

# PACE FINANCIAL POLICIES AND PROCEDURES



## Introduction

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### Purpose of this manual

The policies and procedures explained in this manual have been developed so that we can manage our finances and resources effectively to enable us to succeed in delivering the Charitable Objects of PACE which are:

**To promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment, particularly but not exclusively in Manningtree, by carrying out local environmental conservation action such as tree planting, litter picking, pavement weeding, the use of an electric cargo bike to demonstrate low carbon transport, water quality sampling and other initiatives considered suitable by the trustees.**

**To advance the education of the public, particularly but not exclusively in Manningtree, in the conservation, protection and improvement of the physical and natural environment for the public benefit, through presentations, meetings and other educational events or means as the trustees may determine.**

The Board of Trustees has set out a 5-year Vision to help achieve these Charitable Objects:

***PACE Manningtree works with local communities to increase understanding and take positive actions to address the changing climate and the loss of biodiversity – we aim to build our resilience to the impacts of climate disruption and threats to the natural world.***

All Trustees (and staff) are expected to familiarise themselves with this manual and to comply with the procedures.

This is a working document, and we welcome recommendations and feedback on these policies and procedures.

### Financial Objectives

- PACE aims to at least break even each year in order to be able to continue to provide a service to our beneficiaries.
- PACE seeks to identify core activities and agree budgets and will seek to finance these through income streams that are as secure as possible.

### General Points

Financial Year runs to 31 December.

Accounts will be drawn up after each financial year within 3 months of the end of the year.

These will be presented, after independent examination, to the Annual General Meeting, having previously been approved at a meeting of the Board of Trustees.

## **Review date**

This manual was approved by the Board of Trustees at their meeting on 9 January 2025 and will be reviewed every 2 years or sooner if necessary.

## **EXERCISING BUDGETARY CONTROL AND MONITORING**

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### **Annual plan and budget approval**

The Board of Trustees will discuss and approve an Annual Plan and Budget for each year which identifies specific Budgets and Budget Holders. Where necessary Budget Holders will provide written explanations of the estimates and identify potential risks. If new opportunities arise during the year, the budget for these projects will be prepared and presented to the Board of Trustees for approval.

### **Reporting and monitoring income and expenditure**

The Treasurer with the help of Budget Holders will produce regular reports for the Board of Trustees which provide clear financial information. Reports to each trustee meeting should include:

- comparison of income and expenditure to date against budget, and forecast income and expenditure to year-end
- explanations of any material variances from plan, and suggestions for corrective action where necessary
- cashflow forecast
- Position at Bank

Budget holders are expected to manage their projects within the approved budget and to notify the Treasurer immediately if they foresee any material differences in income or expenditure. The Treasurer will ensure that budget holders are given suitable training to help them manage finances successfully.

If a forecast shows an unplanned deficit overall for PACE, the Trustees will be informed by the Treasurer and appropriate discussion and actions taken to manage that deficit

### **Controls on expenditure**

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The aim of this policy is to ensure that expenditure is only incurred where it is:

- in pursuance of PACE's charitable purposes
- an effective use of PACE's resources
- in compliance with any requirements relating to funding.

Budget Holders must only agree to expenditure within approved budget and authority levels. Any spending beyond the budget must be agreed in advance by Treasurer or Board of Trustees.

## Procurement

In order to ensure best value for money for significant purchases, research must be carried out on the goods or services in question and a relevant specification drawn up. This specification must also take in to account the charitable objects and Vision of PACE and should therefore recognise the following:

1. Consider that best value means 'whole life value', not just the one-off cost of goods, services or contracts.
2. Ensure that any procurement is fair and transparent.
3. Uphold ethical business practice and compliance with legislation
4. Consider minimising environmental impacts whether these are short or long term.
5. Ensure that the environmental, social and health & safety credentials of potential suppliers are considered.
6. Ensure that equal opportunities and diversity are also taken into account.

Written quotes should then be obtained against the specification, or the contract put out for tender, dependent on value as follows:

Value of Purchase including VAT £	Action Required (minimum)
Up to £500	At least one quote; two where possible
£500 to £2000	At least two written quotes
£2000 to £5000	Three written quotes
Above £5000	Tender process must be used if possible

If these Procurement values are not thought appropriate for any reason, then the Budget Holder must discuss with the Treasurer in advance. Where the supplier chosen is not the cheapest, the reasons for this choice must be documented.

### *Tender process*

1. Agree specification for the service or product. This to include both quality (to ensure the services or product will do the job required) AND any ethical or environmental considerations (to ensure that we do our best to not breach PACE ethical or environmental principles).
2. Advertise through local networks and contacts, place opportunity on PACE web site, allowing a minimum of three weeks for responses
3. Ensure the advertisement gives clear information about how to apply
4. Send out the specification to interested parties with full information of how to submit a tender
5. Evaluate responses based on the specification by a panel of at least two, preferably three trustees
6. Shortlist suppliers, checking the environmental, social, health & safety credentials of suppliers.
7. Invite shortlisted suppliers for interview/presentation where required – for specific products and some services the purchase can be made on the basis of the quote,

however for other services such as consultancy, it is desirable to interview potential suppliers. For some high value products or services, it may be worth considering inviting a shortlist of suppliers to make a presentation.

8. Take up references if appropriate
9. Award to the supplier who best meets the specification **and** best meets any ethical or environmental considerations **and** provides the best value.
10. Issue appropriate contract, checked by legal advisor where appropriate.

(An example of why a procurement process is important. PACE is involved in a Community Solar Scheme, and we discovered that a supplier offering best price was using a source of solar panels from China which were widely suspected of being produced using slave labour. The supplier was required to change the source of solar panels).

## **Purchase orders and invoices**

PACE does not yet run a Purchase Order system. PACE relies on Budget Holders making sure that they keep within Budget and only place orders for items that meet our Procurement rules.

No one should authorise any transaction from which they, their partner or a relative will personally benefit, for example their expense claims.

The Budget Holder who requested the goods or services is responsible for checking the quality of what has been received and that it matches the order, and that the invoice agrees to this and is accurate.

Invoices will be authorised by the Budget Holder and sent when received to Treasurer for payment and recording.

Once an invoice has been authorised, suppliers will be paid according to their payment terms, or, if no terms stated, within 30 days.

## **CONTROLS ON THE FINANCIAL ASSETS/RECORD KEEPING**

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Money is one of PACE's assets. Our policies and procedures are set up to ensure that it is safeguarded and only used for genuine expenditure.

### **Bank account policies**

- Bank accounts in PACE's name must only be used for PACE business.
- The opening or closing of bank accounts, and the approval/removal of signatories on bank accounts is determined by the Board of Trustees and recorded in the minutes.
- PACE's banking arrangements will be reviewed regularly and at least every three years to ensure that bank charges and rates of interest are competitive and that the bank's credit rating continues to be acceptable.
- Payments and other withdrawals from bank accounts are authorised by two signatories even though one signatory can actually make the payment or withdrawal.

- The Treasurer is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date.

## **Bank account procedures**

### *Making Payments*

- There are four Trustee signatories to the bank accounts who are approved by the Board of Trustees and who can authorise online payments
- No person can authorise any payment to themselves or to any related party.
- The use of multiple payments to circumvent the authorised signing limits is not allowed.
- The Treasurer is responsible for keeping documents, setting up payments by direct debit or standing order and for monitoring arrangements so that PACE can cancel when PACE stops using the goods or services being supplied.
- When making a payment, the person authorising must check the invoice (or similar evidence) and sign and date it to confirm that they have made the payment.
- Claims for the purchase of any items that do not comply with PACE's expenditure policies will be rejected.

## **Cash handling policy**

Cash is the asset most obviously at risk of misappropriation and fraud. In order to ensure the security of our cash and the protection of our volunteers (or staff), our procedures are set up with the following criteria:

- Cash received is counted by at least two unrelated people.
- Cash received is paid into the bank as soon as possible.
- The use of cash for payments is kept to a minimum and is properly controlled.
- All cash is securely locked up.
- No payments are made directly out of cash received.
- If there is no other documentation a receipt will be given to the person giving the cash which details how much and why the cash was given.

## **Safety of personnel**

When banking or collecting cash, the safety of personnel is paramount – wherever possible two persons should bank or collect cash, and they should give up cash if in any physical danger.

## **Petty cash**

Petty cash can only be used where payments through other means are not practical, and petty cash must be limited to a maximum of £100 at any location.

Any payments from petty cash must be properly documented with receipts or vouchers.

No personal advances will be made from petty cash.

## **Accounting records policy**

PACE will keep accounting records which are sufficient to explain all transactions and show the charity's financial position at any time.

All accounts files will be kept for the statutory period of six years from the end of the accounting period in which they were generated.

## **Bank reconciliations**

Bank reconciliations will be carried out promptly by the Treasurer and will be checked by a Trustee.

## **CONTROLS ON HUMAN RESOURCES COSTS**

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PACE does not yet have any staff. When PACE does get to appointing staff then staff recruitment, staff salaries, salary reviews and the effective management of staff will become very important aspects of financial management. Robust procedures will at that point need to be developed.

In the meantime, the good management of PACE volunteers is important, and this will continue to be important after any staff have been appointed.

## **CONTROLS ON INCOME**

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The aim of this policy is to ensure that PACE receives the full amount of income due to the charity at the right time.

### **Due diligence policy on accepting funds**

PACE must exercise due diligence prior to accepting significant donations and ensure that any funds accepted:

- fulfil our charitable objects and vision
- do not present a risk to our reputation or independence.

To inform decisions, the Treasurer or a Trustee will evaluate the profile of the funder or donor, taking into consideration the original sources of their funding, the purpose of the funds and whether any conditions attached are reasonable, ethical and achievable.

### **Pricing, invoicing and debt control**

#### *Pricing*

When estimating the cost of any project, works or service that PACE is proposing to undertake it is important that pricing is realistic and therefore at least two Trustees should be involved in pricing any contract or grant that PACE is intending to apply/bid for. The application or bid should relate to project, works or service that have already been agreed by the Board of Trustees.

### *Invoicing and debt control*

In order that the PACE's Treasurer is aware of what income is due, all Budget Holders who are responsible for contracts, grants, or other activities that generate income should inform the Treasurer of the details promptly. All invoices will then be issued by the Treasurer on instruction from the Budget Holder.

If payers are late settling invoices, the Treasurer will contact them after no more than 30 days to request payment.

If no payment is received after 30 days, and no reasonable explanation has been given, the Treasurer should instruct the Budget Holder to withhold services until the debt has been cleared.

## **Grants**

### *Applications*

New opportunities for grant funding may be identified by any Trustee. The Board of Trustees will determine whether an application is to be made, with reference to the annual plan and budget. All applications for grants must relate to a project, works or service which has been approved by the Board of Trustees – this is to ensure that PACE is led by its objects and vision and not led by availability of grants.

### *Management*

The Budget Holder is responsible for ensuring that reports are submitted to grant funders in accordance with grant conditions.

## **Legacies**

The Treasurer will keep records of any legacies notified to the charity, and the Treasurer or a Trustee will review progress on outstanding legacies.

## **CONTROLS ON PHYSICAL ASSETS**

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PACE currently has very few physical assets, however these assets are gradually increasing at a cost to the charity, and it is important that they are used responsibly, looked after and accounted for correctly.

### **Fixed assets**

Fixed assets are items, for example Cargo Bike, Gazebos etc owned by PACE which have a life of more than 12 months, and a value on acquisition of over £100.

The Treasurer is responsible for maintaining a fixed asset register detailing:

- a description of the asset
- date of acquisition

- value at acquisition
- location or staff member holding asset (if appropriate).

The register will be updated immediately when new purchases or disposals are made.

The Treasurer is responsible for ensuring that fixed asset inspections are carried out every 12 months to check that the assets exist, are in good condition and are being used effectively.

The disposal or scrapping of a fixed asset must be authorised by the board of trustees.

Where there are specific funder rules regarding treatment of project assets, these will be complied with.

For the purposes of depreciation, the anticipated useful life of PACE's assets will be determined by the Treasurer

## **Stock**

At present PACE has very little Stock. However, it is anticipated that stock will increase and at some point, in the future, on the advice of the Treasurer, PACE will need a cost-effective stock control system.

## **Insurance**

PACE maintains appropriate insurance cover at all times, both to cover our legal obligation and to underpin our duty to protect our volunteers, future staff, assets and resources. This will include:

- employers' liability insurance to cover both staff and volunteers
- public liability insurance
- trustee indemnity insurance
- appropriate insurance of assets
- event insurance for particular events

One of the Trustees will be responsible for ensuring that appropriate insurances are in place.

## **FINANCIAL RESPONSIBILITIES**

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### **Delegation of authority**

The Board of Trustees are responsible for:

- approving the finance strategy, risk management policy and reserves policy
- approving PACE's financial policies and key financial procedures
- establishing financial management priorities, responsibilities and levels of delegated authority



- approving properly budgeted annual plans
- monitoring performance against these plans and budgets, and approving budget variations.
- approving the Trustees annual report and accounts
- appointing the independent examiner.

The Treasurer is responsible for:

- ensuring that finance systems and processes which support these policies are set up, documented and implemented
- ensuring that sufficient records are maintained to show and explain PACE's transactions, in order to disclose accurately, the financial position of PACE at any time
- managing the budgeting process for the annual plan
- presenting financial reports at each Trustees meeting which give the Board of Trustees an understanding of PACE's overall finances, and giving advice to support decision making
- liaising with the independent examiner to produce the statutory accounts.

#### *Reserves policy*

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. PACE maintains free unrestricted reserves:

- to provide a level of working capital that protects the continuity of our work
- to provide a level of funding for unexpected opportunities
- to provide cover for risks such as unforeseen expenditure or unanticipated loss of income.

the Board of Trustees will review the above criteria with reference to PACE's strategy and Annual Plan and determine the target level of free reserves to meet these.

The Board of Trustees will at times designate funds from free reserves for significant project costs.

#### *Conflict of interest policy*

Trustees have a legal duty to act in PACE's best interests when making decisions, and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other interests could influence their decision making.

## **DELEGATED AUTHORITIES**

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Summary of the levels of authority required for key financial actions in PACE.

1. Budget variations: Board of Trustees
2. Petty Cash: Treasurer
3. Expense Claims: Budget Holder
4. Expenses of Trustees: Treasurer

5. Current Account with Metrobank: 2 out of 4 trustees: currently John Hall, Chris Bowden, Bonny Williams, Sarah Smith

## **INVESTMENT AND BORROWING**

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### **Investments**

PACE is not yet in a position to be making any financial investments. A policy relating to investment powers, investment objectives, ethical decisions, management of investments will be agreed before any investments are made by PACE.

### **Loans**

Any borrowing must be approved by the board of trustees, and in accordance with PACE's constitution, delegated authorities and rules on procurement.

## **REIMBURSEMENT OF EXPENSES**

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PACE wants to ensure that trustees and volunteers (and future staff) are not out-of-pocket for the work they do for us, while also looking to get the best use of limited funds.

HM Revenue & Customs expenses and benefits rules recognise that reimbursement of standard business expenses (such as travel) are not taxable. PACE's policy is guided by these rules, and we do not pay expenses that will give rise to tax or National Insurance.

In order to comply, any amounts claimed must be for actual costs incurred undertaking PACE work as part of an agreed budget.

### **General rules**

- Expenditure incurred should be necessary to achieve our goals and represent good value to the organisations that fund us.
- All expenses should be itemised, with supporting receipts attached on PACE's claim form.

### **Eligible expenses**

#### *Public transport fares*

Expenses associated with public transport such as trains, buses, underground – please make use of best value fares.

#### *Use of personal vehicle*

Any person using his or her vehicle for PACE purposes must have a full UK driving licence, and the vehicle must have an in-date MOT certificate, be fully taxed vehicle and appropriately

insured. A mileage allowance, which take into account the maximum agreed by HMRC for tax purposes (as at 2025), may be claimed as follows:

Car or van	45p per mile (up to [10,000 miles, 25p] thereafter)
Motorcycle	24p per mile
Bicycle	20p per mile

Parking fees, congestion charges and toll charges will be met by PACE but not parking fines.

#### *Taxis*

The cost of travel by taxi will be reimbursed where there is no reasonable or practical alternative to getting to the destination. PACE recognises that some public transport may not be possible for those with disabilities.

#### *Subsistence or other costs*

Reasonable cost of subsistence should be discussed with the Budget Holder before they are incurred, and where appropriate PACE will meet what are agreed as reasonable subsistence costs.

#### *Medical costs*

PACE will reimburse the reasonable cost of eye tests where a person is regularly (for example on several days per week) using computers for PACE work (though of course PACE encourages these persons to follow good guidance of the length of time that they use computers).

### **Making claims**

- All claims for travel and subsistence expenses, from trustees, volunteers and future staff, must be completed on the appropriate form.
- Claims should be authorised by the appropriate Budget Holder
- Claims by trustees should be authorised by the Treasurer.
- Claims should be submitted promptly

### **End of Financial Policies and Procedures.**

**Expenses Form is attached.**

# EXPENSES CLAIM FORM

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Name	
Address	

If you'd like to be paid by BACS, please complete your bank details below.

Bank name	
Name on account	
Sort code	
Account number	

Date of expense	Details	Amount	Receipt attached or explanation if no receipt
<b>Total:</b>			

I confirm that this claim is accurate and that the above expenses have been incurred by me in the performance of my duties for PACE

**Signature:**

**Date:**

**PACE will meet all reasonable expenses incurred by claimants in carrying out their duties. Please give brief details of what each expense relates to and attach corresponding receipts. Expenses claimed without receipts may be declined. Travel should normally be by second-class rail, taking advantage of the cheapest fare as far as is possible. If use of a car is necessary or makes sense with regard to the practicalities of the journey, you may claim at 45p per mile or 25p per mile for motorbike, or 20p per mile by bicycle. Taxis may be claimed for (with receipts). Your assistance in keeping PACE's costs as low as possible is greatly appreciated.**

**Authorised by:**

**Signature:**

**Date:**