

# The Shalom Network



## Finance Policy

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# The Shalom Network



## 1 Document Control

### Document History

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### Distribution

All approvers	For review, comment or approval
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### Storage and Retention

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Archiving policy to be determined, currently on local hard drives and personal cloud storage.

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## 2 Finance – The Shalom Network Policy Statement

**The Shalom Network** will adhere to the principles of prudent and transparent financial management safeguarding the assets of the charity and maintaining the confidence and trust of donors, sponsors, subscribers and beneficiaries.

All funding will be used for specified, explicit and legitimate purposes only, being wholly accounted for in financial records that are subjected to internal, and where required, external audit.

These financial records will conform with the charity's governing document and relevant legislation and guidelines, e.g., Charities Act and the Charities Statement of Recommended Practice, (SORP – FRS 102).

Financial accounting tasks will be carried out by nominated, authorised persons only, using recognised accounting tools and methods. Accounts will be regularly reviewed by the Finance Committee, board of trustees and open for further scrutiny if, and when required.

Annual Accounts will be prepared and published in accordance with The Shalom Network governing document and current, relevant legislation.

Any financial reserves held will be no more than is reasonable to assure the charity's sustainability and appropriate to prevailing circumstances. Reserves will be readily accessible and not be used for speculative investment or any activity that would put the funds at risk.

Where specified by grant providers and/or donors, funds will be used only in line with their wishes. However, as with all fund allocations they must be aligned to the charity's purposes as laid out in its governing document, and wholly serve the public benefit.

All members of The Shalom Network team will be given clear guidance and training on how to implement the charity's financial procedures, to ensure that this policy is effective. These procedures will be current and always available to the team, for reference.

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## 3 Designated Finance Roles

### 3.1 Trustees

The Shalom Network trustees are responsible for:

- Safeguarding the assets of the charity
- Preventing fraud or any misappropriation of funds.
- Ensuring that accounts and reporting are error free and faithfully reflect the charity's financial activity.
- Keeping financial records in accordance with the governing document and relevant legislation e.g., the Charities Act and the Charities Statement of Recommended Practice, (SORP – FRS 102).
- Producing Annual Accounts in accordance with the governing document and relevant legislation.
- Ensuring that the procedures that support this policy are followed at all times.
- Reviewing the accounts regularly, either during trustee meetings or dedicated finance meetings.
- Set and agree a credible budget with supporting rationale and action plan where necessary.

They must also ensure that monitoring is in place evidencing adherence, in practice, of the finance policy and procedures. Day to day responsibility is delegated to the Finance Manager and committee.

Effective governance, strong financial controls and management are key to protecting The Shalom Network, its team and beneficiaries from financial abuse and shortcomings.

### 3.2 Designated Finance Manager

The Shalom Network and its trustees are fully aware of the accountabilities and responsibilities as detailed in section 4.1. There should always be a Finance Manager or Officer in post, to ensure that sufficient resource and skills are in place to discharge all obligations.

A suitably qualified and experienced Finance Manager or Officer who will preferably be a trustee of The Shalom Network and responsible for:

- Implementing the policy and all applicable related procedures and work methods.
- Ensuring The Shalom Network finance policy is fit for purpose.
- For policy and procedure reviews, amendments, and advice of changes to the wider team.
- Notifying trustees of items that require their attention and any approvals.
- Communication with and/or reporting to the relevant Regulators and authorities.

The appointee must have sufficient authority and independence within the charity to monitor all financial activity, as well as having experience in finance and accounting.

They will be the first point of contact for the reporting of any incidents or concerns relating to finance and accounting.

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## 4 Policy Body

### 4.1 Financial Strategy

The Shalom Network will identify and align income and expenditure with the wider strategy that defines how the charity will most effectively deliver on its charitable purposes. At the highest level there will be a distinction between core and project finance:

- Core – covering the day to day operations, rent, utilities, scheduled events, statutory demand.
- Project - income and expenditure relating to a specific initiative with defined scope and timelines.

Core funding will be largely provided through donations, subscriptions and sponsored activities. Funding for projects will in most cases, but not exclusively, be sought from grant providers.

#### 4.1.1 Financial Reserves

The Shalom Network will as a general principle hold reserves that would support core operations and meet critical commitments for at least 3 months. Any substantial variance should; have a clear rationale, be for a determined period and have been agreed by a majority vote of trustees in favour.

## 4.2 Revenue, Income and Sources of Funding

The Shalom Network as a charitable incorporated organisation (CIO) is not permitted to operate as a business. It can only derive income from activities that directly relate to its charitable purposes and through donations, gifts, sponsorship, and grants.

### 4.2.1 Donations

All donations irrespective of amount must be recorded as income in The Shalom Network's financial records. In practical terms it is acceptable to declare multiple, anonymous donations from, for example, cash collections at an event, as one amount.

It is essential that good relations are developed and maintained with regular donors and those that donate substantial amounts (over £100). The Shalom Network can commit to keeping the details of donors in strictest confidence but can't accept anonymous donations in this category.

Donations with conditions attached can be accepted, but only if those conditions are compatible with the purposes, priorities, and activities of the charity and, of course, are legal. If the conditions are so inflexible that they could undermine the charity's independence, the trustees may feel the need to refuse or return any donation.

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Proper due diligence must be applied to all individuals and organisations that give money to, receive money from, or work closely with the charity. This forms part of trustees' legal duties to protect the charity's assets and is known as the 'Know Your' principles.

The trustees and/or the appointed Finance Manager should report any suspect donation to [Action Fraud](#) and/or other appropriate authorities. They should also report this to the Charity Commission under our [reporting serious incidents](#) regime as soon as they become aware of it.

There is further information on identifying and managing suspected or actual donor fraud in Appendix D of this document.

## 4.2.2 Conditional Donations

The Shalom Network will from time to time receive donations with directions from the donor on how they would like the funds to be spent. If the conditions are compatible with the purposes, priorities and activities of the charity then a formal acceptance in writing email etc, will be made noting the conditions.

Amounts drawn down from a conditional donation funds must be identified as such in the accounting records and activity reports that can be easily produced to evidence adherence to agreed conditions.

## 4.2.3 Grant Funding

The Shalom Network will from time to time be awarded grants from providers many with strict directions on how the funds should be spent.

The initial grant application will only be made if the prospectus from the provider aligns with The Shalom Network needs and/or strategy. The award will only be accepted if the conditions are compatible with the purposes, priorities and activities of the charity. Formal acceptance by a trustee, will be given as directed by the grant provider. Approval to accept must be made by a quorum of The Shalom Network trustees. This can, if appropriate be managed by email, but may require a formal meeting to be held.

If the scope of a grant award is specific to a project or for defined activities, then a formal budget will be created, and any team members involved in those activities briefed on and kept updated with the budget status.

Amounts drawn down against a budget created in response to a conditional grant award must be identified as such in the accounting records and activity reports easily produced to evidence adherence to agreed conditions.

## 4.2.4 Identifying and Selecting Potential Grant Providers

The approach that The Shalom Network takes in terms identifying organisations that may fund our activities is detailed in The Shalom Network procedures manual. This may change from time to time with

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priorities and project profiles. However as mentioned in previous sections, this policy clearly states that any provider and the conditions that any award may impose, should be consistent with our governing principles and charitable purposes

## 4.3 Banking

### 4.3.1 Choice of Banking Services Provider

The Shalom Network chooses its banking services provider on the same basis as any other third party, in that they should be as closely aligned to the charity's principles and purposes as possible. The choice of provider will be reviewed from time to time to ensure that there has been no significant change in the provider's circumstances, or a better aligned alternative is available.

#### 4.3.1 Mandates and Authorities

There should always be at least 4 members of The Shalom Network team with a bank account mandate, two of these must be trustees.

All mandate holders, either through other verification processes, or for the purposes of being a bank mandate holder, must make a declaration regarding criminal convictions, credit status and insolvency, whether personal or business.

They must also make a commitment to advise the Finance Manager/Officer or a trustee, if there any changes in circumstances regarding criminal convictions, credit status and insolvency, whether personal or business.

It is the responsibility of the Finance Manager/Officer to ensure that any required changes to the list of mandate holders is actioned as a priority when required.

#### 4.3.1 Direct Debits and Standing Orders

Where a supply agreement or operational demand requires regular, periodic payments these should be made by standing order or direct debit from The Shalom Network current account. This will ensure that the costs are appropriately tracked and managed.

Standing orders and direct debits must only be set up or agreed to by an authorised member of The Shalom Network team, and only after the expenditure has been approved as prescribed under sections 4.5 and 4.7 of this policy.

#### 4.3.2 Internet Banking (IB)

The bank account signatories should have secure access to the bank's internet banking service.



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Logon credentials should not be written down or printed, they should be stored in an encrypted file which itself should be stored in a secured location.

All information available through the online banking service must be treated as confidential or highly confidential. This is particularly important where donors have asked for anonymity.

Reports and statements should only be printed in extraordinary circumstances They should be treated as highly confidential and only securely retained if absolutely necessary.

Internet banking should only be accessed through a secured device which is not shared or used by anyone other than a signatory of The Shalom Network bank account. Logon credentials should only be saved where the device is subject to strict security settings and is only used by the individual signatory.

Many providers of banking services provide a hard token device for authentication purposes. They may also provide an option to generate an authentication token via an app. Where the latter is preferred, it must only be installed and used where the device is subject to strict security settings and is only used by the individual signatory.

Face and/or fingerprint recognition should preferably not be enabled, or as a minimum not for both the banking and authentication app.

The hard token must be securely stored and should not be labelled in any way that denotes the person that it's allocated to, or the account that it's used with.

Any smartphone or tablet which is used either through the banking app or web browser must be at the most current possible operating system level. If it is of a vintage that doesn't support a secure operating system, then it should not be used.

## 4.3.3 Debit Cards

Debit cards are available to be issued where there is a clear benefit to the colleague's operational capability. Clear and strict guidelines on the conditions of issue are maintained in The Shalom Network procedures manual and will typically contain:

- Acknowledgement of issue and acceptance of the terms under which the card is issued.
- Authorised spend levels
- Reporting requirements
- Record retention (receipts).
- Loss/theft procedure.
- Use for personal emergency or exceptional circumstances.

## 4.3.4 Cheques and Cash

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Receiving and making payments by cash or cheque should be avoided wherever possible with alternatives being offered and encouraged. There may be situations where assisting those having difficulties with contemporary practices present opportunities to deliver on our charitable purposes.

The potential for delay in the banking and processing of cheques can lead to distortions in accounting and easy to miss given that cheque transactions are increasingly rare. Cheques carry a higher risk in that they can be lost, damaged, or dishonoured.

## 4.4 Authorisations for Expenditure

All expenditure must be authorised in one of the following ways according to the nature of the spend

- Pre-authorisation by the Finance Committee.
- Authorised by a Finance Committee member who also holds a banking mandate.
- Authorisation by a quorum of trustees.

### 4.4.1 Pre-authorised Expenditure

This would typically include

- Regular direct debits and standing orders that support the organisations core operations
  - Note section 5.3.1
- Grant expenditure that has been itemised in the project budget +/- 10%
- Transactions under £75 essential for the charity's core operations and within the relevant budget
  - Note section 5.6 - Expenses

The treasurer or authorised person processing the transaction will have a current list of pre-authorised expenditure agreed by the Finance Committee and these transactions can be automatically processed through the accounts.

#### **It is the role and responsibility of the person spending**

- To ensure the expenditure does not exceed the specified transaction limit.
- To submit a valid receipt to the treasurer or person processing the expenditure at the earliest opportunity.
- Be aware of the relevant budget and whether that budget would be exceeded.

#### **It is the role and responsibility of the treasurer or authorised person processing the transaction to:**

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- Allow transactions to proceed only on the basis that they are 'reasonable and make sense' according to precedent and what was previously known about expected expenditure.
- Check that bills, direct debits and standing orders are correct according to agreed subscriptions, contractual agreements, payment schedules etc. and resolve any query where this is not the case
- Check that grant expenditure matches the project budget, a differential of +/- 10% is acceptable.
- Request further information from the originator of the spend if necessary
- Report any transaction of concern involving a member of The Shalom Network team to the Finance Committee.

## **It is the role and responsibility of the Finance Committee to:**

- Provide the treasurer and others authorised to process transactions with a list of pre-authorised expenditure.
- Support the treasurer and others authorised to process transactions in resolving queries with pre-authorised expenditure involving any member of The Shalom Network team.
- Regularly review financial activity and in particular expenditure against budget.
- Conduct back audits to the degree determined reasonable or required by statutory obligations.

## **4.4.2 Authorisations by a Member of the Finance Committee Also Holding a Bank Mandate**

This category includes any expenditure between £75 and £500, not covered under the pre-approved expenditure definitions.

### **It is the role and responsibility of the person initiating the spending:**

- To obtain approval from an authorised approver and/or holder of a bank mandate, by email or other documented means that are detailed in The Shalom Network procedures manual.
- Not to seek/gain approval from an approver to whom they are related (e.g., family spouse etc).
- To submit an invoice/receipt accompanied by or referencing the approval to the treasurer or authorised person processing, at the earliest opportunity.

### **It is the role and responsibility an authorised approver and/or holder of a bank mandate to:**

- Allow transactions to proceed on the basis that they are in line with the Finance Committees approved budgets and existing core or project related work.
- Refer to the Finance Committee for expenditure deemed to be over and above what is expected or reasonable
- Ensure that they are not related (e.g., family spouse etc) to the person initiating the spend.

### **It is the role and responsibility of the treasurer, authorised approver:**

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- To allow transactions to proceed and arrange payment on the basis that they are 'reasonable and make sense' according to approval and invoice/receipt supplied
- Request further information from the originator of the spend or the approver if necessary.
- Report any transaction(s) of concern to the Finance Committee.

## **It is the role and responsibility of the Finance Committee to:**

- Constructively participate in reviewing this policy, the approval thresholds and The Shalom Network procedures relating to finance.
- Regularly review financial activity and in particular expenditure against budget.
- Conduct back audits to the degree determined reasonable or required by statutory obligations.

### 4.4.3 Authorisation by a Quorum of Trustees

The quorum must include at least one trustee who is a member of the finance committee.

This category includes any expenditure over £500 not covered under the 'pre-approved' expenditure definitions. A majority vote, within the scope of standing governance, is sufficient for approval

## 4.5 Expenses

Personal expenses should be claimed only for ad hoc out of pocket costs, not the purchase of capital items, services or subscriptions. Examples are travel/subsistence costs, purchases in response to a clear emergency would also be justified.

Guidelines on expense claims are maintained within The Shalom Network Procedures document and they cover:

- What items and services are acceptable, under normal circumstances, to be purchased and the cost reclaimed as a personal expense.
- Acceptable levels of spend for regular items such as, overnight accommodation, meals travel, etc
- Pre advised and pre-approved expenses.
- Approvers and their approval levels
- Record retention (receipts).
- Submission of expense claims.
- Declined expenses, disputes and appeals.
- Petty cash, temporary and ongoing.

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4.6

## 4.7 Contracts and Periodic Payments

Whilst the setting up and management of third party supply contracts is covered in The Shalom Network Third Parties Policy, there are elements which are essential to this finance policy.

The cost of any agreement must be considered and approved based on the whole contract term. Termination penalties, renewal cost, review clauses, fair usage policies etc, should also be factored in.

Contracts can only be finally agreed, signed off or must be countersigned by the Chair or Vice Chair of Trustees and the accountable Finance Manager.

No recurring payment commitments can be covered under the expense procedure, they should only be paid out from The Shalom Network current account. This includes all membership subscriptions, periodicals etc.

## 4.8 Tools and Accounting Methods

Finances for The Shalom Network will be exclusively managed electronically with double entry methods applied. This will ensure that records and the means to report on them will be wholly adequate.

The software package deployed will be 'cloud' based and therefore all records will be securely stored in multiple offsite locations and adhere to The Shalom Network Data Protection Policy. Authorised team members will be able to create and amend records/reports through password protected access.

All trustees and finance committee members will have read access to reports, and these may be at transaction level. However, reports may be redacted to protect donor or other confidentiality where agreed.

### 4.8.1 Storage and Publication

Where there is a requirement to archive reports and other finance data outside of the accounting software environment the archive will be secure, cloud based and only accessible to persons authorised by the finance committee and The Shalom Network Data Protection Manager.

All archived records will be classified and managed according to that classification. Details on data classification are found in the data management section of The Shalom Network procedures manual.

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## 4.9 Audit and Reporting

All audit and reporting processes will adhere to best practice guidelines and conform with the regulatory requirements covering a CIO in the charity's current income bracket.

A summary report will be published on the web site and should a member of the general public request a copy this must be provided at reasonable cost.

### 4.9.1 Internal Audits and Reports

The current list of scheduled internal reports and audit activities carried out internally can be found in Finance section and activities matrix of The Shalom Network procedures manual. They typically include:

- Monthly Finance committee report.
- Quarterly Trustee's report.
- Periodic or ad hoc reports on specific projects or 'ring fenced' activities.
- Annual audit in preparation for mandatory submissions and returns.

There will normally be no need to produce transactional banking reports as the finance team has online access to The Shalom Network current account.

There are references in this policy to 'back audits', these may be required for various reasons which will influence who carries out the audit, to what degree of detail and the period covered. A back audit may be required for example where an accounting error or anomaly has been discovered.

### 4.9.2 Statutory Audits and Regulatory Reporting

The Shalom Network Finance Manager and finance committee will, at all times be aware of current regulatory and legal requirements with regard to auditing and reporting on The Shalom Network finances and financial accounting.

External professional advice and services will be engaged where required and/or where it would be of benefit to the charity and its beneficiaries.

## 4.10 Related Policies and Other Artefacts

This policy references a number of other policies and procedures that have been created and are maintained with regard to safeguarding demands.

- The Shalom Network Procedures manual.
- The Shalom Network Risk Register.

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## 4.11 Maintaining the Policy

This policy will be updated as necessary to reflect best practice in data management, security, and control as related to the activities of The Shalom Network. It will be maintained, reviewed and when amended as

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## A. Appendix A – Contact Details

### Designated Finance Manager

Clive Paragreen (Interim)

**Mob:** 07432201490

**Email:** [cliveparagreen@theshalomnetwork.org.uk](mailto:cliveparagreen@theshalomnetwork.org.uk)

### Finance Committee

Clive Paragreen (Co Chair)

**Mob:** 07432201490

**Email:** [cliveparagreen@theshalomnetwork.org.uk](mailto:cliveparagreen@theshalomnetwork.org.uk)

Steve Longton (Trustee)

**Mob:** 07891043224

**Email:** [steve.longton@sky.com](mailto:steve.longton@sky.com)

Tracy Paragreen (Treasurer)

**Email:** [Finance@theshalomnetwork.org.uk](mailto:Finance@theshalomnetwork.org.uk)

### Funding Working Party

Lorraine Fellows (Trustee)

**Email:** [lorrainefellows@hotmail.co.uk](mailto:lorrainefellows@hotmail.co.uk)

Jessica Thompson (Co Chair)

**Mob:** 07891645971

**Email:** [jessthompson@theshalomnetwork.org.uk](mailto:jessthompson@theshalomnetwork.org.uk)

Miriam Goldby (Project Lead)

**Mob:** 07375395036

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## B. Appendix B – Terms and Definitions

### Third Party

The term **'third party'** relates to a person or group besides the two primarily involved in a situation.

For example, party one = The Shalom Network, party two = The Shalom network beneficiaries, party three = suppliers and partner organisations.

### Team

Within the context of The Shalom Network's documentation, **'team'** is the collective term covering, employed, contracted and volunteer colleagues engaged in carrying out the charity's activities.

### Beneficiary

A **beneficiary** is anyone who uses or benefits from a **charity's** services or facilities, whether provided by the **charity** on a voluntary basis or as a contractual service, perhaps on behalf of a body like a local authority.

### SORP (FRS102)

This is the Statement of Recommended Practice covering accounting and reporting by charities. It is applicable to the preparation of accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland

The SORP is issued by the Charity Commission for England and Wales, the Charity Commission for Northern Ireland and the Office of the Scottish Charity Regulator in their role as the joint SORP-making body, recognised by the Financial Reporting Council.

[SORP - FRS102](#)

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## C. Appendix D – Summary of Referenced Documents

### The Shalom Network Procedures Manual

- Responsibility and Accountability
- Risk Assessments and Risk Management
- Recording Attendance
- Transport
- Social Media
- Online
- Contact and Communication.
- Resourcing and Resource Planning
- Events
- Group Meetings
- Reporting
- Personal and Property Security
- Work Methods
- Collecting, Processing, Storing, Securing and Deleting Personal Information
- Sharing Data
- Data Retention
- Storage and Archiving
- Access Controls
- Incident Management
- Purchasing, payments and expenses
- Collecting, recording, and allocating donations
- Gift aid
- Grant applications
- Sponsorship
- Work records, training register and skills matrices.

### The Shalom Network Risk Register

- Risk description and reference
- Date recorded.
- Owner
- Priority Level
- Status, e.g., 'Open', 'Accepted'
- Outline action plan
- Planned remediation date.