Financial Rules of ARC (Achieving Results in Communities) CIC

Financial Rules Policy

Achieving Results in Communities (ARC)

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1. Introduction

a) Achieving Results in Communities (ARC) is a Community Interest Company (CIC).
Registered company number: 07547198
Registered address: 122 Brunswick Street, Leamington Spa, CV1 2EN

b) ARC's Directors form the Management Committee, which meets at least quarterly.

c) The Management Committee is responsible for ensuring that:

- The organisation is well managed
- Income and assets are safeguarded
- Funds are used effectively to achieve ARC's aims

d) ARC maintains appropriate and accurate financial records, including:

- Records of all financial transactions (including project-specific tracking) using Money Manager or equivalent accounting software
- Bank statements
- Details of all income received and expenditure incurred
- Contracts and grant agreements
- A register of significant assets and leases
- Invoices and receipts for all payments (retained for a minimum of 7 years, or longer if required by funders)
- PAYE records
- Copies of statutory submissions to Companies House
- Copies of tax calculations and submissions to HM Revenue and Customs

e) The financial year runs from 1 April to 31 March.

f) Annual accounts are prepared and independently examined by a qualified firm of accountants. These are approved by the Management Committee prior to submission to Companies House and HMRC.

g) A financial report is presented at each Management Committee meeting, including:

- Income and expenditure
- Cash position
- Project balances

- Budget comparison (actual vs forecast)

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2. Roles and Responsibilities

a) The Management Committee (Directors) has overall responsibility for financial oversight and compliance.

b) A designated Finance Officer (Nigel Willetts, nigel@arccic.co.uk) is responsible for:

- Maintaining financial records
- Processing transactions
- Preparing financial reports
- Undertaking bank reconciliations

c) Wherever possible, duties are separated so that no single individual is responsible for:

- Authorising payments
- Making payments (with the exception of internal bank transfers between the two ARC bank accounts which require authorization from only one person)
- Recording transactions (in practice this is to be done by way of an independent monthly review, to be performed by a director, of all transactions posted by the Finance Officer)

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3. Budgetary Control

a) An annual budget is prepared and approved by the Management Committee.

b) All expenditure must align with the approved budget unless prior approval is obtained.

c) Financial reports include comparison of actual income and expenditure against budget.

d) Significant variances are reviewed and explained to the Management Committee.

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4. Bank Accounts

a) ARC holds a current account and a savings account with the Co-operative Bank.

b) All third-party transactions are processed through the current account.

c) A savings account is used to hold funds (e.g. grant payments received in advance) and earn interest.

d) At least two unrelated authorised individuals (staff or Directors) must approve all payments.

e) Bank statements are reviewed regularly and formally reconciled to the accounting records on a monthly basis.

f) Bank reconciliations are reviewed by a second individual independent of the preparer.

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5. Payment Authorisation and Processing

a) All payments must be supported by appropriate documentation (invoice, receipt, contract, or agreement).

b) No blank cheques may be signed.

c) Directors must not authorise payments to themselves without appropriate oversight and approval by another Director.

d) Payment methods include cheque, bank transfer (BACS), direct debit, or debit card.

e) All payments must be authorised by two unrelated individuals.

f) Debit card payments (online or in-store) must follow the same authorisation and documentation requirements.

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6. Procurement (Buying Goods and Services)

a) Purchases up to £500 within an approved budget may be authorised by one Director.

b) Purchases over £500 require prior approval from two Directors.

c) For purchases over £1,000:

- At least two quotes must be obtained, or
- Written justification must be provided and approved by two Directors if this is not possible

d) The Finance Officer maintains records of all procurement decisions and supporting documentation.

e) Procurement decisions should consider value for money, suitability, and (where possible) ethical and local sourcing.

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7. Cash Handling and Donations

a) The use of cash is minimised wherever possible.

b) Cash withdrawals should not normally exceed £100 and must be supported by receipts.

c) All cash received (including donations) must be recorded and banked promptly.

d) Online donations (e.g. via fundraising platforms) must be regularly reconciled to bank records.

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8. Income Management

a) All income must be recorded promptly and accurately.

b) Grant funding must be tracked separately, distinguishing between restricted and unrestricted funds.

c) Conditions attached to funding must be monitored and complied with.

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9. Payroll and Expenses

a) ARC complies with PAYE and National Insurance requirements as set by HM Revenue and Customs.

b) Staff classification (employee vs self-employed contractor) must be assessed correctly.

c) Salaries are paid via BACS.

d) Expenses:

- Must be agreed in advance where possible
- Must be supported by receipts
- Must be submitted within a reasonable timeframe (e.g. within 2 months)
- Are reimbursed via BACS

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10. Digital and Financial Security

a) Access to banking and financial systems is restricted to authorised individuals only.

b) Strong passwords and two-factor authentication (2FA) must be used in banking systems.

c) Login credentials must never be shared.

d) Financial records stored digitally (e.g. on Google Drive) must have restricted access permissions.

e) Regular checks for unusual or suspicious activity must be carried out.

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11. Conflict of Interest

a) Directors and staff must declare any personal or financial interest in transactions or suppliers.

b) Individuals must not be involved in decisions where a conflict exists.

c) All conflicts must be recorded in meeting minutes.

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12. Reserves

a) ARC aims to maintain financial reserves where possible.

b) The level of reserves will be reviewed annually, with a target of approximately three months' running costs.

13. Asset Management

a) A register of significant assets is maintained.

b) Assets are used solely for organisational purposes.

c) Disposal of significant assets must be approved by the Management Committee.

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14. Financial Controls and Fraud Prevention

a) ARC operates financial controls to reduce the risk of fraud or error.

b) Any suspected fraud or financial irregularity must be reported immediately to the Management Committee.

c) Appropriate action will be taken, including investigation and reporting where necessary.

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15. Monitoring and Review

a) This policy is reviewed every two years by the Management Committee.

b) Compliance with this policy is monitored on an ongoing basis.

c) The policy will be updated as required to reflect changes in legislation, guidance, or organisational practice.

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16. Approval

Signed on behalf of ARC Board of Directors:

Kath Pasteur

Date: 10th April 2026 (update)
Next Review Date: December 2026