

Dunvegan Community Trust SCIO

Financial management and control policy and procedure

1 Introduction

Dunvegan Community Trust SCIO is managed by a group of voluntary trustees known as ‘the committee’, as per the constitution. The trustees of Dunvegan Community Trust (DCT) SCIO share overall responsibility for financial control and safeguarding the funds of Dunvegan Community Trust SCIO and ensuring that the organisation operates in accordance with the financial powers stated in its Constitution. This document sets out how this responsibility will be exercised and where functions have been delegated to particular trustees or staff of DCT.

2 The role of the Treasurer

The treasurer takes the lead at committee level on:

- Ensuring Dunvegan Community Trust keeps proper accounts
- Preparing financial reports for committee meetings, and reviewing financial performance to present to the committee
- Ensuring policies for finance and, if relevant, investment are regularly reviewed
- Ensuring that Dunvegan Community Trust has robust and effective financial controls in place
- Liaising with the Chair about financial matters and with the auditor (or independent examiner)
- Reporting on financial matters at the AGM

3 Financial records

Financial records will be kept so that:

- Dunvegan Community Trust can meet its legal and other obligations, e.g. HM Revenue and Customs, Charities Acts, Companies Acts, Common Law.
- The trustees can have control of the organisation’s finances.
- The organisation can meet contractual obligations and the requirements of funding bodies.

The organisation will keep proper books of account using an online accounts package. These will include:

- A cash book analysing all transactions
- Sales, purchase and nominal ledgers
- Petty cash records
- Payroll records
- Electronic copies of all records will be kept

4 Budget

The financial year for Dunvegan Community Trust will end on the 31st of December. Before the start of each financial year, the Dunvegan Community Trust trustees will approve a budgeted income and expenditure account for the following year.

A paper comparing actual income and expenditure with the budget will be presented to the trustees every 3 months.

5 Accounts and Audit

Appropriate accounts will be drawn up by an independent examiner after each financial year within 6 months of the end of the year and presented to the next AGM.

Receipts and payments accounts will be submitted to OSCAR.

The trustees will appoint an appropriately qualified independent examiner/auditor if required to prepare/examine the accounts for presentation to the AGM.

The trustees will review the appointment of the independent examiner/auditor at least every 3 years

6 Best value

When procuring goods and services it is Dunvegan Community Trust's aim to achieve best value. For goods and services valued at over £5,000 at least 3 quotes will be sought. For service contracts such as ICT, telephone and cleaning, organisations will be invited to submit a proposal and these will be considered in relation to specific criteria including price, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.

Service contracts will be reviewed at least every 3 years.

7 Bank

Dunvegan Community Trust will bank with RBS where the accounts will be held in the name of Dunvegan Community Trust SCIO. The current account will be held with RBS. All bank accounts held by Dunvegan Community Trust must be agreed and approved by the trustees.

The bank mandate will always be approved and minuted by the trustees as will all changes to it.

Dunvegan Community Trust will require the bank to provide current account statements every month. These will be reconciled online through accounting software by the acting Admin Officer, PO and DO. A reconciliation report will be circulated in advance of meetings and signed at the committee meeting.

Dunvegan Community Trust will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by DCT's trustees.

8 Fundraising, funding bids, tenders, and partnership arrangements

All fundraising, grant applications and tendering undertaken on behalf of Dunvegan Community Trust will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income then this must be approved by the trustees. The Committee must approve bids and tenders to a value up to £15,000 with a majority. Bids and tenders to a value of over £15,000 require the prior approval of the whole committee. Details of all funding bids and tenders will be provided to the trustee committee.

Dunvegan Community Trust may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of the Trust as set out in our Constitution. The partnership arrangements must have the prior approval of the trustees. All partnership arrangements will be reported to the trustee committee. When Dunvegan Community Trust receives funding from partnership arrangements and takes on financial commitments a written agreement must be in place covering the financial arrangements. In these circumstances the funding that Dunvegan Community Trust receives should generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of work from reserves or earned income then this must be approved by the committee of trustees. The chair and development officer must approve partnership arrangements to a value up to £15,000. The whole committee of trustees must approve arrangements to a value over £15,000 .

When Dunvegan Community Trust submits a funding bid or tender as the accountable body and there are partners to the bid or tender, the arrangements must be agreed by the trustees in accordance with the financial limits set out above. This includes the composition of the partnership. Where funds are to be dispersed or remitted to partners the partners must have in place arrangements for accounting for these funds that have been agreed with Dunvegan Community Trust and that are consistent with our audit and reporting requirements. An agreement must be in place before funds are allocated to partners.

9 Receipts (income)

Dunvegan Community Trust will ensure that all the income to which it is entitled is received and that this is evidenced.

A schedule of grant and contract income with the method of payment will be maintained and reviewed every 3 months.

All monies received will be recorded promptly and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, small donations from individuals etc.). The organisation will maintain files (electronic and/or paper) of documentation i.e. letters from funding bodies, to back this up.

Cash will be paid in either at the Dunvegan Post Office, an RBS Mobile Branch or the Branch Office in Portree, by a signatory using Card and Pin on the Monday following the fundraising event/ Pay-in Receipts will be kept and passed on to the Admin Officer for filing, along with the project for which the funds are associated with so they can be coded accordingly.

All payments must be made to Dunvegan Community Trust by cheque or BACS. The Treasurer and Admin Officer review all debts on a monthly basis and agree follow-up action. The schedule of any debts will be presented to the committee at its regular meetings. When an individual debt exceeds £100 for a period of more than 2 months then this will be brought to the attention of trustees and relevant action agreed.

A schedule of charges for services and facilities will be maintained by the Admin Officer. A copy will be provided to the treasurer. This schedule will be reviewed at least annually and increases agreed and reported to the treasurer and the committee of trustees.

10 Payments (expenditure)

The preferred method of payment is by bank transfer.

Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising payment requisitions and authorising payments.

Purchases under £500 which are within project or office budget can be made by either the DO, PO or AO. Purchases over £500 must be approved by 1 trustee, and purchases over £5,000 must be supported by 3 quotes and be approved by a majority committee.

All BACS payments up to £10,000 must be approved by 2 bank signatories; DO or AO requesting and 1 Trustee approving. An expenses claim or an invoice for goods or services must be checked against the relevant quote, if applicable, and a notification of payment emailed to the Treasurer (or Chair). BACS payments greater than the value of £10,000 will require the bank approval of 2 trustees of Dunvegan Community Trust.

The relevant payee's name will always be inscribed on cheques before signature. The cheque stub will always be filled in.

No payments will be authorised or cheques signed without original documentation.

Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Constitution.

11 Payment Procedures and Documentation

Every payment from the organisation's bank accounts will be supported by an original invoice (never against a supplier's statement or final demand). The original invoice will be filed (electronically) and kept for seven years.

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. In these cases alternative supporting documentation such as the booking application form must be provided.

Contracts with suppliers can only be set up if authorised by the committee.

Petty cash payments/receipts will be recorded. The Treasurer will have overall responsibility for this float as agreed by the trustees. When that is more or less expended, cash will be drawn for sufficient bringing up the float to the agreed sum (currently agreed at £100), the transactions being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book within the online accounting software.

Expenses/Allowances – Dunvegan Community Trust will reimburse expenditure paid for personally by staff that is claimed using the agreed claim form, ensuring:

- Fares are evidenced by proof of purchase.
- Other expenditure is evidenced by original receipts.
- Car mileage is based on HMRC allowances.
- The expenditure has been authorised by the Chair
- The claim is submitted within 3 months of the expenditure being incurred.

Process for authorisation:

Payments shall be authorised monthly.

Full authorisation shall normally be completed on, and no later than, the Friday following notification by the Admin Officer of payments pending.

The first signatory should normally be the Treasurer. In their unavoidable, continued absence the Chair may act as first signatory in their place.

Where only one officer is required to authorise, that will normally be the Treasurer.

No signatory should authorise payments to him or herself. It is the responsibility of the other signatory to ensure this does not happen.

Weekly procedure:

1. DO and PO Officer adds to list of payments to be made at the end of the month, with link to evidence.

Monthly Procedure:

1. Admin Officer notifies both signatories of payments pending according to authorisation limits.
2. Admin Officer makes available appropriate evidence for the first signatory.
3. (Internet payments only) Admin officer forwards summary evidence to second signatory where appropriate.
4. First signatory authorises no later than the two days following notification of payments pending.
5. Second signatory authorises payments no later than, and usually on, the day following approval by the first signatory.

The Admin Officer may, according to their judgement, specifically notify signatories of exceptionally large or urgent payments.

12 Payments to Contracted Staff.

DCT is not a registered employer, but until such a point as it is, DCT will contract self-employed individuals to fill certain roles. Such payments will be made monthly and based on the hours and rate specified in their individual contracts. Such individuals are responsible for their own PAYE and NI liabilities. The Treasurer will sign off the monthly payments.

All such appointments will be authorised by the whole committee. All appointments will be reported to the trustees.

All contracts with freelance suppliers will be on the basis of Dunvegan Community Trust's standard consultancy agreement or an alternative that covers the main requirements in the standard consultancy agreement and is subject to the agreement of the Committee. Freelance contracts will be subject to the authorisation limits outlined in section 9 above.

13 Other Undertakings

Dunvegan Community Trust does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given with financial consequences must be approved by the chair up to a value of £2,000. Those valued at over £2,000 require the approval of the Committee. (This covers such items as new service contracts, office equipment, purchase and hire).

14 Confidentiality

The confidentiality of core contractors' financial circumstances will be respected at all times.

Trustees, volunteers and contractors will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information about the organisation.

16 Fixed assets and inventory of capital items

Dunvegan Community Trust will set up and maintain a fixed assets register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. books, etc., of significant value, it will maintain proper records. The Trust will maintain an inventory of all capital items. The fixed assets register and inventory will be produced by the Development officer and Admin officer and reviewed on a quarterly basis. Where relevant, the trustees will review the depreciation on assets based on their estimated useful economic life.

17 Reserves and Investment Policies

Reserves Policy for Dunvegan Community Trust SCIO (DCT)

The trustees regularly review reserves, using the Reserves Policy to develop and support both Financial Strategy and Strategic Planning. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow DCT to cope with unexpected costs and opportunities.

We principally hold reserves to:

- protect the continuity of DCT's work against uncertain future income streams
- provide the capital needed to finance investment in operations
- provide funds to replace assets
- to cover for specific liabilities and identifiable risks
- to allow DCT to respond to unexpected opportunities that can further our mission
- to allow DCT to meet contractual obligations.

The trustees have set optimal unrestricted reserves at £20,000 (which equates to approximately 6 months unrestricted expenditure. This will need to be reviewed immediately following the acquisition of the Gaeltec Buildings. As at 31st October 2024, the level of Free Reserves (defined as total general unrestricted fund less tangible assets) stands at £11,158 thereby below the optimal reserves figure, at approx 3 months of unrestricted expenditure. We intend to build our unrestricted reserves by keeping designated reserves in a 95 day access savings account as much as we can, as well as local fundraising events.

DCT has restricted reserves of £369,071, including £345,000 designated reserves. The designated reserves are held to represent reserves that are not available for other activities since they are either to be used to purchase land or equipment we

have committed to, kept as necessary contingency plan for repairs or emergency costs for one of our existing projects, or for one of our key development projects. As the only Development Trust in the Dunvegan Community Council area, we are responsible for a wide variety of projects. Restricted reserves relate to income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves.

18 Fraud

The trustees have considered the risk of fraud, and staff are adequately trained and informed in the risk of fraud.

19 Insurance

We will maintain appropriate insurance policies at adequate levels for the activities and assets of DCT.

The trustees of Dunvegan Community Trust will keep these financial controls under review.

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