from the MLRO which requires:

1. Details of the people involved.
2. Type of transaction.
3. The relevant dates.
4. Why there is a suspicion.
5. When and how activity is undertaken.
6. Likely amounts.

The MLRO will acknowledge receipt of the disclosure within an agreed response period. The MLRO will consider the report and any other information available. Once the MLRO has evaluated the disclosure or other information, they will determine if:

1. There are reasonable grounds for suspecting money laundering and the steps to be taken; or
2. There is actual money laundering or terrorist financing; and
1. Whether they need to report the matter to the National Crime Agency (NCA).

All disclosure reports referred to by the MLRO and reports made by them to the NCA will be retained for a minimum of 5 years.

Bribery and Corruption

The Bribery Act 2010 applies to individuals and commercial organisations, including charitable companies. It sets out 4 criminal offences:

- Bribing an individual or company.
- Being bribed by an individual or company.
- Bribing a foreign public official.
- Corporate failure to prevent bribery.

Bribery can arise in day-to-day situations such as:

- tendering, appointing preferred suppliers, contractors and agents, awarding licences or offering jobs
- Provision of lavish hospitality by SVBA for public officials
- Use of SVBA funds, in the form of payments or gifts and hospitality for any unlawful, unethical or improper purpose

- Authorisation of, making, tolerating or encouraging, or inviting or accepting, any improper payments in order to obtain retain or improve business
- Permitting anyone to offer or pay bribes or make facilitation payments on behalf, of SVBA or do anything else SVBA would not be permitted to do itself
- Offering or giving anything of value to a public official (or their representative) to induce or reward them for acting improperly in the course of their public responsibilities
- Awarding employment where a person has not met has not met the recruitment criteria requirements on the basis of acceptance of a donation
- Offering or accepting gifts or hospitality, where this might impair objective judgment, improperly influence a decision or create a sense of obligation, or if there is a risk it could be misconstrued or misinterpreted.

The Act is not limited to activity in the UK or UK based companies. It covers payment to a public service provider to speed up the performance of the service or delivery, such as provision of work permits or the connection of a telephone line. Whilst these activities are commonplace in some places and are even permissible in the US, the Act considers them to be bribery. Clearly the main thrust of this legislation is aimed at businesses which operate overseas. It is acknowledged that there is a culture of “facilitation payments” in certain areas but there is no exemption just because it is a local custom. The standard expected is that of a reasonable person in the UK.

Trustees do not need to be aware of the bribery to be liable. An offence can be committed by an organisation if any bribe is paid by any person associated with it, therefore trustees need to have a robust policy stating who may act on their behalf and what actions they may take. That policy needs to be communicated to all Trustees, staff, volunteers, agents and fundraisers. The Trustees should also take steps to monitor who may be acting on their behalf without proper permission.

Risk Assessing should consider the following common risk exposures:

- Country Risk - where the business is trading.
- Sector Risk - some sectors carry a higher risk than others.
- Transactional Risk - this would be the type of spending – some categories are easier to corrupt than others.
- Business Opportunity Risk - high value projects, projects not undertaken at market prices or involving contractors or intermediaries.
- Business Partnership Risk- joint ventures, overseas agents or ventures linked to prominent public officials.

The penalties for conviction under the Act are:

- Individuals - unlimited fine to imprisonment for 10 years.
- Directors / Trustees - could find themselves disqualified from acting as company directors.
- Commercial Organisations - unlimited fines and exclusion from tendering for public contracts.

Tainted Donations

Parallel legislation is now in force in respect of what are called tainted donations. This is a replacement for the substantial donor provisions and is legislation largely driven by corporation tax requirements. In simple terms, a tainted donation is not necessarily a criminal offence, but it will be construed as not for charitable purposes and thus liable to tax as trading income. It follows also that any gift aid claim would be disallowed.

The legislation is intended to catch donations which are given “with strings attached”. In short, the donor expects a measurable benefit in return.

10. Expenses

All Trustees, employees, volunteers and members are entitled to be reimbursed by SVBA 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. However, taxation law **does not** permit paid employees to claim travel expenses from their home to their normal place of work.

SVBA want all employees and volunteers to claim all legitimate expenses in order to give an accurate picture of total costs. These can be donated back to SVBA, incurring Gift Aid where appropriate.

Definitions of expenses types

“Actually” means that the claimant actually incurred the claimed expenditure. For example, 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 SVBA’s funds to promote & deliver its charitable purposes. Thus, the cost incurred must be competitive with (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.

In all cases, it is important to ensure that the reimbursement of out-of-pocket expenses is not, or does not appear to be, a disguise for making income payments (remuneration) to the recipient(s). See information on waiving / deferring payment of expenses.

Authorisation of expenses

Expenses may only be incurred, and subsequently reimbursed by SVBA, in respect of activities which are part of SVBA's agreed and budgeted programme of charitable activities and with prior agreement of the budget holder.

Note that although claims for the reimbursement of purchases which have personally and properly made on behalf of SVBA are usually made together with claims for the reimbursement of out-of-pocket expenses, they are not counted as expenses. Please refer to our [purchasing process](#) for information on how to gain reimbursement for purchases made on behalf of SVBA.

Waiving Expenses or Donating Expenses as "Gifts-in-Kind"

Some Trustees, Members, Staff, Associates and Volunteers occasionally choose to waive, or not to claim, a reimbursement of expenses and/or purchases to which they would otherwise be entitled.

SVBA greatly appreciates the generosity of all who choose to act in this way. However not claiming reimbursement of legitimate expenses/purchases is not necessarily in the best interests of the charity:

1. it causes the real costs of SVBA's activities (ie: including those costs which are subsidised by supporters) to be under-recorded and, therefore, under-reported (e.g. in SVBA's Annual Report and Financial Statements);
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 SVBA'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 SVBA's costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for the Charity.

Those who are thinking of waiving their expenses/purchase claims should therefore first read the section on ["Waiving" Reimbursed Expenses/Purchases as a Gift Aided Donation](#) and follow the procedure laid out.

Changes to the expenses policy

SVBA reserves the right to change its expenses policy and procedures to maintain consistency with current accepted Best Practice, and otherwise to meet its needs.

Whenever possible SVBA will give appropriate advance notice of any such changes. However SVBA reserves the right to change these Expenses Policies & Procedures with minimal or no notice when reasonably expedient to do so.

Submitting Claims for Reimbursement of Expenses & Purchases

- Claims for the reimbursement of expenses must be submitted on SVBA's approved claims form. *Ad hoc* claims will not be considered

- Claims for the reimbursement of expenses must be accompanied by documentary evidence of the expense (e.g. 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;
 - ◆ SVBA reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided;
- Employees' and volunteers' completed expenses claim forms must be authorised by the budget holder
- Trustees' expenses must be authorised by the Chair or Treasurer;
- All expenses claims must be submitted within 30 days of the relevant activity. Expenses may only be claimed later than 30 days with prior approval from the Treasurer.
- Expenses claim forms may also include claims for the reimbursement of goods/services purchased by the claimant on behalf of SVBA
- Claims for the reimbursement of purchases must be accompanied by documentary evidence of the each purchase (e.g. point-of-sale receipt, travel ticket, etc).

Travel Expenses

- Public transport should be used wherever possible.
- When it is not practical to use public transport, or where more than one employee or volunteer is travelling the same journey, travel by private vehicle (car, motorcycle, etc) is allowed and a mileage allowance (at the rates available from the Charity office) will be paid.
 - ◆ You may only use your private car in connection with SVBA business if, at the time of each journey, it has a valid:
 - (a) certificate of insurance for the kind of journey involved;
 - (b) road tax (if required);
 - (c) MOT certificate (if more than 3 years old).
 - ◆ Mileage should be claimed from your normal place of work unless you are travelling from home and the distance is less than that from your normal place of work in which case you should claim from home.
 - ◆ Parking costs incurred when on SVBA business away from the normal place of work will be reimbursed.
- 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).

Subsistence

Subsistence costs (e.g. for refreshments, meals and hotel accommodation) can only be claimed when an employee or volunteer is on authorised SVBA business away from his/her normal place of work for more than 4 consecutive hours.

Telephone Calls

The Charity will reimburse employees and volunteers for the actual costs of calls made from their personal telephones made whilst carrying out work for SVBA because SVBA -provided telephone services were not available.

This includes calls made on a home or mobile telephone or in a public call box.

No 'reimbursement' will be made for the notional cost of calls which incurred no actual cost to the claimant because they were covered by a contract which included an allocation of 'free' calls;

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.

Reimbursement of Expenses & Purchases

- All claims submitted for the reimbursement of expenses incurred on SVBA activities and/or purchases made on behalf of SVBA will be vetted for compliance with charity law, taxation law and these policies and procedures before being authorised for reimbursement.
- Claims which are not in the prescribed form, incomplete (eg: missing required supporting documents), inaccurate or otherwise not compliant with relevant legislation will be returned for correction or rejected.
- Valid claims will be authorised for reimbursement as soon as is reasonably practical after receipt. Payment will usually be made by BACS transfer directly to the claimant's bank account. Alternatively payment can be made by cheque or, in the case of small claims (less than £5) may instead be made by cash, where appropriate.

“Waiving” Reimbursed Expenses/Purchases as a Gift Aided Donation

HM Revenue & Customs Guidelines – ie: Rules – on Gift Aid Donations
HM Revenue & Customs guidelines on what constitutes a Gift Aid donation are absolutely specific,

3.4.4 A donation must be a payment of a sum of money.

A donation can't be made in kind, by loan waiver or by debt/loan conversion.

What this means is there cannot be any form of *quid-pro-quo* exchange or “deal” between SVBA and the claimant/donor along the lines of “*don't reimburse my expenses claim, keep the money as a donation*”.

The Charity first has to make an actual repayment of the expenses claim in a way that is verifiable by HMRC (usually by BACS transfer or by cheque to the claimant's own account) and then the claimant must separately make a similar, reciprocal, verifiable donation to SVBA. The donation has to be made by cheque or BACS/online payment (and also by debit or credit card if the Charity is able to accept such card payments).

This makes life particularly difficult for those who frequently incur small expenses which they are happy to “donate” to their charity and would be even happier to be able to add the extra “bonus” of Gift Aid to their generosity.

Deferred Reimbursement of Expenses & Purchases

Where a claimant is intending to donate the reimbursement of their expenses/purchases claim back to their charity, please make a claim in the usual way but request that SVBA defer the reimbursement (e.g. till the end of the charity's financial year).

- Claimants who are considering waiving their claim as a gift to the charity should tick the “Defer Reimbursement” box on the Expenses & Purchases Reimbursement Claim Form
- SVBA will maintain a record of those deferred claims in the same way as for any other outstanding payment.
- About a month before the end of the deferred payment date (i.e. the end of SVBA's financial year) it will make to the claimant one single reimbursement for the total of all their outstanding (i.e. deferred) expenses claims
- The claimant then has 3 options:
 1. They can decide that they would like to keep the reimbursement of their expenses after all. In that case they need take no further action (other than banking the cheque if that is the method of reimbursement). It is emphasised that everyone is completely entitled to do that – it will not cause any difficulty or embarrassment to SVBA and nor should it to the claimant. Donations to SVBA are, and always will be, entirely voluntary. So claimants should not feel obliged to honour any earlier suggestion that they would donate the reimbursement of their expenses back to SVBA.
 2. Having received/banked the reimbursement of their expenses the claimant then makes a single donation of their choice (i.e. it could be for the same amount as their total reimbursement, or less, or more as they see fit) by cheque, BACS transfer, or - if SVBA is able to receive it – by debit or credit card.

If the claimant has included (or has previously made) a Gift Aid Declaration the Charity will then be able to reclaim the Gift Aid on their donation. The current version of the HMRC Gift Aid Declaration form can be found by searching the internet for “*Gift Aid Declaration Form*”
 3. If, having received reimbursement by cheque, the claimant feels that the rigmarole of banking it and writing another cheque back to SVBA isn't worth the time and effort (particularly if the amount is small or they are not able to Gift Aid it) they can still waive the reimbursement for the benefit of SVBA. They just write “Cancelled” on the front of the cheque and return it to SVBA. This will enable SVBA to document the expenses claimed and the claimant's generosity in waiving them, but SVBA will not then be able to claim Gift Aid on the amount.