



Financial Policy & Procedures

Finance Policy Sections

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DIY Theatre Co. contact information can be found on the last page

1. Financial Policy:

The Board of Directors will ensure the effective, economic and efficient management of the funding at its disposal and that it is used towards achieving the purposes, mission and goals of the company. Also, that the company's assets are protected and that all legal requirements are met.

This financial policy has been put in place to ensure that:

- a. DIY Theatre Community Interest Company (DIY Theatre) can meet legal and other obligations required by HMRC, Companies House, CIC Regulator and the relevant Companies Acts.
- b. The Board has sufficient information to enable effective management of DIY Theatre's finances.
- c. DIY Theatre can meet contractual obligations and requirements of funders.

DIY Theatre will meet these objectives by:

- a. Setting annual budgets.
- b. Establishing controls over the authorising and payment of expenditure.
- c. Implementing systems to ensure prompt receipt of all income due.
- d. Establishing banking control and access to company funds.
- e. Keeping proper books of accounts and recording expenditure by project.
- f. Regularly reviewing financial progress by comparing the actual position against budgets and obtaining explanation for variances.
- g. Engaging a firm of Accountants to prepare the annual accounts.
- h. Engaging a suitable person to carry out an independent examination of the accounts
- i. Accounts for each financial year will be presented at the next Annual General Meeting for approval.

- j. Establish a reserve policy.
- k. Establish a conflict of interest policy
- l. Implementing a system of internal controls
- m. Detailing the responsibilities of staff/workers and the Board in implementing these policy and procedures and ensuring these are followed.

1.1. Financial Procedures:

These procedures define the financial systems used by DIY Theatre and how they relate to all areas of the organisation. Any amendments must be agreed by the Board or its delegated member (Treasurer).

1.2. Budget setting

12-monthly income and expenditure budgets together with a cash-flow forecast will be prepared in time for final approval by the Board before the start of the new financial year or in exceptional cases asap after the beginning of the year. The budget and Cash Forecast will be reviewed by the board at least quarterly and forecast amended as appropriate

1.3. Financial Signing Authorities (Income acceptance - grants and contracts).

The Board is responsible for appointing persons who are authorised to commit the company on its behalf to grant and contract terms and conditions. The current authorised signing authorities are the Artistic Director and the Company Secretary. In cases where a Board member is required to sign grant or contract documentation, this will be with the knowledge of the two signing authorities and with their support to understand the implications of their signing.

1.4. Income

Most of the income received by DIY Theatre will be in the form of grants and fees due under service contracts. If required by the funder, or if there is no remittance advice, the Administrator will issue an invoice. Invoices should be issued covering any other income due. All sales invoices should be raised using QuickBooks, showing an invoice number, appropriate details, and payment due date. Outstanding sales invoice receipts will be followed up at least monthly by the Administrator.

Budget-holders will supply the Administrator with advance information on the amount and expected timing of monies due in the form of grants and contractual fees. Actual income will be compared to budgets and information from budget holders, any unexpected variances will be followed up by the Administrator and relevant budget holder.

The Administrator will post receipts to the appropriate project funds and pay any cheques into the appropriate bank account.

1.5. Ordering supplies and services

All staff/workers need to be aware that expenditure is committed when an order is placed on behalf of DIY Theatre, not when a cheque is signed. Therefore, it is important that all orders are placed properly, and are within agreed budgets and delegated powers. Expenditure will only be spent to meet conditions and requirements of the funders and within the objectives of DIY Theatre's Memorandum and Articles of Association.

Ordering goods or services that are not within agreed budgets must be approved by the Artistic Director and Treasurer.

Orders and purchases must be authorised in advance

as follows:

Amount	Authorised by
Up to £500	Lead Artist (if having budget responsibility) / Administrator
Over £500 and up to £5,000	Artistic Director
Over £ 5,000 and up to £10,000	Artistic Director + Treasurer
Over £10,000	Board Approval

Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract.

For orders or contracts over the value of £10,000, the Board should consider whether professional advice is needed.

Orders of £1000 or more must be placed in writing and copies maintained (emails are acceptable). Suppliers must be requested to produce invoices.

While claims for small items of expenditure (up to £50) may be made via petty cash (see below), adequate supporting documentation, preferably receipts must be obtained. Larger items requiring cash payment must be checked with the Artistic Director before the arrangement is confirmed. If cash is required, then the Administrator must be given as much advance notice as possible so that adequate cash can be made available.

1.6. Payment authorisation

All incoming invoices will be recorded by the Administrator asap, usually within 1 – 2 weeks, unless there are project allocation (coding) issues or a problem in meeting with budget holders to obtain authorisation (e.g., holiday close periods). A “Payment Voucher” will be attached to record the allocation to project, authorisation and posting evidence. All invoices must be checked and authorised for payment by the appropriate person, who is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. The Administrator must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason, including inadequate invoice/receipt documentation.

1.7. Online Banking

Since 2020, the preferred method for making payments is online by bank transfer. All payees are required to provide bank details on invoices (due care should be taken to ensure accuracy) and they are also required to notify DIY of any changes to their bank details.

There is usually only one payment run each month, typically in the first or second week following the month end for which invoices are submitted. The Administrator will send out an email giving the date when invoices should be submitted, allowing for the smooth processing/efficiency of the payment run and with due regard of paying staff and others in a timely manner.

The Administrator checks all invoices for numerical accuracy and compliance with contracts and will seek explanations for any unusual or unexplained amounts. All invoices/receipts will be copied/scanned and listed on a monthly Authorisation Request of Payment listing (referred to as the AR list) which is given a unique/sequential number. The listing along with any notes which the Administrator thinks is necessary, is

sent to the Artistic Director who is asked to check and approve invoices or state any other action required.

Once confirmation that invoices are correct is received, they are input onto QuickBooks and raised on the Barclays payment system which requires another person also to authorise and release payment (the two person authorisation process for companies). The list of payments together with the Artistic Director's authorisation and copies of all the invoices are then sent to the second bank authority for further checking and release of payments. Those persons who are authorisation payments are expected to satisfy themselves that the payment is correct or to seek additional information if they are uncertain of the validity of the payment.

Once the payments have been approved, they are entered onto the spreadsheet project accounting system and recorded against the relevant project, based on the payment voucher allocation, this then gives a running total of expenditure and the balance of available funding by individual project.

1.8. Use of Cheques (Note: Now only used on an exceptional basis)

The four cheque signatories are Sue Caudle, Jenny Harris, John Doyle and Claire Hignett. Any new signatory must be approved by the Board before the bank is notified. The bank will be informed that all cheques require two signatures. For any cheque over £2000; the payment voucher must be approved, or counter signed by the Artistic Director or the Treasurer. Cheques which are payable to one of the cheque signatories must also have the payment voucher approved or countersigned by a third cheque signatory. Alternatively email approval is acceptable, but a copy must be retained with the payment voucher and cheque documentation.

Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque.

Signatories will not, under any circumstances, sign blank cheques.

Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed. The day-to-day limit on encashment of cheques is £250. However, if a larger cash float is required (for a major event for example); this may be approved by the Artistic Director. When signing cheques to restore the imprest balance (see below), a copy of the petty cash reconciliation, together with recent petty cash transactions, must be presented with the cheque request.

1.9. Credit Cards

The company does not have any credit cards in its own name. If workers use their own personal credit cards for the purpose of booking and paying for goods and services relating to the furtherance of DIY Theatre's objectives, then these items must be authorised in line with the above requirements and appropriate documentation provided as evidence of purchase and cost .

1.10. Handling of cash

A cash receipt (containing adequate details) must be obtained for any money spent by staff on behalf of DIY Theatre. Petty cash payments will only be made on production of such a receipt.

Petty cash will be topped up on the 'imprest' system, where the amount spent is reimbursed. It is intended for small items, up to £50. Anything over this amount must be paid by online banking or cheque. The imprest has a balance limit of £100. The petty cash balance will be reconciled when restoring the imprest balance, or monthly if this is more frequent.

Specific extra cash floats (for shows, events etc.) must be agreed by the Artistic Director. The person signing for the float is responsible for ensuring cash and receipts (containing adequate details) are returned as soon as possible after the event etc. No further floats may be issued

to that person or another person for a similar purpose unless the previous float has been accounted for.

Cash will be kept in a locked metal cabinet wherever possible. Arrangements will be made for the security of extra cash floats as appropriate.

All money received by DIY Theatre should be receipted and recorded in the Cash Receipts book. Any cash income will be banked as soon as possible after receipt, and not used for petty cash expenditure.

1.11. Salaries, payroll and freelancers

Currently, DIY Theatre does not directly employ any staff. Workers are engaged on a freelance basis and are responsible for the calculation and payment of any Tax and NI contributions that may be due.

Occasionally, additional freelance consultants may be used. Freelance contractors will only be taken on when authorised in accordance with procedures for ordering services. They will normally be treated as self-employed, and contracts with such people must clearly indicate this. Individual (i.e., non-incorporated) contractors will be asked to supply a tax reference.

1.12. Expenses and allowances

DIY Theatre will reimburse necessary expenses incurred during staff work subject to the prior approval of the Artistic Director providing:

- Fares are evidenced by tickets
- Other expenditure is evidenced by original receipts.
- Car mileage is based on the current agreed rates. (HMRC allowable rates)

1.13. Bank accounts

DIY Theatre's bankers are Barclays Bank. DIY Theatre maintains two current accounts; one being needed to separate BIG Lottery funds from other funding streams at the request of the funder.

All income from grants and contractual fees will be paid into the current accounts as soon as possible after receipt. The make-up of each bank deposit will be clearly recorded, for later computer entry.

At present, no deposit account is operated. These arrangements are subject to review, in the light of what is most advantageous in terms of cost and service. All changes must be authorised by the Treasurer.

1.14. Books of account and records

Proper accounting records will be kept. DIY Theatre primarily uses a computerised accounting package (QuickBooks), however, supporting manual and paper records maybe used as appropriate, to ensure adequate records are maintained.

Bank accounts will be reconciled monthly. Petty cash accounts will be reconciled monthly or when the petty cash imprest is topped up.

All income and expenditure information will be recorded as soon as possible. All financial documents will be clearly initialled by the Administrator and entered into the computer system, along with the date and accounts reference using a covering payment voucher. Supporting documentation for all payments and receipts will be filed in the appropriate reference order, as will all bank statements and reconciliation sheets. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.

All fixed assets costing more than £1000 (or such other level as may from time to time be agreed by the Board in consultation with DIY Theatre's accountants) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of

purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal.

1.15. Financial monitoring

The Artistic Director and Treasurer will receive and review reports of income and expenditure against budget monthly, sharing these with other budget-holders where appropriate.

The Artistic Director or Administrator will meet with the Treasurer at least on a quarterly basis to prepare a financial report to the Board. This will include a revised budget for the year in the light of all known information.

1.16. Annual Accounts and Audit

DIY Theatre's financial year is from 1st April to 31st March. Annual accounts will be prepared by accountants Houghtons Accountant in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. Annual Accounts are not audited as the company is entitled to exemption from audit under Section 477 of the Companies Act 2006, but they are subject Independent Examination by an appropriate person, currently this is Houghtons Accountants. Accounts are prepared using relevant accounting conventions and take account of any specific grant conditions required by funders. Draft accounts will be ready for approval by the Board in July, and final accounts signed by October.

1.17. Reserves

A level of reserves is required to be maintained to ensure that the organisation's core activity could continue during a period of unforeseen difficulty.

Following consideration by the Board of a number of issues; including the reliability of current funding, the future needs of the company, the risk of funding streams ending, and the fixed costs DIY Theatre Company has, the Board will endeavour to build up reserves equal to three months running costs of the Company and staff fees for management and administration for three months.

The Board will seek to secure this level of reserves through fund raising and income generation, as opportunities arise.

Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be considered were DIY Theatre Company to close. Reserves will never be more than is necessary.

1.18. Conflict of interest

All persons working in a paid or voluntary position with DIY Theatre owe a duty of fidelity to the Company. Workers/staff and Directors must never place themselves in a position where their self-interest may conflict with this duty.

If a workers/staff or Directors has a conflict of interest or think they may have a conflict they must disclose this to the Treasurer. The Board will decide on the appropriate action to take. Board members will not be permitted to vote on any matter that gives rise to a conflict between their personal interests and the DIY Theatre's interests. Minutes of board meetings should reflect when a board member discloses that s/he has a conflict of interests and how the conflict was managed, such as that there was a discussion on the matter without the board member in the room, and that a vote was taken but that the "interested" board member abstained.

To find out whether any board member (or staff member) has a conflict of interests, an annual "conflict disclosure questionnaire" will be circulated that asks board and staff members to disclose existing

conflicts and reminds them to disclose any that they may have in the future.

1.19. Statement of Internal Control

To ensure that transactions are properly processed and/or that errors are detected promptly, no one officer should be able to complete a chain of processes without independent verification and approval.

Wherever possible, a separation of duties should be in place; this is of particular importance when receiving and processing income.

There should be a written summary of financial procedures that is regularly reviewed and kept up to date.

Alterations to documents should be made in ink; correcting fluid or erasure will not be used.

Signatures on documents must be original and in ink and will be sufficient to identify the signatory concerned (i.e., ticks, rubber stamps or scanned signatures are not acceptable).

Accounting records are properly maintained and held securely as per Record Retention Policy (7 years or more if European funding is involved. Clarification from the funder may be needed regarding European funding where record retention periods can vary.

Access to records and documentation is restricted to authorised personnel as specified by the Artistic Director.

1.20. Role of Treasurer

The Treasurer works in close cooperation with, and provides support and advice to, the Artistic Director and Administrator. The Treasurer must have the skills and capacity to understand accounting processes

and financial management requirements. Specific responsibilities are to:

- Guide and advise the Board in the approval of budgets, accounts and financial statements, within a relevant policy framework
- Keep the Board informed about its financial duties and responsibilities
- Advise the Board on the financial implications of DIY Theatre's activity plans and the key assumptions included in them
- Confirm that the financial resources of DIY Theatre's meet present and future needs
- Understand the accounting procedures and key internal controls, to be able to assure the Board of DIY Theatre's financial integrity
- Ensure that the accounts are properly audited according to the level of independent examination or audit required and that accepted recommendations of the auditors are implemented.
- Formally present accounts at the AGM, highlighting important points
- Monitor DIY Theatre's financial performance as shown by monthly Management Reports, in association with the Artistic Director and/or Administrator.

1.21. Role of the Artistic Director

The Artistic Director will receive monthly management accounts and will seek any further information necessary to be always aware of the company's financial position. They will keep the Treasurer and Board informed of any significant changes affecting the financial position. The Artistic Director will ensure that adequate security precautions are taken to safeguard financial and other assets.

1.22. Role of Board of Directors

The Board is responsible for:

- approving the budget for the year
- approving financial signing authorities
- approving signatories to the bank accounts
- appointments of staff where not delegated to the Artistic Director
- receiving reports from the Artistic Director on areas of concern
- approving exceptional items of expenditure
- monitoring the financial position based on the reports received
- approving the annual accounts, auditors report and appointment

1.23. Role of the Administrator

The Administrator is responsible for:

- Day-to-day book-keeping, ensuring that all the organisation's financial transactions are recorded in an accurate and timely fashion.
- Coordinating the annual budget.
- Preparing monthly management reports that compare actual financial performance to budgets and obtaining explanations for variances.
- Financial monitoring of projects and provision of information to funders.
- Liaison with the Bank, Accountants, HMRC, Companies House, CIC Regulator and other organisations in relation to financial matters.
- Performing bank reconciliations and other month/year end routines.

- Meeting with the Treasurer, as required and ensuring the Treasurer receives monthly management reports and annual budgets.
- Report any financial concerns or issues to the Artistic Director and/or The Treasurer.

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