Merton Mencap

Finance
Policy & Procedure

Last reviewed
July 2026

Next review
October 2026

This policy and procedure has been adopted by Merton Mencap through its Executive Committee which remains responsible for its review

INTRODUCTION

a) Merton Mencap is committed to ensuring appropriate safeguards are in place to ensure the charity's finances are dealt with in accordance with relevant regulatory requirements and in a proper and prudent manner.

b) The charity's Trustees have a duty to ensure its finances are used appropriately and lawfully. The Trustees all have responsibility for maintaining an overview of the charity's financial position and ensuring that proper financial and accounting records are maintained and proper financial and accounting procedures followed.

c) It is the policy of the Trustees to ensure that money belonging to the charity, surplus to the charity's current requirements, is lodged in a number of different banks to reduce the possibility of financial loss to the charity should any bank fail.

d) All Trustees and employees are responsible for exercising care and being vigilant in all aspects of their dealing with finance and are required to ensure that they observe the procedures set out below. Any concerns of staff relating to any aspect of finance must be reported immediately to the Chief Executive, who in turn is required to report relevant matters to the Treasurer, or the Chair of Trustees straight away. Matters of a serious and significant nature will be reported by the Treasurer to the Trustees at a committee meeting, to be specially convened if necessary. Where appropriate, reference should also be made to Merton Mencap's Whistle-blowing Policy and Procedure.

POLICIES

1. Bank Accounts

a) Bank accounts will be opened, maintained or closed and mandate terms will be agreed, only with the approval of the Trustees and minuted in committee meetings.

b) Mandated signatories must be approved by the Executive Committee.

c) All cheques to third parties below £500 shall require one mandated signature and those in excess of £500 will require signature by two mandated signatories. Where multiple cheques are drawn on the same day to a single payee, subsequent cheques taking the payments to a single payee in a day over £500 require two signatures.

d) All online bank transfers to third parties below £500 shall require one mandated signature to authorise and those in excess of £500 will require authorisation by two mandated signatories. No multiple payments will be made to a single payee in one day, where the total of the payments exceed £500 to avoid dual authorisation, except in cases where a supplier requires the breakdown of a payment to invoice level to provide accurate payment reference numbers. In which case the payment being broken down will be emailed to a second signatory for approval. The record of such approval shall be filed with the individual payments.

e) Reconciliations of all the charity's bank accounts will be carried out monthly and evidenced as approved by the Finance Manager and made available for inspection by Chief Executive and the Treasurer.

f) The Office Manager will ensure that enough funds are in the current account to cover all liabilities within a given period and that excess funds not required for this purpose will be transferred to an approved deposit account. Funds can be moved between these two accounts, as needed, by the Office Manager or Finance Manager. The CEO and Treasurer must be informed if the balance on deposit at NatWest drops below a level where there are insufficient funds to top the current account to cover all liabilities.

g) A record of the reconciled balances on all the charity's bank accounts will form part of the information pack given to Trustees prior to Executive Committee Meetings

2. Material contractual commitments (contracts for greater than £1,000 per year)

a) Entering into any contractual commitments, which in the context of the charity's activities are material, considering both actual and potential liabilities, must be approved by the Chair and ratified at the following Executive Committee Meeting.

3. Receipts (income)

a) All monies received will be recorded promptly into the computerised accounting system and banked, at least once per week by the Office Manager. Any cheques or cash not banked immediately must be locked away.

b) At no time may cash in excess of £500 be held overnight in the Merton Mencap offices.

c) All post shall be opened promptly on the day of receipt or on the next working day, by the Office Administrator or in their absence, by another staff member of appropriate seniority duly authorised by the Chief Executive. Cash or cheques arriving by post shall be recorded on a daily basis onto the relevant finance spreadsheet.

d) Cheques or cash received at the office (by whatever means) or via projects must be delivered as soon as practicable to the Office Manager.

e) In case of absence of the Office Manager, the Finance Manager will ensure that any such receipts are banked as soon as practicable and are kept securely until banked.

4. Debtors

a) Amounts outstanding for over 3 months will be reviewed by Chief Executive to determine what actions needs to be taken.

b) In the event there is a legitimate credit balance on a customer account it should be deducted from their next invoice. If any credit balance remains older than 1 year, the customer is written to informing them of the balance and given 28 days for it to be refunded or donated to the charity.

c) The Chief Executive has authorisation to write off any balances up to £100 that are older than 1 year.

d) Amounts due that have been clearly identified as not being collectable will be written off as Bad debts as soon as we become aware they will not be paid. Annually the Executive Committee will review the list of outstanding debtors and make any provisions or write offs required as part of the preparation for the audited/examined accounts.

5. Purchases and Payments

a) All amounts due to creditors shall be paid within payment terms we agree.

b) All purchases must be in line with the ***Purchasing Policy*** and authorised accordance with agreed ***Purchase Authorisations (appendix 2).***

c) The Purchase Authorisations, detailing which employees have authority to make purchases and at what expenditure levels, must be agreed by the Executive Committee and reviewed annually.

Payments by cheque or online bank transfer

d) Save in cases of emergency which cannot otherwise be dealt with, the Office Manager is responsible for making payments.

e) Payments will only be raised against an invoice, order form or other written request or evidence of the need for payment which is signed in accordance with the approved authorisation. Verbal authorisation to the office manager processing payments is acceptable for invoices up to £500 in accordance with authorisation levels in the appendix 2

f) No Trustee or staff member may solely authorise payment to themselves, their partner, relatives or company or organisation they are connected with.

g) In the case of payments to the Chief Executive the Treasurer or the Chair of Trustees or in their absence another Trustee must authorise the payment.

h) Signatories to cheques and authorisation of online bank transfers must satisfy themselves before signing of the validity of the payment, normally by seeing a copy of the relevant invoice, order form or other written request or evidence of the need for payment, is suitably signed or initialled by the person authorised to incurring the expenditure.

i) Cheque stubs must be completed legibly with all relevant details.

j) Blank cheques must not be signed.

k) Comprehensive records for each payment will be kept for auditing purposes showing the invoice and cheque number, or a screen print of payments by online bank transfer will be made and treated as a cheque for the purposes of audit and kept in suitable organised paper files ordered by payment date.

Online purchase payments (debit or credit card payments)

l) With the authorisation of the Executive Committee, a NatWest business credit card or debit card can be issued to employees to make online card payments. The security of the card issued is the responsibility of the card holder. A requirement for the Finance Manager to keep a record of everyone that has corporate debit or credit cards, what their limits are and when they received them.

m) All online payments must be evidenced by supporting documentation such as the resulting invoice or email payment confirmation. Print outs of all payment confirmation pages should be attached to invoices and signed by authorised person as per the filing process set out above for cheques and internet bank transfers.

n) In exceptional circumstances, and in the absence of the Office Manager, the Chief Executive, the Treasurer, or the Chair of Trustees may authorise an alternative to make online payments using their company debit card; such payments to be evidenced by supporting documentation and signed by the person initiating the payment and the Chief Executive, the Treasurer or the Chair of Trustees, as appropriate, to signify their assent.

o) Debit and credit cards must not be used for any personal expenditure.

Regular Bank Payments

p) Regular bank payments (standing orders or direct debits) will only be set up with approval of two trustee signatories.

q) There will be a quarterly review to ensure no redundant regular payments are being and if found to be the case, then a refund will be requested from the payee.

6. Petty Cash Policy

a) Payments in cash will only be made through the petty cash procedures detailed below and only against production of an invoice, receipt or other voucher provided to the Office Manager which evidences what the payment is for.

b) Cash reimbursements will be made for purchases up to a maximum of £50.

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

d) A point-of-sale receipt must support all transactions.

e) All petty cash boxes must be reconciled monthly by the petty cash holder or named responsible person. Petty Cash sheets are to be completed with the supporting vouchers attached and passed to the Office Manager each month to record in the accounting system and to check that the running balances are correct and reconcile with the balance sheet.

f) Regular spot checks of the petty cash float should be made by an authorised person independent of the person who maintains the petty cash.

g) A physical check of petty cash tin amounts with a written confirmation of amounts should be obtained at year end and reconciled to the balance sheet balance by the person responsible for the petty cash tin.

h) The Project Managers may authorise a Team Leader to administer a Petty Cash float for their project. The Office Manager will record the amount given to each Team Leader individually and replenish the funds on submission of properly authorised receipts for payments made. On a monthly basis the Team Leader will confirm by email to the Office Manager the cash balance they are holding.

7. Reimbursement of Expenses

a) Any claim for any expense or any allowance in carrying out duties relating to the Charity's business or reimbursement of any sum paid by a member of staff on behalf of the charity, must be in writing in the standard expenses claim form and be delivered to the Office Manager. Reimbursements will only be made where the payment is authorised (except in case of emergency where authorisation must take place as soon as possible) by the Chief Executive, the Treasurer, the Chair of Trustees or other Trustee and is supported by the relevant original receipt or other satisfactory documentary evidence of payment.

b) Any such reimbursement below £50 can be made via the Petty Cash. Amounts over £50 will be paid by bank transfer.

8. Staff Loans

a) Staff loans will be allowed if requested for a payroll shortfall and only be permitted with joint agreement by the Chief Executive and the Finance Manager. The amount loaned will be no more than 75% of the shortfall and will be reimbursed from the following months net pay.

b) A loan will be evidenced by a signed Employee Loan Agreement detailing the reason for the loan and the repayment period.

9. Payroll

a) ~~The charity's payroll is operated by the London Borough of Merton~~. The Office Manager is responsible for preparing the monthly (or weekly) payroll submission to the appointed payroll provider for processing (currently Iris Dataplan) by the required deadlines and is responsible for the checking and approving the subsequent payroll with the payroll provider for payment. This responsibility falls to the Finance Manager in the absence of the Office Manager.

b) For variable hours pay (non-salary pay), a monthly *Payroll Summary* is prepared detailing the hourly pay for variable hours staff and any salaried staff overtime for approval by the Chief Executive or in his absence, the Chair of Trustees or another Trustee prior to the information being submitted by the Office Manager to payroll for processing.

c) The Chief Executive or in his absence the two Security Contacts nominated to the charity's bank from time to time are authorised to instruct the bank to remit funds to the bureau for payment of salaries and other benefits in accordance with each such statement.

10. Accounting Records and Reconciliation

a) An electronic accounting system should be in place to record the organisation's accounting transactions and be backed up at least weekly.

b) Record keeping must be sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity.

c) Documentary evidence in hard copy or scanned copy form must be kept in relation to all receipts and payments, filed on a chronological basis.

d) Details of all financial transactions should be entered on the electronic accounting system on a weekly basis but must be entered on a monthly basis as minimum.

e) Reconciliation of balance sheet control accounts must be carried out usually monthly but quarterly at a minimum.

f) Reconciliation of all bank accounts must be carried out monthly and reconciling items cleared within 3 months.

g) Financial records will be retained for 7 years in accordance with the requirements of charities legislation.

11. Security

a) Reference should also be made to Merton Mencap's *'Data Protection, Confidentiality & Security of Information Policy & Procedure'.*

b) *Office* - The Office Manager is responsible for the safe storage of financial items and records (e.g. Cheque & Paying in books, bank statements) and to ensure these cannot be accessed by unauthorised parties without permission (or the permission of the Chief Executive or Chair of Trustees).

c) *Cash withdrawals or deposits* - When visiting the local bank branch to make cash withdrawals, the Office Manager shall use a zipped bag which shall be provided for this use. For withdrawals or deposits over £1,000, the Office Manager will be accompanied to/from the branch.

d) *On-line purchases* - The person making on-line purchases should ensure that the secure padlock icon is displayed.

e) *Cash handling*:
Petty cash provided by the Office Manager to Team Leaders for use at projects should be the lowest possible amount.

When cash which is transferred from one party to another (e.g. from the Office Manager to Team Leader) a written log must be completed of this transfer signed by both parties.

The most senior person at the project (e.g. Team Leader, Deputy Team Leader) is responsible for ensuring subscription fees collected at projects are returned safely to the Office Manager and should not pass this responsibility to other parties; they must agree a time/date with the Office Manager for visiting the office to transfer the money to them.

12. Budgets

a) An annual budget, setting out the organisation's financial plan for the year, will be prepared by the Chief Executive with the assistance as appropriate of the Treasurer and Finance Manager for the approval by the Executive Committee prior to the start of each financial year.

b) Such budget shall be monitored and reviewed against actual receipts and expenditure throughout the financial year by the Chief Executive (with the same assistance) and any proposed revisions to the budget shall first be approved by the Trustees.

c) Employees with responsibility for keeping any aspect of service provision within budget will receive details of the relevant figures and will be required to report to their line manager in the normal way at regular intervals, as appropriate for the business activity of the relevant service.

13. Financial reporting and audit

a) Managements accounts shall be produced on a minimum quarterly basis by the Finance Manager throughout the financial year, detailing actual receipts and payments and performance against budget or forecast and be reviewed in detail by The Chief Executive.

b) The Chief Executive or in his absence the Treasurer will report as necessary to the Trustees when presenting such report on any issues arising relating to the charity's finances or its overall financial position.

14. Internal audit

a) An internal audit of the charity's general finances shall be undertaken twice a year by any trustee, with the exception that at least one audit is carried out by an alternative Trustee.

b) A report of findings and actions to be provided to the Executive Committee.

c) The audit will cover the areas outlined in Appendix 1.

15. External audit and statutory accounts

a) An independent examination or annual audit will be carried out by a qualified independent examiner or auditor (as the case may be) appointed annually by the charity at its Annual General Meeting in accordance with the requirements of charities and company's legislation.

b) Draft financial statements will be presented to the Trustees for discussion and approval at least 28 days prior to the scheduled date of the Annual General Meeting of the charity before being presented to the charity's members at that meeting.

16. Fixed Asset Register

A register is to be kept of all items classed as fixed assets and recorded as such in the accounts. Items classed as fixed assets must be accounted for as follows:

a) Capital items over £1,000 cost may be capitalised as Fixed Assets.

b) Fixed Assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

c) Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

d) Rates to be use to depreciate fixed assets are:
   I. Fixtures and fittings 20% straight line per annum.
   II. Computers 20% straight line per annum.

Items that do not qualify to be accounted for as Fixed Assets may be recorded in a separate section of the fixed asset register for control purposes.

17. Top Up cards

The Office Manager may issue Top Up Cards to staff members who are responsible for managing and paying out petty cash. Top Up Cards can be used to make purchases or to withdraw cash (cash withdrawals only with Office Manager or Project Manager prior approval). Only amounts which have been credited to each Top Up Card can be spent and any overspending shall be a disciplinary offence to be reported by the Office Manager to the Chief Executive (NB A card holder cannot spend more than is credited on the card). Staff must not use the charity's Top Up Cards, cash obtained via the card or petty cash for any purchase other than for authorised use.

The Office Manager is authorised to top the cards up online via the bank account, ensuring that a reference is provided showing each action. Records must be maintained by the Office Manager to show all top up details.

On a monthly basis the Office Manager will provide the Chief Executive with a spreadsheet of all active Top Up Cards showing the identity of anyone who has initiated a top up request, the purpose for which the top up is required and the amount which it is requested that the card be topped up. The Chief Executive shall evidence that he has reviewed and approved.

Staff members who hold Top Up Cards are required to upload the receipts which are then matched by the Office Manager at the end of the month and any discrepancies between the receipts and the Top Up Card providers statement investigated.

The Card Holder is responsible for all purchases made with their card and any discrepancies must be explained to the Office Manager and Chief Executive.

Card Holders are required to advise the Office Manager (or, in his or her absence, the Chief Executive) of any lost or stolen cards immediately and at the latest on the same day.

Appendix 1: Internal audit checklist

Appendix 1	
Internal Finance function audit checklist (revisions to come in line with work performed on 18 May 2020 in red)	
Check	**Evidence**
A - Cheques & Internet payments	
A - 1) Evidence of a written invoice, order form or other written request or evidence of the need for payment is on file for cheques raised, and signatories have initialled and dated to show agreement to payment being made or copy of email authorisation attached	View Payment File compare authorisation with list of approved authorisers signatures and initials
A - 2) Stubs are legible and fully completed	View Cheque & Paying–in books
A - 3) Online and cheque record are up to date	View records / speak to Office Manager
A - 4) CEO, Finance Manager & Office Manager aware of number of signatories needed for online payments and cheque amounts	Ask Office Manager, Finance Manager and CEO
A - 5) New material supplier contracts	Ask Office Manager, Finance Manager and CEO if any new contracts have been entered into in excess of £1,000
B - Internet bank transfers and on-line purchases	
B - 1) On-line purchase record is up to date	View On-line purchase record
B - 2) On-line purchases have not exceeded budget/authorisation level	View On-line purchase record and latest management accounts
B - 3) Transfers between bank accounts	View authorisation
C - Top-up cards	
C - 1) Top-up card record is up to date	View Top-Up record
C - 2) Withdrawals and purchases are appropriate to the business	View Top-Up record
	Speak to Projects Managers about purchases made for their projects
D - Security & filing	
D - 1) Cheque books, cards, online banking equipment and financial records are stored securely	Check their whereabouts
D - 2) Incoming post and emails are dealt with as appropriate.	Obtain confirmation from Office Manager, Finance Manager and CEO
D - 3) No urgent or outstanding actions	Check files; speak to Office Manager & CEO

E - Management accounts	
E - 1) Schedule is being followed – management accounts are being generated as required	Confirmation by CEO or Treasurer
F - Accounting	
F - 1) Bank reconciliations for all bank accounts are being performed timeously and reconciling items cleared	Review bank reconciliations and check that all reconciling items are cleared within 3 months
F - 2) Debtors and creditors balances accurately reflect Merton Mencap's liabilities and receivables	Review lists of Debtors & Creditors and investigate any items over 3 months old
F - 3) Petty cash balances exist and monies spent are being accurately recorded	Review quarterly list of petty cash balance confirmation by individual.
G - Payroll	
G - 1) Payroll is prepared and sent to provider as required	Check payroll files; Speak to Office Manager
G - 2) Payroll payments accurately reflect individuals working for Merton Mencap	Evidence of authorisation by either CEO or in their absence the FM
G - 3) Staff Loans outstanding	Ask OM if any staff Loans outstanding and if required review Payroll files for evidence of repayment schedule
H - General	
H - 1) Establish whether there are any finance-related problems emerging that have not been brought to the attention of the ECM or Finance sub-committee	Speak to CEO
	Speak to Finance Manager
	Speak to Office Manager
	Review of Finance Committee Papers

Appendix 2: Authorisation Levels

PURCHASE AUTHORISATION LEVELS in conjunction with the Purchase Policy
1. Procurement Authorisation Levels
1.1 Project expenditure:
- Team Leaders up to the amount in their top-up card or petty cash
- Project Managers (budget holders) may order/purchase items within their own budget up to the value of £300
- Chief Executive (CEO) up to £1000 (not including contractual commitments)
- CEO plus Trustee over £1000
- All contractual commitments by Chair of Trustees or Treasurer
1.2 Office expenditure
- Office Manager up to £300
- CEO up to £1000 (not including contractual commitments)
- CEO plus Trustee over £1000
2. Bank transfer authorisation
Office Manager has the authority to transfer money between the savings account, current account and top up card account to ensure that the accounts have the level of funds required to meet expected payments.
3. Cash Withdrawal Authorisation
Office Manager is authorised to withdraw cash from the bank via cheque with mandated signatories.
4. Debit Card usage Authorisation
- Office Manager
- Chief Executive in absence of the Office Manager
5. Top Up Cards
5.1 The Office manager is authorised to maintain the account balance up to £1,000. Above this level requires CEO approval
5.2 The office Manager may transfer up to £1,000 in a week to the Top Up card account, above this level requires CEO approval.