

FINANCIAL MANAGEMENT POLICY

1. SCOPE

This policy applies to all paid staff, trustees, volunteers, freelance staff, sessional workers, trainees, students or anyone working on behalf of Art Refuge (hereafter referred to as “staff”), or coming into contact with service users (directly or indirectly) for the purpose of Art Refuge activities.

2. PURPOSE

The purpose of this policy is to outline Art Refuge’s commitment to sound and transparent financial management, including the management of expenses and reserves.

3. OUR COMMITMENT

Our legal responsibilities

Trustees have a legal duty to act in Art Refuge’s best interests when making decisions, including financial decisions. In addition, we will comply with the relevant charity legislation, including the Charities Act 2011 and applicable fundraising regulations, particularly with regards to the management of fundraising.

While Art Refuge is a small charity and may not be required to provide extensive risk disclosure, the Board of Trustees recognises that effective risk management is a core trustee responsibility, and we are committed to the good practice guidelines set out by the Charity Commission for England and Wales and will include an appropriate risk management statement in our annual Board report. All financial risks will also be documented and addressed as per our Risk Management Policy.

Delegation of duties

It is the responsibility of the CEO to:

- prepare budgetary plans
- monitor levels of expenditure and funds raised against budgetary plans
- provide regular financial reports to the Board of Trustees, including income, expenditure and budget monitoring.
- ensure all staff understand their responsibilities in relation to the charity’s finances.

It is the responsibility of the Board of Trustees to:

- review and approve budgetary plans
- review and approve individual projects where the CEO considers these to be of an exceptional nature
- review and approve policies related to financial management
- report annually on the charity’s accounts.

It is the joint responsibility of the CEO and the Board to maintain the Risk Register in line with the charity's Risk Management Policy.

4. EXPENSES

HM Revenue & Customs recognises that reimbursement of standard business expenses are not taxable. As such, Art Refuge does not pay expenses that will give rise to tax or National Insurance.

General rules for reimbursement

- Any claims must be actual costs incurred by staff 'wholly, exclusively and necessarily in the performance of the duties of their employment'.
- All expense claims must be reviewed and approved by the CEO or an authorised trustee before reimbursement.
- CEO expenses must be approved by the Chair of Trustees or Treasurer. Significant or exceptional payments involving the CEO, including those outside the approved budget, require trustee approval.
- Activities associated with such claims must be deemed necessary to achieving Art Refuge's goals, and represent good value to ensure that we optimise the funds that are donated to the charity.
- All expenses should be itemised, and adequate records/receipts must be submitted with each claim within one month of the expenditure being incurred. Art Refuge may decline to reimburse an expense claimed with no supporting receipt.
- The following categories of activities will be considered for reimbursement:
 - Transport costs (e.g. public transport, taxis, mileage for private vehicles)
 - Overnight accommodation
 - Reasonable subsistence when working internationally or away from home
 - Materials to be used in art and art therapy sessions

Mitigating risks

To mitigate risks associated with expenditure, the following procedures will apply:

- To reduce the risk of financial errors and fraud, no staff can oversee a transaction through all its stages from start to finish wherever possible and practical (e.g. the individual who requests a purchase cannot authorise it, pay for it and document it without another individual being involved as a check and balance).
- Art Refuge operates a zero-tolerance approach to fraud. Appropriate internal controls, including segregation of duties, dual authorisation and financial oversight by the Board of Trustees, will be maintained to prevent and detect fraud. Any suspected or actual fraud must be reported promptly and will be investigated in line with the charity's procedures.
- Trustees must declare a conflict of interest immediately if there is a possibility that their personal or other business interests could influence their decision making. They will remove themselves from any financial decision-making or financial activities that involve potential or actual conflicts of interest.
- Other staff are also expected to declare potential and actual conflicts of interest.

- Art Refuge's CEO will liaise with the freelance book-keeper on an ongoing basis to maintain up-to-date record-keeping of accounts. An independent auditor also conducts an annual audit of Art Refuge's accounts prior to submission of the annual report to the Charity Commission.

5. RESERVES

Art Refuge will at all times ensure that reserves equivalent to approximately 3-month of normal operating expenditure are maintained for the purposes of providing:

- A level of working capital that protects the continuity of Art Refuge's core work, including committed projects and regular overheads such as CEO cost
- Funding for unexpected opportunities
- Cover for risks such as unforeseen expenditure or unanticipated loss of income.

This level of reserves and the above criteria for reserves will be monitored at each quarterly Board meeting and amended where necessary. The Board may at times designate funds from free reserves for significant project costs or replacement of major assets. The Board will detail in its annual reports a statement regarding the level of reserves held and the purpose of such reserves.

6. FUNDRAISING

In keeping with the Charity Commission's guidance on fundraising, Art Refuge will:

- Plan fundraising effectively and ensure the seeking of funds is purpose-driven and aligned with Art Refuge's core activities
- Supervise fundraisers
- Protect the charity by ensuring strong management of assets and resources
- Comply with the fundraising laws and regulations (e.g. data protection)
- Follow recognised fundraising standards (Code of Fundraising Practice)
- Ensure transparency and accountability with accounting and reporting
- Maintain accurate records of funds with specific reference to whether these are for restricted or unrestricted purpose
- Art Refuge will follow recognised fundraising standards, including the Code of Fundraising Practice issued by the Fundraising Regulator.

In the case that Art Refuge uses a professional fundraiser to raise funds on its behalf, or enters an arrangement with a commercial participator, we will ensure written agreements are made in advance of fundraising activities.

7. MONITORING AND REVIEW

This policy is fully supported by the Board of Trustees and the CEO of Art Refuge. It will be disseminated to all staff. The policy and Risk Register will be monitored and reviewed annually. The policy will be updated as required to reflect legal or regulatory changes.